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## EXECUTIVE SUMMARY

The Montgomery Canal is a rural cross-border waterway, linking England and Wales. The canal was officially closed to navigation in 1944, but, since 1969 there has been an on-going campaign to restore the canal and two stretches are now navigable again. As well as delivering economic and social benefits to local communities, restoration is felt to be the best solution to securing the built heritage of the canal. The canal currently has very significant nature conservation value which must be conserved.

In January 2010 British Waterways, on behalf of the Montgomery Canal Partnership, contracted Resources for Change Ltd. to produce an Economic Development Plan for the Montgomery Canal, primarily to establish the case for the continuing restoration of the Canal as a significant contributor to the economic development of the local area.

The Partnership is committed to working together to complete the restoration of the Montgomery canal and in doing so bring about the sustainable regeneration of the canal corridor. The Economic Development Plan is seen as a key tool in delivering against that commitment.

Current proposals involve full restoration of the canal to join up with the open section around Welshpool, as and when funding permits. Section 1 of the restoration, which is the focus of this study, will extend the navigable section of the canal to Llanymynech.

The estimated capital cost of restoration of Section 1 is £17.8m which includes restoration of the channel, creation of the English reserves and development of a mooring basin at Llanymynech.

The current total annual net impact in the local area of additional visitor spending associated with the canal is estimated at £419,862. This is the baseline impact figure against which it is possible to measure the impacts of further restoration to Llanymynech.

The study gives a post-restoration forecast using a base-case scenario based on projected visitor numbers. The total annual net impact in the local area of additional visitor spend after restoration is estimated at £0.7m.

The net impact of restoration is therefore estimated at £300,786. This is the net 'worth' of the Canal restoration to the local economy each year. Given the net impact figure, the cost of restoration and benefits discounted at 2.5%, the Net Present Value of the Canal restoration alone is negative.

However, the wider benefits and catalytic role that the restored canal will play in a much wider area between Oswestry and Llanymynech (and eventually Welshpool) are clear. The study suggests that it will generate a whole new generation of opportunity and business which can currently only be guessed at, but which is likely to be significant. In addition the canal plays an extremely important role in the areas social, industrial and ecological history. Without restoration these values and this link will slowly be lost leaving a far greater gap in

the areas heritage, as well as a significant loss of potential at all levels from commercial opportunity to local wellbeing.

Although the economic assessment indicates that restoration to Llanymynech will bring at best a small return on capital investment in terms of income to the local economy, the study suggests that the restoration scheme will:-

- Support a growth in jobs at businesses next to the canal (5 FTE jobs and several family businesses) and within the wider canal corridor (23-37 FTE jobs), together with securing the long-term future of those businesses, jobs and services currently supported by the canal (several family businesses directly next to the canal and 33 jobs in the wider corridor). Additional temporary jobs will be created during the construction and British Waterways is proposing to encourage the use of local suppliers to help retain money in the local economy.
- Create a focus and catalyst for the wider regeneration of the Oswestry – Queen’s Head – Llanymynech triangle, based on its key historic role in the industrial revolution. Experience from elsewhere, together with the feelings of local stakeholders suggests that the restoration will encourage other projects and opportunities in the corridor to be realised.
- Support economic resilience through agricultural diversification and the creation of more locally-based home-grown businesses, with a strong social and community link and retention of income within the local economy.
- Support a wide range of local business and commercial interests including water-based tourism, leisure and recreation business including boat building and maintenance; tourist/visitor accommodation and attractions; builders and housing developers; and contractors especially those specialising in traditional skills.
- Build community well-being through the involvement of local groups, volunteers and social enterprises in canal-related activities, thus further increasing the capacity of the local community.
- Create new wildlife habitat in the form of open water reserves totaling 12.5 hectares.
- Secure the heritage value of the canal and its corridor and promote this to both visitors and local people through securing the future of 127 listed buildings and structures for future generations.
- Support statutory bodies in delivering a range of wider objectives such as improved service to local population and visitors, and deliver an example of a cross-border partnership project demonstrating the benefits from environmental goods and services.

A Vision for the Montgomery Canal is given:

**‘To realise the opportunity offered by opening the Montgomery canal as a catalyst for appropriate scale development in the triangle between Oswestry, Llanymynech and Queenshead’.**

The study proposes that restoration is linked to the development of **Llanymynech** as a destination and promoted alongside the Pontcysyllte Aqueduct World Heritage site developing a concept of ‘supplying the industrial revolution’ or ‘routes through time’. The area demonstrates a wealth of interest including aspects of the industrial revolution; border history and heritage; a range of ecosystems illustrating key geological and landscape

changes; and historic routes of river, track, rail and Canal which could all be harnessed to create a valuable visitor portfolio.

The proposed offer will include development of a **marina at Llanymynech** and a **traditional boat building project based on the current Duchess Countess Packet Boat project**, as well as supporting development along the Canal and at other key destinations.

A clear agenda for the proposal is:

- To restore the canal as the catalyst to realising the opportunities for the area between Oswestry and Welshpool and a link to the Llangollen area providing a real visitor offer which builds on the natural environment, cultural heritage and rural assets at an appropriate scale.
- To promote the canal as a fundamental element of and catalyst to developing strong economic resilience at a time of economic fragility in an important, primarily rural economy.
- To satisfy the visitor / tourism opportunities offered by the likely increase in the number of people recreating and holidaying in the UK, rather than overseas.

At the recent **Montgomery Canal Partnership** meeting (October 2010) there was a common agreement on the outline proposal and the benefits it can bring.

To deliver the plan, the partners need to:

- **Agree a lead body and supporting organisations to take the scheme forward.**
- **Develop a detailed proposal.** We suggest this should start from Llanymynech and focus on the story of closing the gap between Llanymynech and the open section, linking what already exists. This will focus on the canal as a catalyst for change and local community benefits as well as the wider economic value for a much larger area.
- **Embed the proposal into the local strategic framework and destination marketing,** through the North Shropshire Destination Partnership.
- **Seek funding as soon as possible for a portfolio of projects. Partnership bids will be key to the success of this project.**

# 1. INTRODUCTION

## 1.1. THE MONTGOMERY CANAL – A BRIEF HISTORY

The Montgomery Canal is a rural cross-border waterway, linking Powys (Wales) and Shropshire (England). The canal was officially closed to navigation in 1944, but, since 1969 there has been an on-going campaign to restore the canal and two stretches are now navigable again. As well as delivering economic and social benefits to local communities, restoration is felt to be the best solution to securing the built heritage of the canal, with its 127 listed buildings and structures.



Since closure the canal has become extremely important for nature conservation, with the whole of the Welsh section and part of the English length designated as Sites of Special Scientific Interest (SSSI). Also the Welsh part is a candidate Special Area of Conservation, under European law. The designations are largely due to the range of rare aquatic plants that have flourished since the canal was closed to navigation. Floating Water Plantain has led to European protection of the Wales length, but Grass Wrack Pondweed is perhaps even more interesting, with the canal containing over 90% of the UK population. These plants are sensitive to disturbance from boats, but equally they would be at risk in the long term if the canal was just left to nature. As it is man-made, it would revert to swamp and eventually woodland if maintenance ceased.

Restoration is being taken forward under the auspices of the **Montgomery Canal Partnership** (MCP), which brings together all groups with an interest in the Canal and includes:

- British Waterways
- CADW: Welsh Historic Monuments
- Countryside Council for Wales
- English Heritage
- Natural England
- Environment Agency
- Inland Waterways Association
- Montgomery Waterways Restoration Trust
- Montgomery Wildlife Trust
- Powys County Council
- Shropshire County Council
- Shropshire Union Canal Society
- Shropshire Wildlife Trust
- Royal Commission on the Ancient & Historic Monuments of Wales

The vision of the Montgomery Canal Partnership is **“To restore the Montgomery Canal as a flagship model of sustainable canal restoration with a strategic focus on rural regeneration. To protect the canal’s unique environment and heritage through research, management and excellence in design. To increase access for all through interpretation with the promotion of tourism and educational use”**.

To find a way forward that would permit restoration of the canal to navigation, while maintaining its biodiversity interest, the MCP commissioned a Conservation Management Strategy (CMS) in 2003. The CMS was part-funded by the Heritage Lottery Fund and European Social Fund. The CMS provides a framework for the on-going restoration of the canal, balancing the varied interests of the stakeholders involved.

The Partnership is committed to working together to complete the restoration of the Montgomery Canal and in doing so bring about a sustainable regeneration of the canal corridor. The Economic Development Plan is seen as a key tool in delivering against that commitment.

The study will build on an earlier economic impact study – “The Montgomery Canal Restoration Project” – Rural Solutions, 2004. This provides a useful starting point for potential development opportunities, but needs to be updated. Also it should be noted that

the recommendations of this study have not been adopted as Partnership policy.

The regeneration of the canal and the canal corridor creates a linear link (with significant cross-border potential) that can play an important role in the realisation of local and regional strategic aims for:

- Local prosperity and employment;
- Stronger inclusive communities;
- Attractive sustainable environment;
- Safeguarding protected species and habitats.

The Montgomery Canal regeneration has been identified as a key project in relation to the Destination Management Partnership Plan prepared by the Shropshire & Telford Destination Management Partnership in conjunction with Advantage West Midlands (now disbanded).

A fundamental need is to identify a clear role and focus for the canal restoration as part of this regeneration.

## **1.2. AIMS & OBJECTIVES OF THE STUDY**

In January 2010 British Waterways on behalf of the MCP contracted Resources for Change Ltd. to produce an Economic Development Plan for the Montgomery Canal, primarily to establish the case for the continuing restoration of the Canal as a significant contributor to economic development, both in the West Midlands and also in Wales.

It was decided that the work should take a realistic assessment of the area and its potential by working with local stakeholder businesses and others to understand the current and potential future economic opportunities, as well as understand the role the canal might play in these. Of particular interest was the role of the canal in the wider rural economic development of the area, since the area is significantly more rural and less well serviced and with a lower resident and business population than those illustrated in many available economic studies.

This work identifies economic development opportunities (both through the development of canal-side sites and visitor economy initiatives, with clear linkages between the two) and indicates how they can be brought to fruition. It aims to enable funders, particularly economic development funders, to identify clear, deliverable, sustainable economic outputs through appropriate canal-side development and the visitor economy, via their support for restoration of the canal. Whilst the Plan focuses on opportunities along the 16 -18 km corridor from Frankton Junction to the Llanymynech / Vyrnwy area, it became clear through the study that the implications for and impacts on the surrounding area, far wider than the canal corridor could be significant. An attempt was therefore made to at least define this additional value, not in financial terms but as stated benefits.

The study makes a clear case for this essentially rural canal to contribute to the areas economic and social resilience, tackling rural deprivation and promoting rural diversity,



including showing how heritage, environment and conservation qualities can, as well as leisure and recreation, be powerful tools in a strategy designed to optimise the visitor economy potential.

The study demonstrates what the canal corridor can deliver in terms of economic regeneration, through restoration of the canal. It creates a vision for stakeholder, partners, funders and potential investors and developers.

### 1.3. METHOD & APPROACH

To understand the potential for the canal, it is important that it is framed and understood in the context of the economy of the area. The area has a relatively sparse population, is within an area of tourism potential (though relatively under-developed currently), has an important social border history and related landscape and ecosystems.

The role of any development will not only create economic benefit in traditional growth terms, but perhaps more importantly provide an additional income stream for the area, consolidate the current visitor 'offer' and create greater economic resilience, particularly important in a time of economic hardship. Developments such as the canal could also be considered appropriate to the economic scale of the area, its people and ecology. There are also important social benefits in terms of conserving the historic features of the canal and its associated activities and providing the link to joining up the significant industrial and social history of the area as a whole.

There is perhaps an opportunity to use the work to help inform understanding of rural economies generally and provide a flagship approach for canals in rural areas. Rural economies often deal with smaller amounts of money; more dispersed labour, limited focus on single aspects of the economy and a strong relationship with the urban populations they serve. Many people have two jobs; economies are not about big units generating employment, but about resilient integrated systems. Based on this we believe there is an emerging value in focusing on economic resilience rather than growth and that this supports national political and economic trends.

On this basis, the study is framed in terms of:

- Economic resilience.
- Value to the visiting urban population.
- Sustainability in all its forms.
- Conservation of important social and historic features linked to the border history and the canal's role in the early industrial revolution and links to one of the most important sites demonstrating the complete history of limestone workings in the country at Llanymynech.
- Additionality to the economy rather than new jobs.
- Development of economic packages with other aspects of the area such as the railway, Oswestry and other attractions.

As a starting point to the economic assessment element we considered the 'model of

change' for the canal stakeholders and used this to guide an assessment of the current and potential future economic benefits of the canal opening. This technique has been developed to understand the impact of change and is now an important component in Social Return on Investment (SROI) amongst other methodologies. Interviews were held with some key stakeholders and local businesses to try and understand the potential and scale of change. This was then combined with case studies (of other locations and of the changes that have already taken place along the already restored open section of the canal) to inform the predictive modelling. This helped us understand actual and potential income streams and economic resilience.

In addition to this we also investigated the wider benefits that opening the canal could bring. This allowed us to annotate the economic value with a much more sophisticated picture of added value, which we did not try to frame in economic terms due to the sheer scale, but rather we captured through text, observation and interviews.

Based on discussions with possible funders and decision makers, it became clear that the important need was to try to provide a financial value for opening the canal based on real business opportunity and financial gain. The preference being to provide a statement about where wider benefits could occur, such as the conservation of historic bridges, without trying to monetise the value of this benefit.

#### **1.4. REPORT STRUCTURE**

The report (in Section 2) looks briefly at what restoration would mean for the Montgomery Canal by illustrating the restoration campaign to date and then looking forward at current proposals and costs and defining future opportunities.

Section 3 examines the Model of Change approach that has been taken by this study, explaining the methodology and summarising the potential economic impact of change in relation to the Canal.

Section 4 presents the economic analysis in relation to the Canal. This is shown through a demand- and supply-side assessment of the Canal economy at present, and is followed by a forecast of how this would change following restoration to Llanymynech. This is further illustrated with a case study of a section of the canal which has already been fully restored and case studies from canal restoration projects elsewhere.

Section 5 defines a forward looking vision for the restoration of the Montgomery Canal and sets out a project which could help to meet the economic development objectives of the restoration.

Section 6 sets out the next steps for the project in order to achieve successful economic development along the Montgomery Canal.

## 2. WHAT WOULD RESTORATION MEAN FOR THE MONTGOMERY CANAL?

### 2.1. THE RESTORATION TO DATE

The restoration of the Montgomery Canal has been an on-going campaign since 1969, with local groups and individuals taking a lead in these endeavours. The sheer determination and effort that has gone into achieving this significant work so far bears tribute to the value placed on the canal by local people and its role in the local area. This is perhaps the first insight into the far more significant and wider role that the canal still plays in the lives of local people.

The table below illustrates the milestones in this campaign and shows how restoration is slowly being achieved.

Date	Milestone
1969	Restoration started at Welshpool by Shropshire Union Canal Society and Inland Waterways Association
1983	Cost-benefit study by W.S. Atkins
1987	British Waterways Act protected line of canal from development
1987	EU funding almost secured but Welsh Office vetoed local authority match funding
1990's	Gallowstree Bridge and Whitehouse Bridge near Welshpool raised to open navigation along 10 mile stretch, each side of Welshpool
1994	Ashton Locks Reserve opened
1996	Frankton Lock to Queens Head opened
1997	Phase 2 at Frankton Locks opened
1998	Funding bid to HLF unsuccessful, but Montgomery Canal Partnership formed
2002	HLF funding received to produce a Conservation Management Strategy for the canal
2003	Three miles from Queens Head to Gronwen Wharf opened, with a major input from Shropshire CC and English Partnerships
2005	Rural Solutions Ltd economic impact study reported, with optimistic findings for the regeneration impacts; however, these figures have not been generally accepted
2005	Conservation Management Strategy adopted by Partnership to bring together environmental and waterway interests within a single agreed development framework
2005	Llanymynech Wharf restoration
2006	Short section at Llanymynech reopened with day boat trips
2007/8	Llanymynech Heritage Area opened (kiln) with HLF funding
2007/8	Powys CC Canal Tourism project; £0.5m to improve access, interpretation, and tourism potential. Supported by ERDF Ob.2 funding.
2008	Navigation extended from Gronwen to Redwith Bridge and Redwith Bridge raised; extension to Aston Nature Reserve opened to mitigate for loss of wildlife habitat (£1m from Interreg and HLF)
2008	Montgomery Canal Development Manager appointed by the Waterways Trust, funded for 1 year by BWB

2008	Montgomery Canal accorded priority status in Shropshire CC's Destination Management Partnership (but this is now under review)
2008/9	SUCS undertaking restoration works at Crickheath Wharf

To date, around £10m has been spent on the restoration since 1994, to achieve a navigable length of around 13km. Much of this funding (£6.5m) was secured by Shropshire County Council from the Derelict Land Grant scheme managed by English Partnerships. Funding since 2003 has come from Advantage West Midlands and European sources. More recently, British Waterways have led their own bids to Heritage Lottery Fund, Big Lottery, and Interreg EU funds.

## 2.2. CURRENT PROPOSALS & COST OF WORK

Current proposals involve full restoration of the Canal to join up with the open section around Welshpool, as and when funding permits. This will be done in three Sections as detailed below.

Section 1 is to extend the navigable section of the canal to Llanymynech and develop that location as a visitor destination, pending further restoration towards Welshpool. This phase will bring the canal 5.3km from Redwith Bridge to Llanymynech up as far as Walls Bridge which would bring the canal about 0.5km within Wales. This Section will also include the construction of 3 hectares of off-line reserves (in England) and this will allow the number of boat movements to double from 2500 to 5000 per year. **This Section is the focus of this study.**

Section 2A would take the canal from Walls Bridge to and including the Vyrnwy Aqueduct. This structure needs major rebuilding and is also key for the canal's water supply.

Section 2B would take the canal from the Vyrnwy aqueduct to Arddlin to join the restored section onwards to Welshpool. This phase involves the construction of off-line reserves, which are integral to the restoration, and two major road crossings which are seen as the major constraint towards complete restoration.

In this Economic Study we are only concerned with Section 1, although any implications or impacts for Section 2 should be noted.

The estimated costs for Section 1<sup>1</sup> are:

Cost Element	Cost (£)
English Reserves	2,100,000 (2.1m)
English Section	14,700,000 (14.7m)
Basin at LLanymynech	1,000,000 (1m)
<b>Total</b>	<b>17,800,000 (17.8m)</b>

<sup>1</sup> Source: British Waterways

It should be noted that these capital costs include the cost of a basin development at Llanymynech including design, ground investigations and construction of water space, without which economic benefits are likely to be limited. The estimated cost of a mooring basin and ancillary structures is in excess of £1m. Experience from the recent restoration of Droitwich canal has shown that additional market-led development of the surrounding area could generate up to £5m private sector leverage.

The construction of a mooring basin at Llangollen in 2004/05 has been shown to have major economic benefits for the town. The development of an off-line basin with capacity for 32 boats cost £1.6million and has been calculated to generate an additional 3,706 boat days in the area and attract an additional 151,800 informal visitors to the site. An estimated impact of £235,574 of income per annum has been calculated and creates or safeguards 17 jobs in the local area<sup>2</sup>.

Where the capital for the Llanymynech Basin comes from depends upon its purpose. If it will provide permanent moorings, then we would expect it to be funded via the private sector. If the moorings are mainly for visiting boats, then the costs would probably have to be met through the public sector as part of the restoration costs. The best option would probably be to simply provide 24/48 hour mooring only to provide movement and interest, perhaps with a small number of permanent berths for locals / community boats. The costs would then be funded by a public private partnership. Such provision would ensure the local / community opportunities are maximised, as well as providing some input of private funds.

The basin would contribute to the significant historic infrastructure in the village, providing a village focal point for residents and visitors alike, allowing mooring of boats while people visit the lime kilns, aqueduct, rock climbing, wildlife areas and other sites of importance. The basin and moorings themselves also provide a visual focal point, adding to the sense of place and general attractiveness of the village centre to non-boat visitors. This is significant since the current centre has historic value and exhibits many extraordinary sights yet most are invisible to passing trade and require some form of visual 'access point' or 'gateway' if their potential is to be realised. The canal basin provides a perfect opportunity to do this as well as allowing businesses in the centre to focus to the canal rather than the main road.

These types of tranquil focal points, well served by road and canal with significant passing trade could develop a real opportunity for the development of specialist and locally appropriate trade such as art venue, local produce and local food outlets (a growing and significant movement in the area), a stopping point on the busy main road passing through the village.

Whilst this has been seen to some extent in other locations such as Llangollen, the impact in Llanymynech could be significantly higher owing to the ease of vehicle access and potential passing trade.

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<sup>2</sup> KPMG (2006) *Economic Impact of the Llangollen Mooring Basin*.

### 2.3. THE MONTGOMERY CANAL NOW – DEFINING OPPORTUNITY

It is important that if this study is going to add value, that it is realistic about the nature of the opportunity. It is clear that whilst there are some areas of development opportunity along the canal route, these are limited by:

- Being outside the development envelope for planning;
- Being very rural and serviced by very small roads;
- New build housing sales in the area have suffered severely with the economic downturn and even sites with existing permission remain only partially completed while developers await an economic upturn. However, anecdotal evidence suggests canal side locations may be the first to market in an upturn as they have a rarity value and offer additional attractions. This is important in the current economy.

The economic benefit of the Canal in isolation of the wider area is limited. The numbers of boats allowed on the Montgomery canal is limited (10 boat movements per day), but even allowing for this the majority of spend resulting from canals is recognised to be from non-boat user visitors. Whilst some canals such as the Rochdale may have benefitted from significant waterside development and visitor numbers, we need to be realistic about what is possible in this much more rural area without the same neighbouring populations. Even the Pontcysyllte Aqueduct, recently designated a World Heritage Site, currently has a limited number of directly benefiting businesses at the location (pub, shop, small visitor centre, same day hire boats, a small marina and a café).

Whilst developments may be small, the gradual development of **Llanymynech** over the last 10 years demonstrates the potential for it to be treated as a destination. Llanymynech offers a destination with a wide offer on the 'door step' in easy walking distance and serviced by a major road right through the centre. However it is also clear that it is going to be a portfolio approach which is likely to most realistically gain financial, organisational and public support. The portfolio of opportunity already exists, but its visibility and visual appeal lacks a 'gateway' - a link that the canal could provide. It includes a huge diversity of interest including:

- limestone cliffs
- rock climbing
- nature reserves
- forts
- walks
- mountain biking and horse riding routes
- local food and other produce outlets (though currently there is a limited opportunity for shop front sales and a village centre attraction could help develop this)
- the Cambrian railway
- a number of community run venues of interest to the visitor (such as the canal visitor centre).

These features offer real and significant potential for economic growth should the canal provide the 'visual' feature to create a 'gateway' to the produce and facilities. This is likely to lead to the development of a number of canal-side developments as well as significant support to existing business and other activities which link to the canal, and the expansion of existing business usage and premises 'turning to face' the canal. Unlike many venues,

Llanymynech has a story, an ‘existing offer’ and a real potential that local people and businesses believe the canal would unlock.

This is maximising the value of local assets in a locally appropriate and sustainable way to support a more resilient economy with appropriate scale and ‘fit’ to the local rural area. There are also number of recently developing private enterprises such as the stables at Four Crosses, Canal Central at Maesbury Marsh and the family wildlife venue at Underhill Farm in Pant which are already developing and showing the way forward for appropriate scale local development. Many of these anticipate the canal re-opening and a link to the developments that would be offered.

There are also a limited number of other development opportunities along the Montgomery Canal between Frankton Locks and Llanymynech which would build the links and provide further opportunities. Whilst smaller than the Llanymynech offer, they could nevertheless play an important role in the local economy, demonstrating a critical mass which is currently latent and the canal could unlock. The table below summarises the main points of visitor access and interest<sup>3</sup>.

Location	Key Points
Frankton Locks	Poor access, limited space for development, limited visitor draw, limit on visit duration
Weston Arm car park and picnic area	Just down from Frankton locks, gives better access by car if approached from the south, with parking for several cars and canal-side area big enough for small-scale development
Rednal wharf	Has canal-side warehouse (of built heritage value) and small parking area across the road, potential to develop as bunkhouse accommodation as is still in British Waterways ownership
Queenshead	Home of Shropshire Paddlesports (existing successful canoe club with approx 120 members and community links) and Queenshead pub. Shropshire Paddlesports are currently renovating the boathouse for use by the club and as a possible venue for other groups.  The old flour mill (over road from canal) may offer some potential for visitor accommodation (though generally occupancy is low in the area and the site would have to compete with the Lion Quays) but is currently under offer.  There is a British Waterways service area, currently temporarily housing portacabin/storage for Shropshire Paddlesports Club (?), which would allow for small-scale development next to the canal and a short walk from Aston Nature Reserve.

<sup>3</sup> Information from research/observation for this study, R4C 2010.

	<p>There is currently a proposal for a small-scale marina development and hotel on fields behind Queenshead pub to the north of the Canal. Discussions are taking place currently with British Waterways and a Planning Application is likely in Spring 2011. This, when complete if planning permission is secured, will significantly increase the visitor draw/interest to Queenshead, although this is located beside the main A5 road and so will not necessarily lead to additional visitors further along the canal corridor. Local knowledge suggests there is a tendency for visitors to stop on the 'edge' of the area and then carry on with their journey. Between Oswestry and Welshpool is colloquially referred to as a 'Bermuda triangle' in tourism terms, bounded by two major routes into Wales, so people pass by not through. It is felt by many local stakeholders that the canal opening could act as an important catalyst to changing this visitor behaviour.</p>
Maesbury Marsh	<p>Home of Canal Central (Shop, café, self-catering accommodation, broadband) - appropriate small scale development but whilst capable of expansion, scale is limited and dependent on partnership with private landowner, also BW service block. This provides an important resource for the community and visitors alike and is a very good example of what can be achieved in a small community with sufficient drive and imagination.</p>
Maesbury Mill (Peate's Mill)	<p>A small set of commercial units. Maesbury Marine Services (boat builders and maintenance) operated from here employing up to 14 people until recently (2009) but the company had to give up its lease and now operates from a small site at Gronwen wharf. There are 20 licensed moorings here (with approx 15 in use most of the time) but no other current canal focused business. Access to the canal-side is good. Whilst this leaves an opportunity, it is unlikely to be significant with limited boat numbers, poor road access and limited interest from the private landowner (although they may be more interested if a significant opportunity presented itself, presently their main objective is to 'keep the units let'). Apart from the canal there is little else to attract the visitor to this specific area.</p>
Crickheath	<p>Historic lime wharf, currently wharf and towpath is completely overgrown, potential small-scale development but very close to housing and road access is poor.</p>



<p>Llanymynech</p>	<p>Village with shops, pubs and takeaways. Untapped potential in relation to British Waterway's depot and linked with all the other activity in the village and the significant community led developments at the wharf/heritage site over the last 15 years, though marketing is still a significant problem. British Waterways Plan to re-instate/build small marina to east of Walls Bridge, west of main A483. Beyond Llanymynech the cost of restoration is likely to be prohibitive in the short term in the current economic climate.</p> <p>The village lies right in the middle of a potential tourism destination area, especially for passing visitors, short visits and day trips from the Midlands. The belief of many stakeholders is that the canal would provide a catalyst for a lot of dormant potential which would centre on the village of Llanymynech. There is already a community run visitor centre, education facilities, canal trip boat and a number of potential community driven projects which are reliant on the canal opening to be fully realised.</p> <p>A number of small businesses serving the discerning tourist seeking something different with an insight into the ecology, cultural and historic interest, such as Underhill Farm which adjoins the Nature reserve, the riding stables and a number of quality B&amp;B's.</p>
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## 3. THE MODEL OF CHANGE APPROACH

This report focuses on the concept of change that will be created by opening the canal, rather than on the canal as such. The canal exists and some of its functions are already available, for example you can already walk along the route; some sections have water in and are already used for fishing, etc. It is important that the economic assessment of the value of opening the canal is therefore realistic and takes current use and value into account. There is of course a grey area here, which is that some opportunities are more likely to be realisable with the canal being re-opened due to factors such as financial leverage.

Using a 'model of change' type approach to help in understanding this change relationship is helpful, though it is by no means straight forward. The early mapping and discussions suggest that a traditional 'number of new jobs' type approach is unlikely to show huge gains, making a traditional approach to the standard regional development agency requirements unsupportable (i.e. Advantage West Midlands – now disbanded). The canal is providing an opportunity to join up the visitor offer to provide a linked experience; is likely to catalyse wider business activity in this respect and is therefore a strong fit with tourism, economic and other strategies. With the strong rural nature of the area, and the fact it spans the border, it also fits well with ongoing strategic cross-border work.

### 3.1. IDENTIFYING & ANALYSING STAKEHOLDERS

#### 3.1.1. Stakeholder Mapping

An initial stakeholder map is provided in Appendix 1. This gives a perspective on the breadth of the canal's influence and the range of people that need to be involved in the conversation. Some of these are already well engaged.

#### 3.1.2. Stakeholder Analysis (Map of Change)

A stakeholder analysis has also been developed based on the stakeholder map. This gives a sense of the types of change that opening the canal may bring for each stakeholder. From this we can start to map the opportunities and therefore the economic impact of change. This analysis is given in Appendix 2. This analysis helps to inform the Model of Change approach explained in the next section (3.2).

### 3.2. THE MODEL OF CHANGE

It is evident that there is a complex web of opportunity relating to tourism, wider economic development and community wellbeing projects for which the canal could provide a catalyst. Certainly, experiences from the already restored section suggest this could be significant. Whilst it is hard to get an absolute picture of the opportunity, stakeholder interviews and assessment of change benefits does help to define a positive picture in broader economic

terms than just jobs.

Aspects of the change assessment which are not clearly provided by the economic assessment are:

- Economic resilience - more locally based, 'home grown' business tends to build a more resilient economy, especially in a rural area where small, flexible businesses, with a strong social and community link, are more likely to provide resilience and keep the multiplier impacts local.
- Community wellbeing - The broad involvement of community groups, local volunteers and others, who benefit by being involved through canal related activities helps strengthen the community providing a focus for local events and activities. This has already been clearly demonstrated by the growth of the Llanymynech 'community', now seen as a dynamic and active village, where 15 years ago it was written off as being inactive and having a weak community! The canal and Heritage Area activities have played a significant part here. Some of these impacts are linked to direct canal related activities (i.e. Duchess Countess project, volunteers associated with the canal) and wider impacts (i.e. rental of the village hall to canal groups providing important additional income; local venue for children's activities and birthday parties which keep spend local and builds social links).

It would be possible to perhaps capture this wider impact using a Social Return On Investment (SROI) assessment, however, this would take a significant amount of time to do thoroughly and it was felt that the evidence exists to demonstrate the impacts, without such a detailed study.

The table below summarises the 'findings' of the analysis. It shows the groups who will be affected most by the canal restoration and the potential outcome of that 'change' (for more detail see the full analysis table in Appendix 2).

Stakeholder area	Likely change	Potential outcome
Sport & Recreation	Biggest change will be in relation to fishing and canoeing – greater body of water leading to new sites/new routes	Increased equipment sales, licence sales, local spend, increased family activity – visitors and locals, local coaching
Wildlife	Benefit to wildlife and to wider public wellbeing	Increase in area of off-line reserves. The reserves are needed for navigation to increase so the benefits are linked to the restoration
Community Projects	Biggest change will be for groups with direct interest in the Canal - Direct benefit to the group through Canal activity – delivery purpose, raising funds, new members, and increased profile for group.	Potential increased community activity

Stakeholder area	Likely change	Potential outcome
Wider community	Direct benefit to the community through education (e.g. at KS2 taking learning outside the classroom), health (easy, safe, accessible exercise), sustainable transport (safe route to school/work etc.)	Potential increased community activity , improved wellbeing, local pride and sense of place
Housing	Potential for higher value houses, existing houses and current developments may benefit by easier sales or greater values	Higher value developments/sales
New opportunity	Biggest change for builders/contractors – new work on the Canal and associated activity	Additional building work, especially for traditional skills
Canal related business – boat trips, mooring, boat maintenance	New work on the Canal and associated activity	New opportunities created, leading to new jobs/additional work, leading to improved local economy
Non-Canal related business – farms, shops, pubs/food, industrial units, studios/workshops	Biggest change will be for farms – greater ability to sell direct and to offer additional services	Agricultural diversification leading to more resilient local economy
Tourist accommodation – B&B, Hotel, Caravan/chalet, camping	Higher sales and new opportunities	New opportunity created, leading to new jobs/additional work, leading to improved local economy
Tourist attractions – Museums, Railways, Castles, Children’s, Heritage	Higher sales and new opportunities	Additionality
Volunteering – canal specific and non-canal specific	Biggest change will be for Canal specific volunteers – greater volunteering opportunities and potential volunteer numbers	Potential increased community activity, volunteer spend in local economy
Statutory bodies	Improved service	Deliver improved service to local population and visitors; leading to improved stakeholder recognition and support; leading to improved funding/support for activities; leading to more resilient economy and social wellbeing
Direct interest groups	Delivery of wider objectives	Improved wildlife opportunities and delivery of objectives; opportunity for additionality for both wildlife and environmental goods and services

Stakeholder area	Likely change	Potential outcome
Events	Event dependant	Potential for additionality
Publications	Increased readership	Potential to influence stakeholders and increase readership, increased resulting activity, improved social networks.

The restored and un-restored lengths of canal between Frankton and Llanymynech currently support a range of economic activity within the canal corridor. This will remain at risk while the restoration is uncompleted and the future of the canal as a cruiseway is unsecured.

More importantly, if the opportunity of the canal restoration is realised, it could provide the catalyst to a far wider area than the canal corridor itself and this is clearly indicated by the stakeholder interviews.

## 4. ECONOMIC ANALYSIS

The economic model used to calculate the economic benefit of the restoration of the Montgomery Canal is similar to that used in a number of recent canal restoration economic impact studies (i.e. An Economic Evaluation of the Restoration of the Kennet & Avon Canal: An Update of the 2002 Study, (2006) Ecotec. and also updated 2009).

It involves three main elements:

- A demand-side assessment of tourism and leisure use of the restored canal, both boat-related and non-boat-related – looking at both baseline & projected use once restoration is complete;
- A supply side assessment of the local tourism and leisure economy, focusing on existing tourism and leisure businesses close to the Canal– looking at the current situation and projected income once restoration is complete;
- The potential impact on the property market for canal-related commercial and residential development<sup>4</sup>.

The demand-side assessment involves estimating the numbers of various different types of canal-user to the Canal, and applying data on average expenditure by visitor type to arrive at a figure for total expenditure by visitors to the Canal. This figure is adjusted for displacement and other factors to arrive at a figure for total net impact<sup>5</sup>.

The supply-side assessment involves developing a database of leisure and tourism related businesses located close to the Canal. Face to face or telephone surveys are then completed

<sup>4</sup> This latter is perhaps of limited impact since there are few opportunities within the canal corridor for development and existing housing already benefits from open sections of canal, which whilst they have no / few boats, are already providing amenity and effecting the house value positively.

<sup>5</sup> See methodology in An Economic Evaluation of the Restoration of the Kennet & Avon Canal: An Update of the 2002 Study, (2006), Ecotec. and updated 2009

with business representatives to assess the income they generate from the canal and any employees they have as a result of this income.

Further details of methodology for the demand- and supply-side assessments are given in the relevant sections of the report, which follow.

## 4.1. DEMAND SIDE ASSESSMENT

### 4.1.1. Baseline assessment (current)

This assessment involves estimating numbers of different types of canal user, both currently and after restoration. Expenditure patterns relating to each type of user are then used to estimate the gross impact of these visitors. The net impact is then calculated, allowing for additionality and displacement. Finally the multiplier effect of the additional spend, net of any displacement, is estimated, to arrive at a net impact figure, expressed as the impact on local incomes and employment, of the canal restoration.

Canal users include both boat-related and non boat-related users; numerically, and in expenditure terms, the latter are much more significant. Data does not exist for many categories of user for the Montgomery canal, so proxy data has been used, based on experience elsewhere on similar types of canal, or from national averages based on data provided by BWB. The data source and the assumptions made are indicated in the analysis of the current usage of the Montgomery canal in England that follows below.

The detailed modelling data can be seen in spreadsheet Appendix 3. An explanation of the calculations and the assumptions used is given in Appendix 4.

#### 4.1.1.1. Current Usage of the Canal in England

##### **Non boat-related use**

This includes unpowered boat use (e.g. canoeing), use of the towpath by cyclists and walkers, and angling. It is basically related to the length of the towpath, not the length of the navigable canal. Towpath counts on the Montgomery canal show that the average weekly total in summer (all user types) is around 900 at Queens Head, 60 at School House Lane, and 190 at Llanymynech. The only stretch officially opened for cyclist is from Frankton to Queen's Head but other sections are also used. Angling is mostly under the control of Powys Estates and let to the Montgomery Angling Association. Shropshire Paddlesports operate from a base at Queen's Head.

The Montgomery Canal study ("Regeneration through Sustainable Recreation") estimates that all non boat-related users' average 19,000 per km per year on the Montgomery canal, but this varies by location. For the stretch from Frankton to Maesbury total usage is 229,000 informal visits a year (216,000 walkers and canoeists, 12,000 cyclists, and 1,000 anglers); for the stretch between Maesbury and Arddlin (beyond Llanymynech) total usage is 134,000 informal visits a year (126,000 walkers and canoeists, 7,000 cyclists, and 1,000 anglers. This level of use is not much below that seen on the Llangollen canal, but way below that seen on

the Kennet and Avon.

BW estimates (in the “Waterways in Wales” study) for the English section of the Montgomery canal are 276,480 walkers, 15,360 cyclists, 1,480 anglers and 8,840 canoeists (all annual figures). These figures seem broadly in line with the estimates in the previous paragraph, and as they refer to the whole section we are concerned with, we have used these, not those given above for our calculations.

**Boat related use**

Boats based on the canal

According to the Conservation Management Strategy (2005) there were 12 licensed privately moored boats on the Montgomery canal in England. This number has reduced since 2005 as the canal was extended further; in 2008 the BW Craft Licensing system showed that the number of privately moored boats on the navigable section of the canal was 27. This is the figure we have used in the analysis of current use of the canal in England. It does not include non-licensed boats tied up at riverside properties.

The BW licensing records also show that there are no hire boats based on the canal. However there is one trip boat based at Llanymynech (the Duchess Countess).

Visiting boats

Current boat movements through the locks at Frankton are estimated at around 2,500 a year. Boats moored on the canal are unlikely to account for much more than 100 of these, equivalent to two passages off the canal (through Frankton) per boat per year. We have assumed that the remainder are visiting boats, mainly private but including some hire boats. This would imply 2,400 boat movements equivalent to 1,200 visiting boats/year.

Privately-owned & hire craft

Annual movements by both visiting boats and craft based on the canal can be estimated using data from the various Log Book surveys that feed the BW Boat Traffic Model (a mathematical model used to forecast boat traffic levels).

To simplify matters, for boats based on the canal, it is assumed that each trip involves a return cruise between Frankton and Maesbury. Days spent on the canal per person can be estimated as follows, with visits split between cruising and non-cruising visits. (Non-cruising visits take place where owners / crews visit their boats, but don't go cruising.) :-

Cruising days		Notes
Number of boats based on the canal	27	
Mean cruises per year per boat	5.7	BW Log Book Survey / Boat Traffic Model
Distance travelled per cruise	20km	Return trip Frankton – Maesbury
Mean boat speed	4 km/hr	Assumed
Locks passed per cruise	16	Return trip Frankton – Maesbury
Time to pass each lock	0.25 hrs	Assumed
Hours spend on the canal per cruise	9.0	
Mean hours cruised per day	3.6	BW Log Book Survey

Mean days spent on the canal per cruise	2.5	
Total cruising days per boat	14.25	
Total cruising days by all boats based on the canal	385	
Mean crew size per boat	3.0	BW Log Book Survey
Total cruising days by boat crews	1,154	

Non-cruising days		Notes
Number of boats based on the canal	27	
Mean non-cruising days per year per boat	9	BW Log Book Survey – assumed at 6 visits p.a. with a mean duration of 1.5 days
Mean crew size per visit	2.0	BW Log Book Survey
Total non-cruising days by boat crews	486	

For visiting boats, a similar analysis can be made (with all visits being cruising visits of course):-

Cruising days		Notes
Number of boating visits p.a.	1,200	
Distance travelled per cruise	20km	Return trip Frankton – Maesbury
Mean boat speed	4 km/hr	Assumed
Locks passed per cruise	16	Return trip Frankton – Maesbury
Time to pass each lock	0.25 hrs	Assumed
Hours spend on the canal per cruise	9.0	
Mean hours cruised per day	3.6	BW Log Book Survey
Mean days spent on the canal per cruise	2.5	
Total cruising days by all visiting boats	3,000	
Mean crew size per boat	3.75	BW Log Book Survey – it is assumed that 75% of boats are hire (mean crew – 4) & 25% private (Mean crew – 3)
Total cruising days by boat crews	11,250	

### Trip boats

The trip boat at Llanymynech currently operates every Sunday from Easter to the end of September, and Saturdays in July and August, and on private hire for pre-booked groups at other times. We have assumed that this boat makes around 50 trips a year, with a duration of 2 hours (including time spent at the visitor centre). This would generate around 234 user days.<sup>6</sup>

### Boating visits - Summary

Total boat-related user days on the Montgomery canal are therefore:-

	Visitor-days p.a.
Boats based on the canal – cruising days p.a.	1,154
Boats based on the canal – non-cruising days p.a.	486

<sup>6</sup> The Trip Boat estimate is based on 50 operating days and an average boat passenger figure of 18.75 (25 seat capacity x 75% occupancy). This generates 937.5 visits which last on average 2 hours. Assuming two hours is a quarter of a visit day so the number of visit days is  $937.5/4 = 234$ .



Visiting boats – cruising days p.a.	11,250
Trip boat	234
Total boat-related user days	13,125

According to the Waterways in Wales study, total boat related user days on the English section of the Montgomery canal were estimated at 14,105 per year. This is a rather higher figure than the one estimated above, and based on fewer boat days so their usage assumptions must be somewhat higher than ours. But the two estimates are not wildly dissimilar so we think our estimates are a reasonable approximation to the current boat-related usage of the canal in England.

Taking all uses together, we have the following totals for the English section:

Private moored boats – boater cruising days	1,154
Private moored boats - non-cruising days	486
Visiting Boats - boater days	11,250
Trip boat - boater days	234
Total boat-related user days	13,125
Informal visits:	
<i>Day trips*</i>	221,184
<i>Holiday trips*</i>	55,296
Cyclists	15,360
Anglers	1,480
Canoeists	8,840
Total non boat-related user days	302,160
Total all user days	315,285

*\*assumes 20% of informal visits are holiday trips and 80% are day trips*

#### 4.1.1.2. Expenditure patterns

The most recent national spend data we have comes from the annual Inland Waterway Visits Survey. This uses a 3-year rolling average figure for the various categories of user groups A, to smooth out year-to-year differences. (£s)

Visit category				Mean
	2007	2008	2009	2007-09
Powered boats ("boats with engine")	21.46	4.75	15.60	13.94
Unpowered boats ("boats without engine")	9.98	0	19.10	9.69
Fishing	5.16	1.13	2.80	3.03
Cycling	3.02	3.81	7.10	4.64
Dog walking	9.29	4.86	6.20	6.78
Leisure/heritage/museum visits	7.62	11.23	10.30	9.72
Walking/rambling	5	1.61	5.30	3.97
Pub visits	7.32	8.48	4.70	6.83
Running/jogging	4.86	2.87	4.70	4.14
Visits - to get somewhere	11.31	9.99	10.70	10.67

sat or stood	5.51	3.78	6.30	5.04
Other	2.59	1.64	6.80	3.68
All visits	6.71	4.25	6.70	5.89

Note: The mean spend per visit for informal visits (i.e. visits excluding boating, fishing & cycling) is £6.47.

Adjusted for inflation, each of the Montgomery Canal user groups has been allocated the following expenditure pattern:

User type:	Spend per day	Total spend
Private moored boats:		
Boater cruising days	£14.29	£16,483
Non cruising days	£14.29	£6,944
Visiting Boats – boater days	£14.29	£160,746
Trip boat	£9.964	£2,335
<b>Total boat-related</b>		<b>£186,517</b>
Informal day trip	£6.63	£1,466,837
Informal holiday trip	£45.46*	£2,513,756
Cyclists	£4.76	£73,052
Anglers	£3.11	£4,597
Canoeists	£9.93	£87,801
<b>Total non boat-related</b>		<b>£4,146,043</b>
<b>Total all uses</b>		<b>£4,332,560</b>

\*based on Llangollen Canal study data

On this basis the current gross expenditure associated with users of and visitors to the Montgomery canal is somewhat in excess of £4.3m. Almost 96% of this is generated by non boat users. This expenditure is not all additional to the area. Many users – in particular non boat users – will be local residents (those within a 30 mile radius) who would have spent their money in the area anyway. These probably account for 80% of informal day trips. Expenditure by people on holiday in the area is additional, but the importance of the canal in their decision to come is likely to be quite small. We have assumed that 20% of this group’s day’s expenditure can be attributed to the canal. For anglers, cyclists, and canoeists, we have assumed that 80% of this expenditure is local, and therefore discounted.

For boat users, the canal is obviously an important part of the reason why they are in the area. Privately moored boats may bring people into the area from their place of residence (some however may be residences). We have assumed that 75% of the expenditure from privately moored boats is additional to the area and dependent on the canal. All expenditure by visiting boats is assumed to be additional. 75% of trip boat expenditure is assumed to be additional (some of the trip boat users will be local residents).

User type:	Additionality %	Total additional spend
Private moored boats:		
Cruising days	75%	£12,369
Non-cruising days	75%	£5,208
Visiting Boats	100%	£160,746
Trip boat	75%	£1,751
<b>Total boat-related</b>		<b>£180,074</b>
Informal day trip	20%	£293,367
Informal holiday trip	20%	£502,751
Cyclists	20%	£14,610
Anglers	20%	£919
Canoeists	20%	£17,560
<b>Total non boat-related</b>		<b>£829,209</b>
<b>Total all uses</b>		<b>£1,009,283</b>

Additional spend associated with the canal, after allowing for deadweight, is therefore much less than the £4m gross spend – probably nearer £1m.

Whether any of this activity related to the canal displaces other activity in the area or elsewhere is difficult to judge. At this stage, it is probably safe to assume that displacement is insignificant<sup>7</sup>.

The additional spend calculated above is not an accurate measure of local economic impact because of leakage from the local economy. Nor have we adjusted for the multiplier effect. Using the ratios from the Llangollen study, we can assume that 32% of the additional expenditure stays within the local economy. In order to fully capture the impact of canal-related expenditure, a multiplier of 1.3 is used which is assumed to cover the indirect and induced effects of the visitor spending. **The total annual net impact in the local area of additional visitor spending associated with the canal is therefore estimated at £419,862 – say £0.4m in round numbers.**

This is the baseline impact figure against which it is possible to measure the impacts of further restoration to Llanymynech. The estimated benefits of this restoration are summarised in the next section.

#### 4.1.2. Projected Forecast: The Montgomery Canal post-restoration to Llanymynech

To assess the impact of restoration to Llanymynech we have developed a base-case scenario, the assumptions for which are summarised below. We have also explored the

<sup>7</sup> Displacement is about other activities not related to the canal which might be constrained or inhibited by the canal restoration, and there are few activities which will be affected in this instance.

possible impact of a small marina development at Llanymynech and the development of a new visitor attraction based on the BWB boatyard.

### Non-boat related use

A number of towpath monitoring projects<sup>8</sup> have been undertaken around the country to determine the increases in activity following major improvement schemes. The results of some of these are shown in the Table below:

Site	Visits per annum	
	before improvement	after improvement
Stourbridge (W Midlands) increase	41,500 (1999)	87,500 (2001) add %
Walsall (W Midlands)	71,500(1999)	154,500(2001)
Ratho (Scotland)	56,000 (1998)	111,000(2003)
Linlithgow (Scotland)	20,000(1997)	144,000(2003)
Craigmarloch (Scotland)	29,000(1997)	67,000(2003)
Cadder (Scotland)	48,000(1997)	76,000(2003)
Edinburgh (Scotland)	89,000(1998)	112,000(2003)
Maryhill Scotland)	60,000(1997)	71,000(2003)
Bonnybridge (Scotland)	59,000(1997)	57,000(2003)
Limehouse Cut (London)	41,000(2002-2005 mean)	92,000(2006-2009 mean)

The average increase in visits per year in the above schemes was 89%. Restoration of the canal to Llanymynech would be likely to increase footfall substantially on the restored stretch from Redwith Bridge to Llanymynech. We have assumed that the increase in towpath –related use on this stretch would be 89% (the same as the average increase of all the above schemes). For the stretch between Frankton Locks and Redwith Bridge, which is already well used, we have assumed the increase would be about half the amount on the restored stretch estimated as 40%.

On these assumptions, the figures for non-boat related use now become:

#### Frankton-Maesbury:

Walkers	302,400
Cyclists	16,800
Anglers	1,400
Canoeists	12,376
<b>Total</b>	<b>332,976</b>

#### Maesbury-Llanymynech:

Walkers	114,307
Cyclists	6,350
Anglers	907
Canoeists	6,188

<sup>8</sup> British Waterways recent figures supplied by Glenn Miller

<b>Total</b>	<b>121,565</b>
<b>Total English Section:</b>	
Walkers (= informal visits)	416,707
Cyclists	23,150
Anglers	2,307
Canoeists	18,564
<b>Total</b>	<b>454,541</b>

**Boat related use**

For the base-case no-frills restoration to Llanymynech we have assumed that restoration will create a number of opportunities to accommodate additional privately moored boats on the canal, to bring the total up to 50. It is also assumed that the boat traffic density on the English section will reach the maximum allowed under the CMS study, namely 5,000 boat movements a year. This can happen only after the reserves are built, so the doubling of boat movements is tied to the construction of the reserves, estimated at £2m.

Boats based on the canal are now assumed to make 5 return trips a year along the length of the canal, including two trips that move off the canal through Frankton Locks. This generates a traffic density of 500 boat movements a year from boats based on the canal. The remaining capacity on the canal would be taken up by visiting boats which would generate 4,500 boat movements a year, equivalent to 2,250 visiting boats. Boat traffic density on the adjacent section of the Llangollen Canal is estimated at 13,000-16,000 boat movements per year, so there is likely to be considerable untapped demand to use the Montgomery Canal. Days spent on the canal can then be estimated as below:

<b>Cruising days</b>		<b>Notes</b>
Number of boats based on the canal	50	
Mean cruises per year per boat	10	i.e. one-way trips
Distance travelled per cruise	17.5km	
Mean boat speed	4 km/hr	Assumed
Locks passed per cruise	8	
Time to pass each lock	0.25 hrs	Assumed
Hours spend on the canal per cruise	6.4	
Mean hours cruised per day	3.6	BW Log Book Survey
Mean days spent on the canal per cruise	1.8	
Total cruising days per boat	17.7	
Total cruising days by all boats based on the canal	885	
Mean crew size per boat	3.0	BW Log Book Survey
Total cruising days by boat crews	2,656	

<b>Non-cruising days</b>		<b>Notes</b>
Number of boats based on the canal	50	
Mean non-cruising days per year per boat	9	BW Log Book Survey – assumed at 6 visits p.a. with a mean duration of 1.5 days
Mean crew size per visit	2.0	BW Log Book Survey
Total non-cruising days by boat crews	900	

For visiting boats, a similar analysis can be made (with all visits being cruising visits of course):-

<b>Cruising days</b>		<b>Notes</b>
Number of visiting boat movements p.a.	4,500	
Distance travelled per cruise	17.5km	i.e. one way trips
Mean boat speed	4 km/hr	Assumed
Locks passed per cruise	8	
Time to pass each lock	0.25 hrs	Assumed
Hours spend on the canal per cruise	6.4	
Mean hours cruised per day	3.6	BW Log Book Survey
Mean days spent on the canal per cruise	1.8	
Total cruising days by all visiting boats	7,969	
Mean crew size per boat	3.75	BW Log Book Survey – it is assumed that 75% of boats are hire (mean crew – 4) & 25% private (Mean crew – 3)
Total cruising days by boat crews	29,883	

Trip boats

The trip boat at Llanymynech is now assumed to undertake 100 trips a year, with a duration of 4 hours (including time spent at the visitor centre). This would generate around 938 user days.

Boating visits - Summary

Total boat-related user days on the Montgomery canal post-restoration are therefore estimated as:-

	<b>Visitor-days p.a.</b>
Boats based on the canal – cruising days p.a.	2,656
Boats based on the canal – non-cruising days p.a.	900
Visiting boats – cruising days p.a.	29,883
Trip boat	938
<b>Total boat-related user days</b>	<b>34,377</b>

In this scenario, the total number of user days rises to almost 500,000:

**All users:**

Private moored boats - boater cruising days	2,656
Private moored boats - boater non-cruising days	900
Visiting boats - boater days	29,883
Trip boat - boater days	938
<b>Total boat-related user days</b>	<b>34,377</b>

**Informal visits:**

<i>Day trips*</i>	333,366
<i>Holiday trips*</i>	83,341

Cyclists	23,150
Anglers	2,307
Canoeists	18,564
<b>Total non-boat-related user days</b>	<b>460,729</b>
<b>Total all user days</b>	<b>495,105</b>

*Assumes day trips account for 80% of informal trips as before.*

#### 4.1.2.1. Expenditure patterns

Using the same expenditure data as before, the per day and total spend now become:

User type:	Spend per day	Total spend
Private moored boats:		
Boater cruising days	£14.29	£37,954
Non cruising days	£14.29	£12,860
Visiting Boats – boater days	£14.29	£426,981
Trip boat	£9.964	£9,340
<b>Total boat-related</b>		<b>£487,134</b>
Informal day trip		
Informal holiday trip	£6.63	£2,210,798
Cyclists	£45.46*	£3,788,702
Anglers	£4.76	£110,103
Canoeists	£3.11	£7,166
<b>Total non boat-related</b>	£9.93	<b>£184,382</b>
<b>Total all uses</b>		<b>£6,301,151</b>
		<b>£6,788,286</b>

\*based on Llangollen Canal study data

On this basis the current gross expenditure associated with users of and visitors to the Montgomery canal is around £6.8m. Almost 93% of this is generated by non boat users. This expenditure is not all additional to the area. Many users – in particular non boat users – will be local residents (those within a 30 mile radius) who would have spent their money in the area anyway. As before, we have assumed that these might account for 80% of informal day trips, leaving 20% as additional<sup>9</sup>. Expenditure by people on holiday in the area is additional, but the importance of the canal in their decision to come is likely to be quite small. We have assumed that as before, 20% of this group’s day’s expenditure can be attributed to the canal. For anglers, cyclists, and canoeists, we have assumed that 80% of this expenditure is local, and therefore discounted.

For boat users, the canal is obviously an important part of the reason why they are in the area. Privately moored boats may bring people into the area from their place of residence (some however may be residences). We have assumed that 75% of the expenditure from

<sup>9</sup> Assumptions on additionality are the same as in current use calculation given in Section 4.1.1.2

privately moored boats is additional to the area and dependent on the canal. All expenditure by visiting boats is assumed to be additional. 75% of trip boat expenditure is assumed to be additional (some of the trip boat users will be local residents).

User type:	Additionality %	Total additional spend
Private moored boats:		
Cruising days	75%	£28,465
Non-cruising days	75%	£9,645
Visiting Boats	100%	£426,981
Trip boat	75%	£7,005
<b>Total boat-related</b>		<b>£472,096</b>
Informal day trip	20%	£442,160
Informal holiday trip	20%	£757,740
Cyclists	20%	£22,021
Anglers	20%	£1,433
Canoeists	20%	£36,876
<b>Total non boat-related</b>		<b>£1,260,230</b>
<b>Total all uses</b>		<b>£1,732,326</b>

Additional spend associated with the canal, after allowing for deadweight, is therefore much less than the £6.8m gross spend – probably nearer £1.7m.

Whether any of this increased activity related to the canal would, after restoration, displace other activity in the area or elsewhere is difficult to judge. As there is relatively little other tourist-related activity in the area, we have assumed that displacement is insignificant.

The additional spend calculated above is not an accurate measure of local economic impact because of leakage from the local economy. Nor have we adjusted for the multiplier effect. Using the ratios from the Llangollen study, we can assume that 32% of the additional expenditure stays within the local economy. In order to fully capture the impact of canal-related expenditure, a multiplier of 1.3 is used which is assumed to cover the indirect and induced effects of the visitor spending.

**The total annual net impact in the local area of additional visitor spending associated with the canal after restoration is therefore estimated at £720,648 - £0.7m in round numbers. Deducting from this the baseline impact figure (£419,862) for the section of canal already operative, we have the net impact of restoration estimated at £300,786. This is the net “worth” of the canal restoration from Redwith Bridge to Llanymynech to the local economy, each year.**

This is the net impact figure against which we must use to calculate the net present value (NPV) of the restoration. The NPV calculations worksheet in Appendix 3 sets out the NPV calculations. **These assume that the total cost of the restoration of the canal, including the English reserves and the basin development, to Llanymynech is £17.8m, and is incurred in**



**Year 1. Benefits start to flow in Year 2 but are discounted at 2.5% per annum thereafter, up to 2036. On this basis, the Net Present Value of the full restoration and development is negative (-£10.36m). The benefit flows associated with this value are shown in Appendix 3: NPV calculations worksheet.**

Other scenarios are possible. The NPV of the canal restoration only, including channel restoration and English reserves would be -£11.3m. We have also looked at the NPV of full restoration (including English reserves and basin at Llanymynech) plus the addition of a visitor attraction based on the BWB boatyard. Assuming a capital cost of £500,000 for the visitor attraction, we have derived an NPV of -£8.43m.

Further to this, the total annual net impact figure above is based on an assumption that 32% of expenditure will be retained within the local economy. If significant support were to be given to retaining spending locally, by supporting use of local contractors/services and sales of local produce, for example, then it might be possible to base calculations on a higher income multiplier than 32% – maybe 50%. This would lead to a somewhat higher Net Present Value calculation. This scenario, along with the other possible options, is summarised in the table below.

**Summary of restoration benefits across different scenarios**

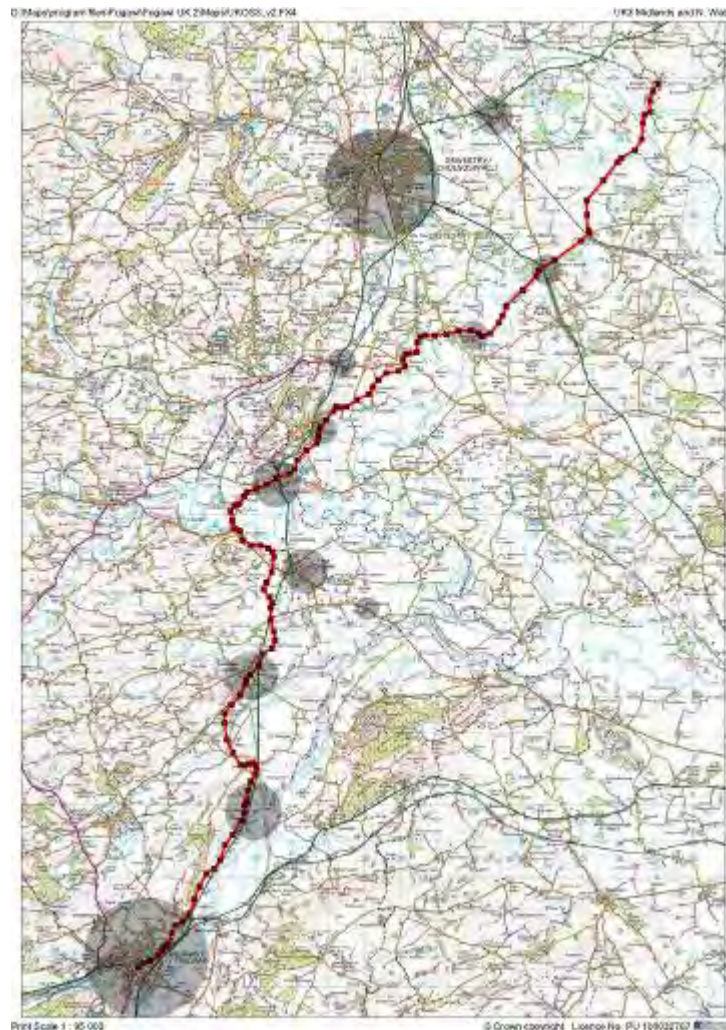
	Current	Projected Forecast @ 32% retention locally	Projected Forecast at 50% retention locally
Total Annual Net Impact	£419,862	£720,648	£1,126,012
Net Impact of Restoration		£300,786	£706,150
NPV of full restoration and basin development		-£10,361,473	-£1,857,700
NPV Canal restoration only		-£11,298,623	-£3,884,513
NPV Full restoration, development and visitor attraction		-£8,429,159	£1,442,780

These scenarios and the assumptions behind them are summarized in Appendix 3. Although these results are clearly very dependent on assumptions made, particularly about the split between day visitors and holidaymakers, and about the additionality attributed to each group, the analysis does suggest that a combined project including the canal restoration and some destination development is likely to have a more positive (or at least less negative) Net Present Value. Further to this, it is clear that any support which could be provided which would help to ensure that visitor spending was retained in the local economy would make a substantial improvement to the long term value of the restoration project.

## 4.2. SUPPLY SIDE ASSESSMENT

The supply side assessment has included constructing a database of tourism and leisure business located within the canal corridor. A survey questionnaire has been sent to these businesses or has been completed face to face with them to determine the perceived importance of the canal and canal users to the performance of each of these businesses.

The map below illustrates the main clusters of business activity along the relevant section of canal.



The outputs from this stage of the work will help us to determine the current position of the tourism and leisure economy within the canal corridor.

### 4.2.1. Defining tourism and leisure based businesses along the Montgomery Canal

Due to the rural nature and sparsity of population along the length of the Montgomery Canal between Frankton Junction and Llanymynech (the focus for this study) there is a very

limited business base which has a direct association with the Canal. A previous study completed by Resources for Change for British Waterways in 2008 with waterside recreation, leisure and tourism businesses between Llanymynech and Newtown indicated that out of 45 businesses surveyed:

- 9% of the businesses were totally reliant on the Canal for their business – these are businesses based on the Canal and using it for boat cruises and paddlesports;
- 7% were significantly reliant on trade generated by the Canal – this group is represented by those, mainly food/drink and accommodation providers located adjacent or very close to the Canal and who recognise it as a key feature in attracting visitors;
- 43% thought that the Canal supports trade but is not a significant factor in business success – many of this group recognise the Canal's wider tourism appeal to the local area;
- The remaining, 41% either had no relationship at all with the canal or did not know how their business related to the Canal. The majority of these businesses are located some distance away from the Canal.

This 2008 Study also points out that most of the businesses are relatively small concerns. The average number of full-time employees was 4.4 (range 1-19) and average part-time employees 6.2 (range 1-20). Five businesses relied entirely on the owner for staffing and two were run entirely by volunteers.

In terms of business turnover the R4C 2008 study found that of the businesses surveyed:

- 14% had an annual turnover of less than £55,000,
- 14% between £56,000 and £100,000
- 5% between £101,000 and £200,000
- 14% between £201,000 and £500,000
- 5% between £501,000 and £1m
- The remaining 48% declined to answer or professed not to know.

Further to this, a study of tourism and leisure based businesses in the area completed by Sue Parry for British Waterways as part of the Powys Canal Tourism Project in 2004 found that of 34 businesses that responded to the question, 62% had an annual turnover of less than £55,000. The average number of full time employees was 1.2 while the average number of part time employees was 2.54.

The picture of businesses along the northern stretch of the Montgomery Canal between Llanymynech and Frankton Junction appears to be very similar to that illustrated in these two previous studies; indeed, some of the businesses in the northern stretch will have been included in these previous surveys, particularly those close to Llanymynech.

#### 4.2.2. Business Survey

For this current study (2010) we interviewed 14 businesses face to face or over the phone, all except two located very close to the Canal (immediately adjacent or within 200m of the Canal). These businesses included:

- 3 canoe users (1 activity centre business which uses the Canal for canoeing when

- River Severn is in flood (approx 6 times/year), 1 activity centre and 1 Canoe Club;
- 3 Post Office/shop;
- 1 café;
- 2 Accommodation providers;
- 3 Public Houses with food;
- 1 Boat builder/boat maintenance;
- 1 Short trip boat operator/visitor centre;
- 1 Marina owner (20 boats).

These businesses are focused on the main settlements along the length of the Canal and there are large stretches in between where no businesses are located. There is of course a much larger number and range of businesses to be found in Oswestry (about 3 miles from nearest point of Canal) and Welshpool and a sample of these were invited to complete an online survey distributed via Oswestry Border Tourism and via R4C's database of businesses compiled for the 2008 survey. Only five businesses have responded to the online survey and none of these are within the Oswestry area, all are located south of Llanymynech.

The table in Appendix 5 summarises the findings of the survey with businesses located along the Montgomery Canal.

The findings suggest that nearly all these businesses recognise the Canal as an asset and get some financial benefit from it. However, in some cases this is hard to distinguish from other sources of trade/custom (e.g. general walkers, passing trade from road) and is therefore difficult to quantify. It should be noted that generally, businesses are unable or unwilling to put a firm figure on existing income generated as a result of the Canal or to predict what increase in business they might receive as a result of restoration<sup>10</sup>.

#### 4.2.3. Baseline Assessment: Summary of income and employment in the area generated as direct result of Canal

The following table shows income and employment where it can be assumed to be directly linked to the presence of the Canal. Interestingly, most businesses interviewed recognised that the main benefits were likely to be non-boat users and they took this into account in their estimates.

Business	Employment (Directly canal-related)	Income
Queenshead Public House, Queenshead	None	3 months (summer) – 1 canal related visitor per day spending average of £12.50 = £1137.50 9 months – 3 canal related visitors per week spending average £12.50 = £1462.50 <b>Total =£2,600 /year</b>

<sup>10</sup> Our assessment is based on taking the mid point from a stated income range (given by businesses in 2008), not absolute income figures and allocation of income to the Canal is based on a number of assumptions which are stated.

Navigation Inn, Maesbury Marsh	1 seasonal part-time (summer)	Very seasonal, in summer 20% of overall business can be allocated to Canal related visitors. Estimated annual turnover £350,000 (2008 survey), for 6-week period = £28,000 <sup>11</sup> For remainder of year @ 5% of turnover = £10,500 <b>Total = £38,500/year</b>
Maesbury Marine Services, Gronwen	1 family (3 people)	Builds 2 boats/year, generating £160,000 6 moorings generating £200/month <b>Total = £162,400/year</b>
Shropshire Paddlesports, Queenshead	1 part-time	None/nominal
Canal Central, Maesbury Marsh	Significant contribution to family income (2 people)	£1,000/year for Canoe hire Estimated annual turnover £75,000 (2008 survey), assume 40% turnover canal related = £30,000 <b>Total £31,000/year</b>
Duchess Countess/ Llanymynech Wharf Visitors Centre	None (volunteers)	2009 income generated by Canal £3,350 <b>Total £3,350/year</b>
Peate's Mill Marina, Maesbury	Contributes to family income (2 people)	15 boat marina, £513/week <b>Total = £26,676/year</b>
Bradford Arms, Llanymynech	None	Assume 5 walkers/wk for BB/dinner @£55/head <sup>12</sup> = £14,300 SUCS volunteers, average 12/month for BB/dinner @£55/head = £7,920 <b>Total = £22,220/year</b>
Ashfield stores	None	Owner reports 12 walkers/day currently, assume 3 related to canal spending £4.00 <sup>13</sup> <b>Total = £4,380/year</b>
The Pantry, Llanymynech	None	Assume 3 walkers/day related to canal spending £4.00 <sup>14</sup> (as above) <b>Total = £4,380/year</b>
<b>Total across businesses</b>	<b>2 part-time and contribution to at least 3 families</b>	<b>£295,506/year</b>

The supply-side assessment therefore shows a **current income to local businesses in the region of £295,500 per year and 2 part-time jobs** as well as employment for at least three families as a direct result of the Montgomery Canal.

This analysis relates to businesses directly associated with the canal. Waterway activity will also generate visits and expenditure at other enterprises, such as pubs and shops in the wider canal corridor. It is possible to gain an indication of the jobs associated with this

<sup>11</sup> Assumes 40% of annual turnover is generated during 6-week summer holiday period

<sup>12</sup> Average overnight prices from [www.bradfordarmshotel.com](http://www.bradfordarmshotel.com)

<sup>13</sup> £4 assumed as spend by walkers, from demand-side assessment spend figures

<sup>14</sup> £4 assumed as spend by walkers, from demand-side assessment spend figures

expenditure by using a multiplier approach. The annual additional direct, indirect and induced visitor spend within the local economy associated with the canal is £1,312,068 i.e. net direct spend (£1,009,283) plus income multiplier effect (£302,785), but before leakage is taken into account (see Para 5.1.1.2). Studies elsewhere indicate that around £40,000 recreation and tourism spend supports 1 full-time equivalent (FTE) job. Therefore the total number of FTE jobs supported by existing recreation and tourism activity with the canal corridor is estimated at 33.

#### 4.2.4. Projected Forecast: The Montgomery Canal post-restoration to Llanymynech

It is clear that the businesses that stand to gain most (in direct financial terms) from a fully restored Canal are those offering accommodation and food e.g. public houses.

If the Canal was fully restored at least to Llanymynech, there would be a significant benefit to Llanymynech itself as the largest settlement along the course of the Canal. The Duchess Countess Trust/ Visitor Centre would become a main focus for the village and would probably be able to expand on a commercial rather than voluntary basis and accommodation/food providers feel it would bring major benefits and increases in trade.

The following table shows income and employment where it can be assumed to be directly linked to the presence of the Canal and as a result of the change from now to fully restored to Llanymynech. Increases are based on what the businesses themselves predicted would change as a result of restoration in combination with BWB projected visitor increase figures (as used in the demand side assessment, see Appendix 3), although some assumptions have been made. Therefore this increase in income to businesses reflects the increased visitors coming to the area as a result of the Canal restoration. Some additional businesses have been included where their current income from the canal is minimal, but they predict significant changes as a result of restoration.

Business	Employment	Income
Queenshead Public House, Queenshead	Not likely to effect staffing No change	A lot more boat traffic mainly from visiting boats <sup>15</sup> (up by factor of 2.65 on current estimate) 3 months (summer) – 2.65 canal related visitors per day spending average of £12.50 = £3014.38 9 months – 7.95 canal related visitors per week spending average £12.50 = £3875.63 <b>Total =£6,890 /year</b>
Navigation Inn, Maesbury Marsh	50% increase in staff overall, 1 full-time, 5 part-time	Owner forecasts 50% increase in business turnover overall if Canal restored Estimated annual turnover £350,000 (2008 survey), 50% increase in annual turnover = £175,000

<sup>15</sup> As assumed in demand side post restoration assessment, up by factor of 2.65

		<b>Total = £175,000/year</b>
Maesbury Marine Services, Gronwen	1 family (3 people) No change	Builds 2 boats/year, generating £160,000 6 moorings generating £200/month <b>No change, limited by size of premises</b> <b>Total = £162,400/year</b>
Shropshire Paddlesports, Queenshead	1 part-time No change	None/nominal No change
Canal Central, Maesbury Marsh	Increased family income (2 people), 1 additional part-time staff	Canoe numbers up by factor of 2.1 <sup>16</sup> = £2,100/year for Canoe hire Walkers forecast increase by factor of 1.5, boat visitors increase by factor of 2.65 <sup>17</sup> (cruising days), average increase in use assume factor of 2. Turnover as result of Canal = £60,000 <b>Total £62,100/year</b>
Duchess Countess/ Llanymynech Wharf Visitors Centre	Operates on commercial basis, 1 part-time staff	Boat trip total user days up by factor of 3.99 <sup>18</sup> Post restoration income generated by Canal £13,366.50 <b>Total £13,366.50/year</b>
Peate's Mill Marina, Maesbury	Contributes to family income (2 people)	Increase to full capacity of 20 boats, full all the time = £684/week <b>Total = £35,568/year</b>
Bradford Arms, Llanymynech	No change	Walkers up by factor of 1.5, assume 7.5 walkers/wk for BB/dinner @£55/head <sup>19</sup> = £21,450 No longer has income from SUCS volunteered as restoration complete! <b>Total = £21,450/year</b>
Ashfield stores, Llanymynech	No change	Owner reports 12 walkers/day currently, assume 3 related to canal x factor of 1.5 = 4.5 spending £4.00 <sup>20</sup> <b>Total = £6,570/year</b>
The Pantry, Llanymynech	None	Assume 4.5 walkers/day, spending £4.00 (as above) <b>Total = £6,570/year</b>
<b>Total across businesses</b>	<b>1 full-time and 8 part-time, and contribution to at least 3 families</b>	<b>£489,914.50/year</b>

The projected forecast shows an **income to existing canal-related local businesses in the region of £489,900 per year and 1 full-time job, 8 part-time jobs** as well as employment for

<sup>16</sup> As assumed by demand-side post restoration assessment, canoe visitors up by factor of 2.1

<sup>17</sup> As assumed by demand-side post restoration assessment, walkers up by factor of 1.5 and boat visitors by factor of 2.65.

<sup>18</sup> As assumed by demand-side post restoration assessment, boat trip numbers up by factor of 3.99.

<sup>19</sup> Average overnight prices from [www.bradfordarmshotel.com](http://www.bradfordarmshotel.com)

<sup>20</sup> £4 assumed as spend by walkers, from demand-side assessment spend figures

at least three families as a result of full restoration of the Montgomery Canal to Llanymynech.

This suggests an **overall increase in income by local businesses in the region of £194,400 as a result of full restoration to Llanymynech**. By the same reckoning **the restoration could generate an additional 1 full-time and 6 part-time jobs in the immediately local area**.

An indication of the overall additional employment generated in the local economy can be determined in the same way as in paragraph 5.2.3. The net increase in direct visitor spend associated with the restoration is £723,043 (i.e. £1,732,326 - £1,009,283). This increases to £939,956 when an income multiplier of 1.3 is applied. Taking an employment multiplier of 1 FTE job per £40,000 expenditure the number of additional FTE jobs supported in the local economy would be 23. However if the percentage of expenditure retained locally is increased from 32% to 50%, the employment multiplier would reduce to £25,600 per FTE job. Therefore the additional FTE jobs supported would then be 37.

The demand and supply assessments provide two different approaches to the calculation of income generation in relation to the Canal, prior to and following restoration. These calculations are never likely to match closely and the fact that the demand and supply assessments given in this report are not widely apart is comforting. Supply side assessments will always downplay the benefits as it is only possible to speak to the businesses that already exist and are willing to contribute.

What these supply-side estimates do not include is:

- Additional activity and visitor expenditure at existing businesses in the wider canal corridor resulting from the additional visits to the canal.
- Catalytic effect of the canal to the wider area. It is believed by all those interviewed that it is not only a catalyst, but also a gateway and its visual attraction at key points, especially Llanymynech, will encourage a significant increase in awareness of the area, its values and realise its full economic potential as a rural destination for local produce and a diversity of experiences on the doorstep.
- Potential new business – this is likely to be limited but could include some expansion or addition to existing such as: new strands / products for local tourism business; links to local caravan parks; additional income for boat engine and other repairs for local garages; additional fuel and supply sales; etc
- Additional community benefit – this is hard to quantify, however the obvious ones are increased use of local facilities leading to better, more or wider range of products available; increased use and therefore income to local community facilities; increased audience potential for community activities; retention of services / businesses (e.g. the pub or post office); development of new business and community activities for visitors which also benefit local people. In addition there is an argument that there will be an improved quality of life for local people through opportunities for recreation, sustainable transport, and health & well-being improvements. Though some of these benefits are hard to justify and may be intrinsic to the area and what it has to offer as a whole. Also, some stakeholders may feel greater use of the canal will negatively impact on their sense of tranquility and rurality and so negatively affect their quality of life.



- Existing groups – there are potentially a number of direct benefits to local groups which could provide significant opportunities. The most obvious of these is perhaps the development of the Duchess Countess project.
- Embryonic business – there are a number of small local embryonic businesses that could look to wider links with and through the canal and so enable them to develop and expand. It is also likely that the canal will encourage higher spend and attract a more sophisticated market opportunity so its not necessarily about numbers but a greater spend and retention into the economy from those that do visit.
- Wildlife benefits – the new off line reserves could provide some additional habitat. Whilst it could be argued that this is at the expense of sections of the current canal habitat, these are all slowly being lost due to infilling, lack of maintenance and drying up. Of course the time scales for this loss are quite long; the costs of maintaining habitat without another purpose are likely to be prohibitive. This will habitat degradation is therefore likely to continue unless there is a reason to maintain the canal, which will lead to significant wildlife habitat loss, rather than the potential gain afforded by restoration.
- Historic features conservation and heritage benefits of opening the canal are that these features will be restored and maintained. This is important for those interested in retaining our historic artefacts and landscapes, but also gives great local pride. The restoration of the Llanymynech Heritage Area is evidence of this and the increased activity and benefits that can happen as a result. The lack of an open canal is the major missing link for this area realising its full potential as probably one of the best examples of the history of lime working on a single site in Britain (*personal view of a historian visitor*). In addition, many of the historic bridges and other features still survive on this canal, unlike many other canal areas where they have been replaced.
- A relatively safe and accessible piece of water for families to learn and enjoy water-based recreation.
- The canal is seen as a catalyst for local change and many local stakeholders feel that its restoration will encourage a wealth of other projects and opportunities to be realised, many of which are felt to be ‘latent in wait’.
- House and property prices in neighbouring villages. Interviews with local estate agents confirm this to the case though often in the current climate this is the difference between a sale or no sale rather than an increased price. Whilst those houses directly abutting the canal benefit from a higher value, it is hard to quantify the additional price tag for houses close to the canal. Perhaps the greater value is in the quality of life benefits to the occupant.
- Other benefits, only relevant to a smaller number of people, but still important are the fact that the canal is used by some residents as a safe route to school, or a safe route to the village centre shops for children to walk along or with the family dog, without having to use the road. These all add up to a greater quality of life.
- The canal restoration and associated activities are a draw and provide interest in their own right. This should not be underestimated, providing many volunteers with a fantastic social experience as well as the leaning and sense of community that it can provide.

The impact of a doubling of canal income to local pubs and shops for example could be the

difference between them continuing in business or going out of business. Jobs sustained are as important as new jobs and if we “do nothing” it is anticipated that the benefits the canal offers will slowly diminish (along with the loss of wildlife and heritage features). More importantly perhaps is the lost potential to realise the wider assets that the canal could unlock. This vibrancy of the economy has a far wider impact on social wellbeing and pride and whilst we have not tried to value them in financial terms, the importance of these elements in retaining the areas assets should not be under-rated. Boarded up shops and a run down feel quickly lead to a downward spiral, whilst freshly painted houses and busy shops lead to the opposite. The small boost at an individual business level that the canal can bring masks the underlying potential that is released by the improvement to the area as a whole. A pool filled with boats, within a historic setting, close to many small but significant low key attractions provides a unique visitor experience which is likely to unlock a wide range of social, amenity and wellbeing benefits as well as increased spend in general within the area.

### **4.3. ILLUSTRATION OF CHANGE ON SECTION OF CANAL SINCE RESTORATION**

In 2003, three miles of the Montgomery Canal were re-opened between Queens Head and Gronwen Wharf. What have been the economic benefits to the local economy of re-opening this length of Canal?

The main impacts will have been from existing businesses benefitting from new custom or from income generated into the local economy from new businesses created. In brief, the following impacts for local businesses are likely:

- Queens Head pub – the canal supports business, there is significant contribution to income from boat traffic and towpath users, as well as motor traffic stopping by the Canal from the main road;
- Paddlesports Canoe Club - has started on the Canal since restoration, now re-developing clubhouse and growing in size and impact, provides leisure and recreation opportunity to local community, school and community groups, part-time schools liaison officer employed since 2009;
- Canal Central – family business started in October 2006 with new building, offers village shop, café, self-catering accommodation for 6 people, 5-place caravan site and broadband access to local community and visitors. Also offers hire of canoes. Post-office, on which basis the project originally achieved funding, closed during 2009 as it was not found to play a valuable role in the overall commercial viability of the operation as a whole.
- Navigation Inn – business established in June 2004 and grown into very successful restaurant business;
- Peate’s Mill Marina – mooring for 20 boats (usually 15 there at any one time);
- Maesbury Marine Services – boat building and maintenance business, moved to new location since 2009.

It can be seen that the Canal significantly contributes to all these businesses. Five of the six

concerns have started up since the Canal was restored and three of them would not exist in that location without the restoration, the remaining three gain significant income from the existence of the Canal.

From the supply-side assessment in Section 4.2 of this report, the estimated current annual income to these businesses (and therefore into the local economy) as a direct result of the Canal is in the region of £261,000. It could also be argued, given that these businesses probably only set up because the canal was restored, that all of their income is relevant not only that which is “canal related” income as a result of the restoration.

Beyond the economic benefit to the local economy there are also social benefits to local communities such as those offered by Canal Central in Maesbury Marsh – village shop, broadband access; and Shropshire Paddlesports at Queenshead – leisure and recreation opportunity for local people, groups and schools.

#### 4.4. CASE STUDIES FROM ELSEWHERE

##### **Llangollen Basin Development**

Prior to 2004, a large proportion of visitors arriving by boat in Llangollen had to turn back due to a lack of mooring space in the town. Parts of the canal also became particularly congested at peak times as boats ‘double-moored’ on the on-line moorings in order to visit the town. It was recognised that there would be significant benefit to the town and to visitors if more boats were able to moor overnight.

The need for additional overnight mooring had been recognised since 1974 but it wasn’t until 1999 that that major progress was made in securing funding and overcoming some of the barriers associated with land ownership. In 2003 the project received ERDF and Small Towns & Villages Enterprise initiative (STVEI) funding that was matched by the Wales Tourist board, Denbighshire County Council and British Waterways. The Welsh Development Agency also stepped in to act on behalf of BW to acquire the land required for the project.

The final scheme included the construction of an off-line mooring basin with the capacity to allow 32 boats to moor for a maximum stay of 48 hours, together with associated access and environmental work. The project cost £1.6m and became operational in August 2004.

An assessment completed in 2006<sup>21</sup> concluded that the project has delivered significant impacts to the local area both in terms of direct economic benefit and in terms of wider impacts in its first year of operation. The scheme has been calculated to:

- generate an additional 3,706 boat days in the area.
- attract an additional 151, 800 informal visitors to the site.
- generate an additional £235,574 of income per annum.
- safeguard 17 jobs in the local area.

Comparing the results of this study with the original impact assessment completed by British waterways has shown that generally the mooring basin has achieved more than expected within its full first year of operation.

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<sup>21</sup> Economic Impact of the Llangollen Mooring basin (2006), KPMG.

Wider benefits of the mooring basin scheme are perceived as improvements in visitor perception of the town and canal, the canal experience and the environment/landscape around the mooring basin.

### **Kennet & Avon Canal Restoration**

The Kennet & Avon Canal forms a 140 km long waterway link across the south of England between the River Thames at Reading and the city of Bristol. The canal opened in 1810, but was closed to through navigation in 1955. Over the next 30 years a partnership comprising British Waterways, the riparian local authorities, the Kennet & Avon Canal Trust and local businesses worked to gradually restore the canal. It finally re-opened in 1990. However it was realised that the re-opened waterway was not sustainable in the long-term. Subsequently a £27 million project was developed and approved in 1996 to secure the canal's future, supported mainly by the Heritage Lottery Fund, with supplementary funding from partnership members.



By 2005, the restored canal had generated an increase in visits of 22% compared with the 1995 baseline. Expenditure by these visitors grew by 59% to £31 million per annum over the same period, while the number of boats based on the canal grew by almost 40% to over 1,400.

The restoration delivered an additional 385 recreation and tourism-related jobs in local economies along the canal. This is in addition to the 700 or so jobs that were safeguarded by the scheme. Between 1995 and 2005 around £400 million investment in waterside developments took place, particularly in the Reading area, creating around 2,700 jobs in canal side offices and retail developments.

The restoration has also generated huge support from communities along the canal corridor. In interview surveys of local people, 91% said that they felt that the restored canal made their part of England special, with 55% visiting it more frequently since it was restored.

Further information about the Kennet & Avon Canal and its restoration can be found on the websites of British Waterways ([www.britishwaterways.co.uk/south-west/](http://www.britishwaterways.co.uk/south-west/)) and Kennet & Avon Canal Trust ([www.katrust.org/](http://www.katrust.org/))

### **Monmouthshire and Brecon Canal Corridor**

The canals in Wales are already one of the most accessible and well-used facilities for recreation in the country but are still seriously under exploited as opportunities to drive local economic activity, for education and as an environment for the promotion of a healthy

lifestyle.

The strength of this waterway is its multifunctionality and that it links urban and often deprived areas, with the Brecon Beacons National Park and Blaenavon World Heritage Site. It also lies among a rich network of existing and potential walking, cycling and paddling routes.

The corridor of the Monmouthshire & Brecon Canal delivers a range of ecosystems services in terms of:-

#### Provisioning

- Supporting business and employment along the corridor, particularly through tourism. It is estimated that the canal supports 390 FTE jobs in the local area.
- Creating an enhancement in the value of residential properties beside or close to the canal.
- Providing cost-effective, environmentally-friendly transport opportunities in terms of walking and cycling along the towpaths
- Supporting volunteering activity to offset public sector costs.

#### Regulating

- Promoting carbon saving in terms of sustainable transport through walking and cycling
- Providing land drainage for the adjacent corridor
- Maintaining waterway-related fauna and flora and creating connectivity between habitats.

#### Cultural

- Providing recreational opportunities for local people in terms of a free, attractive and interesting resource on their doorstep
- Conserving for the nation the unique heritage of canal landscapes, structures, building and culture
- Providing an outdoor recreation resource for local children
- Enhancing the health and well-being of the local population.



From figures derived by Ecotec (2007) it is possible to estimate that the canal creates an annual benefit in terms of ecosystem services delivered of at least £5 million to £8.5 million.

### **What lessons are to be learnt from these case studies?**

The short case studies given here illustrate how canal restoration projects, although frequently a long time in the planning, have been proven to lead to significant benefits to local economies including:

- Bringing in significant new visitors to an area.
- Generating significant levels of income into an economy, even in a short period of time.
- Safeguarding recreation and tourism-related jobs and creating new ones.
- Providing a range of wider environmental and wellbeing benefits beyond the directly economic ones.
- Encouraging wider investment in and the development of the waterside area.

It can also be seen that schemes which involve a holistic approach to restoration, that is including wider environmental/access improvements and destination development, may be more successful and sustainable in the longer term.

## **4.5. SUMMARY OF FINDINGS FROM THE MODEL OF CHANGE APPROACH AND ECONOMIC ASSESSMENT**

The Model of Change focuses on the change that will be created by re-opening the canal (not on its existence per se) and allows us to develop a clear projection of the benefits it would bring to the canal corridor. What has become clear however is the wider benefits and catalytic role the canal will play in a much wider area between Oswestry and Llanymynech (and eventually Welshpool). This would generate a whole new generation of opportunity and business which can currently only be guessed at, but stakeholder interviews were all clear that this is likely to be significant. In addition the canal plays an extremely important role in the areas social, industrial, ecological history and without restoration these values and this link will slowly be lost leaving a far greater gap in the areas heritage as well as a significant loss of potential at all levels from commercial opportunity to local wellbeing.

Although the economic assessment indicates that restoration to Llanymynech will bring at best a small return on capital investment in terms of income to the local economy, the scheme will:-

- Support a growth in jobs at businesses next to the canal (5 FTE jobs and several family businesses) and within the wider canal corridor (23-37 FTE jobs), together with securing the long-term future of those businesses, jobs and services currently supported by the canal (several family businesses directly next the canal and 33 jobs in the wider corridor). Additional temporary jobs will be created during the construction and British Waterways are proposing to encourage the use of local suppliers to help retain money in the local economy.
- Create a focus and catalyst for the wider regeneration of the Oswestry – Queen’s Head – Llanymynech triangle, based on its key historic role in the industrial revolution. Experience from elsewhere, together with the feelings of local stakeholders suggests that the restoration will encourage other projects and opportunities in the corridor to be realised.

- Support economic resilience through agricultural diversification and the creation of more locally-based home-grown businesses, with a strong social and community link and retention of income within the local economy.
- Support a wide range of local business and commercial interests including water-based tourism, leisure and recreation business including boat building and maintenance; tourist/visitor accommodation and attractions; builders and housing developers; and contractors especially those specialising in traditional skills.
- Build community well-being through the involvement of local groups, volunteers and social enterprises in canal-related activities, thus further increasing the capacity of the local community.
- Create new wildlife habitat in the form of open water reserves totaling 12.5 hectares.
- Secure the heritage value of the canal and its corridor and promote this to both visitors and local people through securing the future of 127 listed buildings and structures for future generations.
- Support statutory bodies in delivering a range of wider objectives such as improved service to local population and visitors, and deliver an example of a cross-border partnership project demonstrating the benefits from environmental goods and services.

## 5. DEFINING A VISION FOR THE MONTGOMERY CANAL

### 5.1. THE VISION

To realise the opportunity offered by opening the Montgomery canal as a catalyst for appropriate scale development in the triangle between Oswestry, Llanymynech and Queenshead, and extending as far as Welshpool.

This will be realised for the northern section by opening the canal to Llanymynech, a half way point on the route and a potential destination in its own right.

### 5.2. BROAD PICTURE

The designation of the Pontcysyllte Aqueduct area as a World Heritage Site is a major step in identifying and recognising the areas special qualities. This is likely to broaden the tourism appeal by raising the areas national and international profile.

The Montgomery canal is likely to provide an important compliment to the Llangollen canal and in fact the two are likely to provide a 'joint destination' in boating terms, especially if the Montgomery canal develops the horse pulling aspects further to complement the wildlife, cultural heritage and tranquillity offer which seems to be its unique selling point (USP). If viewed in this way the canal is likely to provide an alternative heritage offer for boaters when the Llangollen is too busy or vice versa. The area between, enclosed by the canal 'arc' also provides a similar offer, defining the USP to the visitor as wildlife, heritage and rural tranquillity.

This site is one of a portfolio of interesting sites in proximity to the **Oswestry, Queenshead, Llanymynech triangle**, which has been extremely important in development of the British economy, having played a key role in the industrial revolution. In addition, as a border location, the area has a diversity of historic sites as well as ecosystems resulting from its geological and landscape changes.

The canal is one of a number of historic routes which link the areas natural resources with the industrial midlands. Now primarily served by roads, including Telford's A5, the historic routes of river, track, rail and canal all play a key role in developing social and resource links. Now these historic routes play an important role in giving us routes to our past.

The tourism offer of the area is substantial. However, because it falls between main roads into well known Welsh holiday destinations, its offer is often missed and visitors and tourists alike, drive past. Local tourism ventures are well aware of this, with visitors regularly quoted as making comments like "I can't believe I never knew this was here, it's such an amazing area", and that's often from people as close as Shrewsbury! For many years the question has remained how best to unlock this potential at an appropriate scale to maintain the areas unique qualities. Stakeholder interviews carried out for this study unanimously had one common element, the vital role of the canal and the belief that it is the catalyst for regeneration. With the recent designation of the World Heritage Site status in the Pontcysyllte Aqueduct and surrounding area this opportunity seems even more realisable.

In assessing the potential, it is necessary to consider the route, its links and the key destinations or points of attraction. **Llanymynech** clearly identifies as fundamental in this role, both through this and previous studies. Amongst other things, the village hosts possibly one of the most complete sites demonstrating the history of lime workings in Britain, a kiln of European significance, a nature reserve of significant local importance and rock climbing of national standard. The canal is the link between this and the midlands for boaters, a walking and / or cycling route for pedestrians and a focal point for the passing car visitor to stop and start their explorations. It also provides a potential resource for a wide range of business activities.

In addition to all of this, there are the wider social and wellbeing benefits associated with such a feature in the area.

**The proposal is that the canal restoration is linked initially to the development of Llanymynech as a destination, and then plays a wider role in supporting appropriate scale tourism / visitor development in this area, linking with the railway, historic buildings and other local attractions to create a valuable visitor portfolio.**

**This points to the value in developing a concept or theme for the canal to Llanymynech; giving it a profile as an attraction. This might be 'supplying the industrial revolution', 'routes through time' or something similar.**

### **5.3. DESTINATIONS WITH POTENTIAL**

The project needs points of focus for the visitor - destinations that hold the visitor for more than a brief visit and there need to be opportunities to spend money or to benefit in other



ways e.g. through appreciation, awareness raising, learning.

The following provides a summary of the proposed key destinations along this length of the canal for which the canal restoration would act as a catalyst.

### **Queens Head**

- Develop a bunkhouse, canal art gallery and centre, with better links to canoeing provided through Shropshire Paddlesports.
- Promotion of a historic trail (which can be done as appropriate by car, bike, canoe, canal boat or walking) which links the theme and a number of sites in the Oswestry area using the transport routes of old (canal, rail, horse and carriage (e.g. Telford's A5, etc). Also provides an outreach to Ironbridge and a link between it, Llangollen / Cefn Mawr and Llanymynech areas.
- The current marina proposals for this area would provide a significant and obvious additional economic boost and link closely with many of the suggestions in this report.

### **Maesbury**

- Build on and support the existing private enterprise, with a focus on family recreation and canal based activity, bunkhouse/shepherd hut accommodation at Canal Central, etc

### **Llanymynech**

- The main opportunity to build the links seems to be to build on an existing point of focus to create a destination, for which the canal plays a key role. In support of this there would also need to be a link to a wider visitor/tourism benefit.
- Emphasis to date has been placed on building a marina at Llanymynech; however this would require an additional spend and the added value of this is uncertain, although it would form part of an important wider destination development.
- An additional potential focus in Llanymynech would be the construction of traditional boats. The Duchess Countess project provides a very real opportunity on which to build, linked into the Llanymynech Heritage Area and using the unused British Waterways depot as a location.
- Work with the Duchess Countess Project to develop a traditional boat building project, offering training to a small group of apprentices and associated short courses linked to key institutions such as Ironbridge. Also provide educational visits, visitor experiences. Locating at the current Llanymynech BW works depot and with a viewing gallery visible from the main road would encourage visitors (this would also encourage a small donation for visits<sup>22</sup>). Potential future developments could include floating museum and occasional horse drawn canal rides during holiday periods.
- The canal side will act as visitor gateway or 'entry point' into the wider area including the significant heritage and wildlife attractions at Llanymynech defined by the Heritage Area (lime kilns, quarries, etc) but also linking out to the other features of Vyrnwy Aqueduct, rock faces, caves, golf, iron age fort and so forth, all within family friendly walking distance or bike ride.

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<sup>22</sup> Note the figures for the Dyfi Osprey project as an indication of visitor numbers for small, high profile, short visit, roadside attractions.

## Supporting development along the route and at key destinations

### **Business**

- Develop a business support grant for businesses that will make use of links to the canal.

### **Community**

- As for business but grants for community activities with an ‘outward’ face.
- Funding for this will be difficult in the current climate – and there may be a need to think wider. It could be worth going back to the Severn-Vyrnwy Land Management idea, whereby the canal acts as a focus for the environmental management of the whole corridor – see recent Natural England report “Making Space for Nature”, which advocates a wildlife corridor approach linking enlarged, better managed wildlife sites. So by bringing in agri-environment schemes, and working with local landowners, the canal provides rural regeneration elements and access to the wildlife. This fits with localism agenda – also British Waterways’ forthcoming new remit as a charity.

The key is getting recognition of the corridor (Llanymynech – Llangollen) as a focus for both ecological continuity and rural regeneration. This would also turn the environmental element from a constraint to something to be developed (not necessarily by British Waterways, but through other partners such as the Wildlife Trusts).

## 5.4. RESTORING THE CANAL FROM LLANYMYNECH TO WELSHPOOL

With the significant engineering costs being before Arddleen, there is difficult economic justification for the canal opening beyond Llanymynech unless it links to Welshpool. This link would provide a critical further destination and critical cross-border linkage completing the visitor package within the current ‘triangle’.

On and off line reserves along the route could significantly enhance the offer, but are unlikely to create significant economic benefits, even allowing for use by local schools and groups, since there is not a high local population to use the facilities and there are already numerous interesting wildlife sites for the visitor in the area.

- Arddleen – currently very limited interest, except proximity to village and a very small off line reserve;
- Burgedin Locks – small site already identified for use by Canoe Union of Wales for development as a canoeing centre.
- Welshpool itself (canal is a part of the Welshpool package and the cost of opening to here is unlikely to be possible in the near future).

## 6. THE WAY FORWARD

**The Montgomery canal restoration project is a rare opportunity to demonstrate cross border working, linking communities with a common purpose. For over 40 years local communities have been the driving force behind the canal's protection and restoration. It has the potential to become a UK exemplar of community involvement and stewardship.**

**Currently the Montgomery canal is an underused resource with an uncertain future. Its unusually rich built, natural and social heritage is at risk. Sensitive and inclusive restoration proposals, guided by the Conservation Management Strategy and led by the Montgomery Canal Partnership, with the continued support of British Waterways and other strategic partners, can transform both the canal and its role in the local economy<sup>23</sup>.**

The canal restoration project clearly sits perfectly within various strategic agendas for tourism, heritage, economic development, and so forth.

A clear agenda for the proposal is:

- to restore the canal as the catalyst to realising the opportunities for the area between Oswestry and Welshpool and a link to the Llangollen area providing a real visitor offer which builds on the natural environment, cultural heritage and rural assets at an appropriate scale;
- to promote the canal as a fundamental element of and catalyst to developing strong economic resilience at a time of economic fragility in an important, primarily rural economy;
- to satisfy the visitor / tourism opportunities offered by the likely increase in the number of people recreating and holidaying in the UK, rather than overseas.

The offer is one of cultural heritage, wildlife and rural tranquillity through slow trips down linear routes, linking a wealth of local features and served by quality visitor offers at local pubs, cafes and attractions. Stakeholder interviews suggest the energy and opportunity to maximise on this are there and that if the canal moves ahead to Llanymynech, they will rapidly realise these opportunities.

In quality of life terms, the canal could provide a link to a whole way of life in the area. Dominated by small holders, retirees, those living at a slower pace; the canal may provide a new opportunity for slow transport, slow visits or even floating markets (slow food!). As such some of the limitations are more likely to be the entrepreneurial imaginations!

The canal must be seen as a corridor between places, but also as a linear link through places and the space between the Severn Vyrnwy flood plain and the hills.

At the recent **Montgomery Canal Partnership** meeting (October 2010) there was a common agreement on the agenda and the benefits it can bring. This should be developed as a simple memorandum of agreement. The main points from a workshop on the findings of this study with Partnership members can be found in Appendix 6.

<sup>23</sup> Extract from 'Montgomery Canal Restoration: Opportunities and Objectives', British Waterways.

To deliver the plan, the partners need to:

- **Agree a lead body and supporting organisations to take the scheme forward.**  
Shropshire Council need to be a significant partner with British Waterways acting as the drive and provide secretariat/ management action
- Develop a detailed proposal. We suggest this should start from Llanymynech and focus on the story of closing the gap between Llanymynech and the open section, linking what already exists. This will focus on the canal as a catalyst for change and local community benefits as well as the wider economic value for a much larger area.
- **Embed the proposal into the local strategic framework and destination marketing,** through the North Shropshire Destination Partnership managed by Shropshire Council. This will help to ensure a higher profile for the project and fit with partner organisation’s objectives and priorities.
- **Funding needs to be sought as soon as possible for a portfolio of projects. Partnership bids will be key.** The best option seems to be to actually start with a focus on Llanymynech from where the next stages of restoration could be delivered. This needs to link with a point of focus to start to build interest and support for what is happening (many people do not actually see what is happening at present and it needs to be brought ‘closer’ to them) for which we suggest the Duchess Countess project provides an excellent training project and visitor experience. This project would also help develop a stronger heritage training link, with the opportunities already afforded by the Heritage Area and links to Pontcysyllte Aqueduct World Heritage Site and possibly the Ironbridge institute.

As an outline, the grant portfolio should seek support for the following elements of the scheme (with possible funding sources):

Element of proposal	Possible funding source/s
Canal restoration specifically	Heritage Lottery Fund European funding (transnational)
Recreation activities – new routes (historic, walking, cycle, canoe trails)	Sport England Sustrans Wales/England RDP
Community activities/support	Wales/ England RDP LEADER Transport grants (Safe Routes for Communities)
Local business support and development	Local Enterprise Partnership Leader – North Shropshire Tourism Infrastructure Fund
Associated tourism offer development within the wider local area	Local Enterprise Partnership Wales/England RDP LEADER
The Duchess Countess project as a	Local Enterprise Partnership

training and back to work experience	
Complimentary business infrastructure grant	Tourism Infrastructure fund

In addition, the broader opportunities for realising the canal corridor assets need to be investigated. For example, the fact that the canal provides a clear, uninterrupted route for services above ground or under the towpath, could be significant both in visual and financial terms.

Appendix 1 - Stakeholder Mapping

**The Montgomery Canal**

<b>Sport &amp; Recreation</b>	<b>Shooting</b>	Haimwood Sprting Ltd	
	<b>Fishing</b>	Westlake Course Fishery	
	<b>Horse riding</b>	Pen y Coed Riding Stables	
	<b>Golf</b>	Oswestry Golf Club	
		Llanymynech Golf Club	
	<b>Canoeing</b>	Shropshire Paddlesports	
	<b>Cycling</b>	Stuart Barkley Cycles	
<b>Wildlife</b>	<b>Walking</b>	Offas Dyke	
	<b>Nature reserves</b>	Wern Claypit Nature Reserve	
		Brithdir Nature Reserve	
		Aston Nature Reserve	
<b>Off-line reserves</b>	Llanymynech Rocks Nature Reserve		
	Llyn Coed y Dinas Nature Reserve		
	Severn Farm Pond Nature Reserve		
	Shelf Bank Oswestry		
<b>Other</b>	<b>Wildlife Trusts</b>	Mid Wales Falconry	
		Montgomeryshire Wildlife Trust	
		Shropshire Wildlife Trusts	
<b>Community Projects</b>	<b>Llanymynech</b>	Duchess Countess	
		Llanymynech Heritage Group	
		Heulwen Sunshine	
		Llanymynech Village hall	
<b>Direct Interest Groups</b>	<b>National</b>	Llanymynech Community Project	
		CPRW	
		National Trust	
	<b>Local</b>	CCW	
		English Heritage	
		Wildlife Trusts	
<b>Housing</b>	<b>Opportunity for development</b>	Montgomery Waterway Restoration Trust	
		Friends of Montgomery Canal	
		North Shropshire Countryside Service	
		Estate Agents	Morris Marshall & Poole Harry Ray & Co Estate Agents Norman Lloyd Estate Agents Halls Estate Agents Roger Parry Estate Agents
<b>New opportunity</b>		Land Agents	
		Developers	
		Four Crosses Stables	
<b>Canal-related business</b>	<b>Boat trips</b>	Moors Farm	
		Underhill Farm	
		Offas Dyke Business Park??	
	<b>Mooring</b>	Bywater Holiday Cruises	
		Maestermyn Marine & Welsh Lady Cruisers	
		Maesbury Marine Services	
<b>Non-canal related business</b>	<b>Boat maintenance</b>	Maesbury Marine Services	
	<b>Farms</b>	NFU	
		Land Agents	
	<b>Shops</b>	Alexanders General Store	
		Celtic Shop Gifts	
		Cracked Wheat Organics	
		The Old Station	
		Grants of Welshpool Newsagents	
Llanymynech Shop			
?			
Pant Shop			
<b>Cafes</b>	Coco Coffee shop		
	The Pinewood Café and Bakery		
	The Tuck Shop Bakery		
	Inglenook Café		
		Peppers Café	

Appendix 1 - Stakeholder Mapping

		The National Milk Bar Café
	<b>Pubs/food</b>	Powis Arms Hotel The Dolphin Inn The Golden Lion Hotel The Horseshoe Inn The Navigation Inn The Royal Oak Hotel Cross Keys Hotel Bradford Arms Hotel The Plough Inn The Queens Head The Westwood Park The Horse Shoe Inn The Pinewood The Pheasant Public House The Talbot Public House The Green Dragon Public House The Raven Inn The Crown Inn Public House The Wellington Public House The Angel Public House The Cross Guns, Pant
	<b>Takeways/Restuarants</b>	Dragons Lair Chinese Andrews Fish & Chips Fortune Court Chinese Resturant Cromwells Resturant Golden Bamboo Chinese Nibbles Take-away Silver Fish fish and chips Revells Restaurant Spice UK Indian Restaurant Kebabs and Burgers The Corn Store Restaurant Heads and Tails Takeaway Bilash Indian takeaway Welshpool Kebab House Spice Fusion indian restaurant
	<b>Industrial units</b>	Buttington Cross Enterprise Park Severn farm Industrial Estate Maes Y Clawdd Industrial Estate Maesbury Road Industrial Estate Mile Oak Industrial Estate Rednal Industrial Estate
	<b>Art studios/workshops</b>	Open Studios Programme
<b>Tourist accommodation</b>	<b>B&amp;B</b>	Crowther Hall Lock Cottage
	<b>Hotel</b>	Moors Farm
	<b>Caravans/chalets</b>	Canal Central
	<b>Camping</b>	Glen Helen Holiday Cottages
<b>Tourist attractions</b>	<b>Museums</b>	Powysland Museum
	<b>Railways</b>	Welshpool & Llanfair light Railway Cambrian Railways Trust
	<b>Castles</b>	Powis Castle Chirk Castle
	<b>Childrens</b>	Park Hall Countryside Experience
	<b>Heritage</b>	Llanymyech Heritage Area
<b>Volunteering</b>		Friends of Montgomery Canal
<b>Events?</b>		Maesbury '10 Canal Festival Duck Race Dingy Dawdle Llanymyech Heritage Area Events Park Hall Farm Events Nant Mawr Quarry Events Oswestry Food Festival Welshpool Food Festival Oswestry Festival in the Park

Appendix 1 - Stakeholder Mapping

**Publications**

Border Business  
County Times  
Shropshire Star

**Statutory Bodies**

Economic development interest e.g.  
Local Authority, AWM, WAG, etc

AWM  
WAG  
Shropshire Unitary  
Powys Unitary

Wellbeing interest - Local Authority

Shropshire Unitary  
Powys Unitary

Local needs - Town Council; Parish /  
Community Councils

Llanymynech Community Council  
Llanymynech and Pant Parish Council  
Other Oswestry parish councils  
Oswestry Town Council  
Welshpool Town Council



Appendix 2 - Stakeholder Analysis

**Scope of study**

To understand the economic value of fully re-opening the Montgomery canal between Frankton Locks and Llanymynech (with a longer term view to future opening to Welshpool)

Stakeholder area	Stakeholder grouping	How they affect or are effected by the activity	Change likely / potential to occur	Included / excluded	Potential result: outcome	Is change reliant on canal re-opening? -could it happen anyway -Yes (y), no (n), partly (p)
Sport & Recreation	Shooting	No obvious relationship	No significant change, unless create off line wildfowling site	n	nothing significant	no
	Fishing	Direct use of the canal	Greater body of water so more fish and fishing opportunities, but also potentially more fishermen leading to higher profile for the site	y	increase equipment sales; licence sales; local spend; increased family activity - visitors and locals; local coaching	yes
	Horse riding	Indirect	No significant change, unless allow horses to use the towpath or develop specialist activities around horse boat pulling	y	Potential horse and boat trails; horse boat pulling training; specialist activities	no
	Canoeing	Direct	More water and new routes for canoe tourism; more locations for local users; potential to expand flat water races etc as the section will be lower numbers of boats	y	Increase equipment sales; licence sales; local spend; local coaching; increased family activity - visitors and locals	yes
	Cycling	Indirect	No change unless allow and promote cycling on the canals,	y	potential to provide safe route for families / circular route; could also link to low key bike hire for visitors.	pb
	Walking	Direct	Path already exists but becomes more intersting and an attraction owing to the activity and boats	y	possible increase in short walks for families and visitors to look at boats etc; leading to greater low key walking; leading to potential income from walking visitors and	no
Wildlife	Nature reserves	Direct	Benefit to wildlife and to wider public wellbeing		Reserves could be created anyway, but economics likely to work better with canal opening.	pb
	Off-line reserves	Direct	Benefit to wildlife and to wider public wellbeing		Reserves could be created anyway, but economics likely to work better with canal opening.	pb

	Broader wildlife of the area	Direct	Benefit to wildlife and to wider public wellbeing	y	Potential increase to habitat and therefore biodiversity	pb
Community Projects	Local community groups with interest in the canal	Direct	Direct benefit to the group through canal activity - delivering purpose; raising funds for their work; new members; interest in what they do	y	Potential increased community activity	y
	Local community groups that use the canal	Direct	Direct benefit to the group through canal activity - delivering purpose; raising funds for their work; new members; interest in what they do	y	Potential increased community activity	pb
	Other community groups	Indirect	Possible linked activities though depends on nature of group. Beneficiaries likely to be captured by other stakeholder groups	n	variable - this who have a relationship with the canal or outputs benefits may gain e.g. art clubs	pb
Housing	Opportunity for development	Potenital for higher value houses	New development is unlikley unless development envelope is extended; existing housing and current developments may benefit by easier sales or greater values.	y	Higher value developments	pb
New opportunity	Builders and other contractors	Opportunity for new work	New work on the canal and associated activities	y	Additional building work, especially for traditional skills and canal related skills; new economic opportunities ; improved local economy	y
Canal-related business	Boat trips	Direct	New work on the canal and associated activities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy	y
	Mooring	Direct	New work on the canal and associated activities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy	y
	Boat maintenance	Direct	New work on the canal and associated activities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy	y

Non-canal related business	Farms	Limited unless outlet to public or additional enterprise	Greater ability to sell local produce direct; ability to open additional services such as B&B, boat support; etc	y	Greater ability to sell local produce direct and for tourism based business; agricultural diversification leading to more resilient local economy	y
	Shops	Indirect (unless canal specific like Canal Central)	Higher sales	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy	pb
	Pubs/food	Indirect (unless directly on the canal)	Higher sales	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
	Industrial units	Indirect	new rental opportunities relating to the canal and servicing its and its users needs	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
	Art studios/workshops	Indirect	Potential for more visitors and therefore opportunities for courses, exhibitioons, sales etc	y	New exhibition and sales opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
Tourist accommodation	B&B	Indirect	Higher sales and new opportunities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
	Hotel	Indirect	Higher sales and new opportunities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
	Caravans/chalets	Indirect	Higher sales and new opportunities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb
	Camping	Indirect	Higher sales and new opportunities	y	New opportunity created; leading to new jobs /additional work; leading to improved local economy & wellbeing	pb

Tourist attractions	Museums	Indirect	Higher sales and new opportunities	y	Additionality	pb
	Railways	Indirect	Higher sales and new opportunities	y	Additionality	pb
	Castles	Indirect	Higher sales and new opportunities	y	Additionality	pb
	Childrens	Indirect	Higher sales and new opportunities	y	Additionality	pb
	Heritage	Indirect	Higher sales and new opportunities	y	Additionality	pb
Volunteering	Canal specific	Direct	Greater volunteering opportunities and potential volunteer numbers	y		y
	Non canal specific	Indirect	Other volunteers are covered by community groups or tourism activities	n		n
Statutory bodies	Economic development interest e.g. Local Authority, AWM, WAG, etc	Indirect	Improved service	y	Deliver improved service to local population and visitors; leading to satifying targets; leading to improved stakeholder recognition and support; leading to improved funding / support for activities; and a more resilient economy and social wellbeing	y
	Wellbeing interest - Local Authority	Indirect	Improved service	y	ditto	y
	Local needs - Town Council; Parish / Community Councils	Direct	Improved service	y	ditto	y
Direct Interest groups	Environment e.g. Wildlife Trusts, National trust, Countryside Service		delivery of wider objectives	y	Improved wildlife opportunities and delivery of objectives; opportunity for additionality for both wildlife and environmental goods and services	y
	Historic e.g. CPAT, English Heritage, etc	Indirect	delivery of wider objectives	n	Preservation of historic landscape and artefact; associated wider benefits of additionality	y

	Canal Specific e.g. Inland Waterways Association	Direct	delivery of objectives	y	Improved canal opportunities and delivery of objectives; opportunity for additionality and canal related goods and services	y
Events		indirect / direct	event dependent	Through s'holders	potential for additionality	y
Publications	Local publications	Direct	Increase readership	y	Potential to influence stakehodlers and increase readership; leading to increased sales and increased resulting activity; improved social networks, etc	y



## Appendix 4 - Economic Modelling Explanation

### Montgomery Canal Economic Modelling: notes on the assumptions and calculations

#### Current use:

No. of boats assumed to be 27; could increase to 34 as per latest figures but this would weaken the case for restoration slightly

The number of boat related user days are all based on BWB data and the characteristics of the current section of the canal. The result is 13,125 boat related user days. I assume this is acceptable as a reasonable estimate of the current use of the restored section to Maesbury.

Estimates for non-boat related user days are based on the data in Waterways in Wales which everyone has agreed are reasonable. There are only four categories of users identified – walkers, cyclists, anglers and canoeists. We have assumed that the walkers category can be split into 80% day visits and 20% holiday visits

The total for non-boat related user days is estimated at 302,160. Adding in boat-related days gives a total of 315,285

Expenditure per day for day visits is taken from the latest Inland Waterways Visits Survey; three year averages have been used (2007-9). Only the following categories have been used (the expenditure survey lists many others):

- Powered boat users

- Non-powered boat users

- Angling

- Cycling

- Leisure/heritage/museum visits

- All informal (excluding boating, fishing, cycling)

For holiday visits, expenditure per day is taken from the Llangollen Canal Study

Expenditure data has been adjusted to allow for inflation.

Total expenditure is then arrived at by multiplying the appropriate user category by the appropriate expenditure category

Total expenditure by all canal users is thus estimated at £4.3m

BUT – not all of this is truly additional. Additionality is an economic concept which assumes that a proportion of expenditure by canal users (in this case) would have happened anyway, even in the absence of the canal. This is because many users are local residents who would spend their money in the area anyway. The following assumptions have been made about additionality for different user groups:

Boats moored on canal and trip boats	75% of expenditure is additional
Visiting boats	100% of expenditure is additional
All informal visits*	20% of expenditure is additional

(\*day trips, holiday trips, canoeists, cyclists, anglers)

These additionality assumptions have been agreed as reasonable.

Deducting expenditure which would have happened anyway (i.e. non additional) gives a total additional spend of £1.01m. This is the injection into the local economy as a result of the canal being there

Allowing for leakage from the local economy (only 32% stays in – Llangollen study) but then adjusting for the multiplier effect (whereby an injection of spending generates further rounds of spending within the local economy) gives a total annual net impact on the local economy of the canal as it is now of around £420,000.

#### **Projected use following restoration – base case**

No. of moored boats rises to 50, and there are more visiting boats. The total of boat-related user days rises to 34,377 compared to 13,125. We have assumed this is a reasonable approximation of what might happen. As the impact of boat-related user days is relatively insignificant, compared to non-boat related user days, it is probably not worth agonising too much about this estimate.

The estimate for non-boat related user days post-restoration assumes that informal use (walkers, cyclists, canoeists, anglers) increases by 40% on the currently open section between Frankton and Maesbury, and by 89% on the currently unrestored section between Maesbury and Llanymynech. The 89% figure is the average of a number of recent BWB studies of towpath use following restoration. The figure for canoeists (currently none on the unrestored section) has been assumed to be 50% of that on the restored section.

The split between day trips and holiday trips is assumed to be 80%/20% as before.

The estimate for non-boat related user days is now 460,729 compared to 302,160 currently

The estimate for all user days is now 495,105 compared to 315,285 currently

We use the same expenditure per day categories as for current use.

Total spend is arrived at by multiplying the appropriate user category with the appropriate expenditure category as before.

Total spend, before allowing for additionality, is estimated at £6.79m compared to £4.3m currently.

Making the same additionality assumptions as before, the total spend attributable to the canal is now estimated at £1.73m compared to £1.01m currently



Making the same assumptions about leakage from the local economy and the multiplier effect as before, gives an estimate of the total annual net impact of the whole canal after restoration of £720,648. Deducting the current figure of £419,862 gives the total annual net impact of canal restoration of £300,786. This is the base case assumption.

Discounting at 2.5% per year over 25 years, the NPV of the base case is estimated at £5.5m

The cost of restoration is estimated at £7.76m, hence the negative cost/benefit ratio

All the above assumptions can be re-visited. They are not provable one way or another without some specific visitor survey work. The key ones relate to the split between day visitors and holiday visitors, and the additionality of informal users. Changing these would alter the cost/benefit ratio

### **Restoration plus marina**

It is also possible to vary the assumptions depending on what extra facilities are incorporated in the canal restoration. Purely for illustration, we have developed two possible scenarios. The first includes a small marina at Llanymynech where boat users could have permanent moorings, stay overnight etc.

This could (we have assumed) increase the number of moored boats on the canal (to 75) but leave visiting boats unchanged. The number of boat-related user days then increases to 36,155 compared to 34,377 in the base case. Non-boat related use does not change except that the proportion of holiday visits as opposed to day visits increases slightly (21% of towpath walkers now assumed to be holiday trips). Using the same expenditure categories as before gives a total spend of £6,795,493 compared to £6,788,286 in the base case. The additionality assumptions have also changed. 80% of user days for boats moored on the canal, and trip boats, are now assumed to be additional. For non-boat-related user days, 25% of holiday trips are now assumed to be additional (i.e. would not have happened but for the canal). The additionality for day trips and other informal users stays the same at 20%.

Total additional spend is now estimated at £1,986,926 as opposed to £1,732,326 for the base case. Allowing for leakage and the multiplier effect brings the total net impact down to £826,561 compared to £720,648 for the base case. Deducting the current impact leaves £406,699 as the annual value of the restoration to the local economy. The NPV of the canal plus marina then works out at £7.4m discounted at 2.5% over 25 years, as against an estimated cost of £8.76m

### **Canal plus marina plus visitor attraction and other destination developments**

Boat-related user days and expenditure is the same as above (with marina).

Non-boat related user days and expenditure is the same as above but now holiday trips increase to 25% of the walker total (leaving 75% day trips). 10% of the day trips are now assumed to spend at the higher rate of visits to attractions (£10.94 per day). Total spend is thus estimated at £7,757,237 as against £6,788,286 for the base case.

Additionality assumptions are the same as for the canal plus marina for boat users; for non-boat users of all categories (day trips, holiday trips, anglers, cyclists, canoeists) the additionality is now assumed to be 25%.

Total additional spend due to the canal under this scenario is estimated at £2,306,603. Allowing for leakage and the multiplier effect this comes down to £959,547. Deducting the current value, the net impact on the local economy of restoration plus destination development is estimated at £539,685 annually.

The NPV of this scenario discounted over 25 years at 2.5% per year is estimated at £9.87m, compared to the estimated cost of £9.26m

Appendix 5: Supply Side Business KII Summary

<b>Business</b>	<b>Activity</b>	<b>Income from Canal</b>	<b>Employees as result of Canal</b>	<b>Restoration Benefit</b>
Red Ridge Outdoor Activity Centre, Cefn Coch	Canoeing with groups (6 times/year) when Severn in flood	Not specifically	No	No
PGL Activity Centre, Shrewsbury	No use of Canal for canoeing, no plans to use	n/a	n/a	n/a
Pant PO/Shop, Pant	Village PO and Shop	Small, from walkers coming for drinks/snacks, hard to distinguish income from Canal users from general tourists	No	Not sure, too far from Canal to make much difference
Glen Helen Holiday Cottages, Pant	Self catering cottages/chalets	Canal enhances businesses but no direct bookings as result	No	Would enhance community as a whole
The Queens Head, Queens Head	Public House	Yes, walkers and boaters – canal related customer 3 or 4 times/wk or every day in summer spending £5-£20, 5-6 boats to Maesbury every day	No	Yes, would be a lot more boat traffic, Queens Head is a natural stopping place
The Navigation Inn, Maesbury Marsh	Public House	Yes, boaters, walkers and tourists, the canal is an asset, Seasonal but in summer	Summer, 1 temp p/t	Depends on restrictions, if lifted completely could see increase of

		holds approx 15/20% of business overall		50% in business
Maesbury Marine Services, Maesbury	Boat Builder/maintenance/boat hire	Builds 2 boats/yr (57ft)= £160,000, 6 moorings £200/month	Just his family, did have up to 14 until lost lease at Pete's Mill	Already open as far as him, would encourage more walkers and boats from further away
Paddlesports, Queens Head	Canoe Club, individuals and community groups	Small, from groups, parties etc.	1 p/t schools liaison officer, £2,000/yr	Not sure, more passing trade, canal also has health and wellbeing benefits for local people
Canal Central, Maesbury Marsh	Shop, café, ,SC accommodation, broadband, canoe hire	£1,000/yr canoe hire, boats not main custom, walkers are	2 full time + p/t in cafe	Llanymynech needs to be a destination, towpaths are the main attraction, local tourism needs a focus, use Llangollen as example, canals + steam= <b>WORLD HERITAGE</b> site
Duchess Countess, Llanymynech	Boat trips, heritage visitor centre, 7 events/yr	2009 income £3350 from 1114 visitors to centre	All voluntary	VC would benefit hugely, would try to run boat on more commercial basis, Duchess Countess Project would prob go ahead, village pubs woud re-open, village would

				benefit
Peates Mill, Maesbury	Industrial units, marina	Licence for 20 boats, usually 15 full = £513/wk	Family	Moorings mostly full now anyway, could develop tea room?
Ashfield Stores, Llanymynech	Village Shop	Walkers, 12/ day ,more at wkends/ summer  Small income from drinks/snacks	No	Yes would be very beneficial
Bradford Arms, Llanymynech	Public House	15-20 people/wk walkers BB/dinner, 1 <sup>st</sup> Sat every month SUCS vols 8-16 BB/dinner	No	Yes would be very beneficial to business
The Pantry, Llanymynech	Village tea room/cafe	Not sure, maybe walkers	No	Yes would bring more custom

## Appendix 6: Montgomery Canal Partnership Meeting (27<sup>th</sup> October 2010): Workshop Notes

How can we support making this happen?

### Economic / Tourism

Embed the proposal into strategy

- North Shropshire destination partnership
- Embed in marketing
- 'Outdoor heritage'
- Industrial heritage
- Geological heritage
- Ecological heritage

Need outlets/businesses to 'spend' in

- support to business to up offer
- supportive planning policy

Thematic link to ironbridge – is it too far away?

- better link to Pontcysyllte
- 45 mins drive catchment area

Need to provide and really promote a range of interest for different users

- north and south route
- walking, climbing, cycling, canoeing

Getting passing trade to stop and stay!

- at present very 'bitty' – information and provision.

Co-ordinatory Role?

- Local authorities
- Shropshire and others – Wrexham, Powys, Denbighshire

Offas Syke/Shropshire way. Severn way, Canoe routes

Money??

Partnership bids are key – already supported by a partnership – business members

- European funding
- Cross-border
- Co-ordination

HLF

Local economic partnership – replacing AWM. Regional growth fund

Grant funding for business support. Tourism infrastructure fund  
Transport grants – safe routes for communities  
RDP Awaiting funding for some projects  
-Powys, N Marches, Llanymynech, Shropshire, Cadwyn Clwyd

Leader – localism

British Waterways as a charity – secure increase in public funding. Life+ Bids? – Nature

Big society – bring in local community input – entrepreneurial spirit

### Environment / Heritage / Social

Ecosystem services  
Cabling / broadband links – services  
Walking and access  
Health and wellbeing  
Water transfer  
Designations – aesthetic ‘safeguards’  
Relation to small scale farming  
Tourism diversification  
Part time activity  
Small holding  
Landscape role  
Transport – Local goods and micro business  
Transition – slo movement  
EA – river restoration – angling – wye and usk foundation  
Identity – bridges structures, character, reserves  
Fishing – canal, offline, surrounds  
Appeal and character  
Horse drawn boats  
Industrial history  
Link to other uses  
Horse timber extraction  
Horse events  
Link to USP  
Wem – campsite – attractions and infrastructure – structures and information  
Ongoing restoration – drum houses, Schools, training and skills, attraction  
Rock climbing - events and geology  
Building traditional links – Elsmere boat restoration , market demand, severn valley project  
Slo food trail  
Canal events  
Resettlement – ex prisoners etc  
Extension of AONB  
Llany as a start point  
Paddling – canoe events  
Family Activity

Money:

Leader – North Shropshire

HLF – wildlife trust link

CCW etc – limited opportunity

Sustrans

WAG – access to water

Life plus

Economic partnership

Tourism infrastructure projects