
8.0 POTENTIAL SOURCES OF FUNDING

8.1 Introduction

Restoring the canal, at an estimated cost of £41.38 million, will require substantial sums of investment. It is unlikely that this level of investment would be achieved through a single source of funding and, therefore, it is essential that a number of possible sources are identified. These include:

- European Union Funds
- Central Government Funds
- Lottery Funds
- Government Agencies
- Local Authority Funds
- Private Sector Funds

8.2 European Union Funds

8.2.1 European Structural Funds

European structural funds were established to reduce the development disparities which exist between the different European Union regions. Six objectives have been set and the region seeking funding must relate to one of these objectives. In this case, there are two objectives relevant to the restoration of the St Helens Canal, Objective 1 and Objective 2. Figure 1.1 shows the regional boundaries for funding, with St Helens Metropolitan Borough Council having Objective 1 status and Halton Borough Council Objective 2 status.

Merseyside is eligible for funds under Objective 1, a geographically targeted objective. It has been allocated to Merseyside because the area has a level of development below the European Union average (usually measured by the per capita GDP and allocated to regions with less than 75% of the average). Funding available under this objective is available from 1994-1999 with a total allocation of funds for the UK of £2,360 million.

Under the Objective 1 status, Merseyside will be eligible to apply for European Regional Development Funds (ERDF) and European Social Funds (ESF). ERDF provides assistance to regions included in Objective 1 for productive investment, infrastructure and small-medium development. £365 million from ERDF has been

allocated to Merseyside (the largest allocation to any region in the UK). ESF provides funds for vocational training and employment.

Objective 2 status has been allocated to Halton Borough. It is an area considered to be suffering from industrial decline with high unemployment and a high level of industrial employment compared to the European Union average. £2,142 million is available for Objective 2 regions in the UK. Although Objective 2 was originally agreed for the period 1994-1996, it has recently been confirmed that it will run until 1999. ERDF and ESF are also attainable with Objective 2 status.

ERDF can support up to 50% of the capital costs (including certain design costs) for Objective 2 areas and in theory 70% for Objective 1 although from recent experience, both seem to be at the 50% level.

There is concern over the availability of funds for all Objective status regions after 1999. This is mainly due to the addition of three other countries to the European Union, which is set to dilute available funds, and there being no guarantee that each source of funding will continue after this date.

8.2.2 European Community Initiatives

In addition to European Structural Funds, there are also European Community Initiatives and loan schemes available. European Community Initiatives assist areas with special needs or support initiatives in particular sectors, for example, areas affected by industrial decline in coal, defence, steel, textile and fishing.

A number of initiatives may be appropriate to the St Helens Canal including: Employment (integrating women, young people and the disadvantaged into working life); ADAPT (adapting the workforce to industrial change); and RECHAR II (to help coalfield closure areas).

In addition, the URBAN initiative appears relevant since it is designed to help find solutions to the socio-economic problems experienced by older industrial areas particularly inner cities. While the programme is mainly to support economic and social revitalisation and training it can also support environmental improvements. A budget of 600M ECU's, equivalent to approximately £486M, has been approved with 400M ECU's to Objective 1 areas and the balance targeted at Objective 2. The URBAN initiative covers the period from 1994-1999.

Loan Schemes are obtainable through the European Investment Bank. Although these loans are targeted at Objective status areas they are not confined to such. The

European Investment Bank offers competitive interest rates based on a basket of European currencies. The loans allow for spreading the cost of schemes over a period of time. Consideration must be given to the ability for interest costs and repayments to be covered by revenue generated by the restoration of the St Helens Canal. This is unlikely to be feasible.

8.3 Central Government Funds

8.3.1 Single Regeneration Budget

The Single Regeneration Budget, the main source of funding for economic and environmental local regeneration, was established in April 1994 to replace thirteen funding and grant arrangements. The projects supported in 1995-1996 provided a package of £575 million of which £140 million was public money (SRB finance can be matched by ERDF, lottery funds, local authority and private and voluntary sector contributions). This supported 201 regeneration projects out of a total of 469 submitted projects. In the second round of bids for this budget only 172 projects were supported.

The main objectives of the Single Regeneration Budget, set out by the government, are to:

- enhance the employment prospects, education and skills of local people
- encourage sustainable economic growth and wealth creation by improving the competitiveness of the local economy
- protect and improve the environment and infrastructure
- enhance the quality of life of local people, including their health and cultural and sporting opportunities

8.4 Lottery Funds

In excess of £600 million in lottery funds has been distributed to various 'good causes' since the introduction of the National Lottery in 1994. There are five separate bodies responsible for distributing the large sums of money. In England these are:

- Millennium Commission

- National Heritage Memorial Fund
- Sports Council
- Arts Council of England
- National Lottery Charities Board

Both the Arts Council and the National Lottery Charities Board are of little interest to the restoration of the St Helens Canal. The Arts Council distribute funds to capital projects relating to the arts whereas the Charities Board is aimed at charitable, benevolent and philanthropic organisations.

8.4.1 The Millennium Commission

The aim of the Millennium Commission is to fund projects to mark the end of this century and, thereby, also the beginning of a new millennium. Only capital projects will be supported and at least 50% of the total capital cost must be funded by other sources. The project must also meet two key criteria:

- the project must have public support
- the project must make a substantial contribution to the life of the community

In addition there are a number of other criteria including the architectural and environmental quality, partnership with the community, ability to raise funds from other sources and marking the millennium in a significant way.

The Commission supports four types of projects:

- large capital projects of national or regional significance. It is intended that a total of twelve of these projects will be funded and will form landmarks for the 21st century. The Commission will contribute from £10 million to £50 million towards these projects. The Commission has already agreed grants for three projects
- smaller capital projects (from £100,000 to £15 million) of local significance. By the end of 1995 approximately 290 projects had been allocated funds
- a Millennium Festival/Exhibition
- a Millennium bursary scheme to support individuals

The Commission have already shown support for canal related projects including an £11 million grant for the restoration of the Rochdale Canal. This covers 48% of the total cost of the project. Funds have also been allocated to a new lock on the River Stour, with a grant of £168,000 which covered 50% of the cost.

The second round for Millennium Funding has recently closed and dates for the third round have been released. These are as follows:

- 1 July 1996 - third round proposal period begins
- 16 September 1996 - deadline for submission of proposals
- 11 November 1996 - deadline for submission of application

Millennium Commission have not made a decision as to whether they will be holding a fourth round of funding.

8.4.2 National Heritage Memorial Fund

The aim of the Heritage Lottery Funds, administered by the National Heritage Memorial Fund, is to provide financial assistance for capital projects which will safeguard and enhance public access to land, buildings, items and collections of interest to the local, regional and national heritage of the United Kingdom.

Like the Millennium Commission, heritage funds are only available for capital projects, usually over £10,000. In 1994/95 approximately 80 projects had been assisted with an average grant of 57% (the specific proportion of grant assistance is not set). Only two of these grants have exceeded £10 million.

Applications must be from public, voluntary or charitable organisations. The types of projects which are supported include:

- costs of purchasing land and buildings
- conservation
- restoration
- acquisition of objets and collections

- improving displays
- visitor facilities

The project must meet the criteria issued by the National Heritage Memorial Fund which are that the project must be:

- of local, regional or national importance
- a clearly defined capital project unlikely to be achieved without lottery funds
- of public benefit and enhance public accessibility
- of high quality
- realistically costed
- financially viable
- capable of obtaining matching funding

Another lottery distributing body cannot be counted as matching funding. It is necessary to have at least one other partner involved. Two distributors may fund the same project where the elements being funded are clearly identified and separated. However, two applications to separate lottery funds are not allowed for the same project costs. This rule applies to all applications for lottery funding.

The restoration of St Helens Canal, with its historical value as the first industrial canal constructed in 1757, would appear to meet the majority of requirements for this fund. In addition, the opportunity for funding from this source is likely to be greater than from the Millennium Commission because there is less competition for funds. The National Heritage Memorial Fund have five categories of projects. The restoration of the St Helens Canal would fall under the category of Industrial, Transport and Maritime Heritage. Recently Heritage Funding has been allocated to restoration work on the Shropshire Union Canal.

8.4.3 Sports Council

The Sports Council lottery fund is aimed at providing facilities for the local community in order to encourage active participation in sport. These facilities include

building projects, upgrading current facilities, purchasing land and providing permanent facilities. As such, the Council is likely to hesitate in offering grants for the restoration of a canal which will primarily benefit tourism. However, the lottery fund does support activities such as horse riding, cycling and canoeing and therefore may offer some support to specific elements of the scheme.

8.5 Government Agencies

Government Agencies which could provide funds for the restoration of the St Helens Canal include the Countryside Commission, English Heritage and English Partnerships.

8.5.1 Countryside Commission

The Countryside Commission's main priorities are to support:

- designated areas
- national and community forest development
- landscape improvement
- management through countryside stewardship scheme
- access to the countryside including the opening up of the rights of way network
- voluntary work involved in the enhancement of the countryside

Grants of up to a third can be made for improvements to countryside access, information and interpretation. A significant length of the canal is in Country Park and restoration of the canal will provide a linear countryside recreation facility and could therefore be eligible for certain grant support. The actual sums are likely to be relatively small and will need to be targeted. There are already a number of rangers employed in the Country Park and it may be possible to extend their role to provide some form of canal management. Grants of up to 33.3% are made towards countryside access, information and interpretation and countryside conservation.

8.5.2 English Heritage

This agency may assist with the conservation and maintenance of structures along the route of the canal which are of historic importance. These could include structures which remain largely as they were originally built such as Old Double Locks and other locks preserved in the restoration scheme. The stone bank walls may also qualify for assistance. As the canal was the first industrial canal constructed there could be interest from English Heritage, although sums involved are likely to be small and will need to be targeted.

8.5.3 English Partnerships

English Partnerships is committed to achieving sustainable regeneration in areas of need. Grants are intended to create jobs, encourage inward investment and environmental improvement through the reclamation and development of vacant, derelict and under-used or contaminated land and buildings. English Partnerships are responsible for the administration of the Single Regeneration Budget which superseded and replaced the former Derelict Land Grant, under which contaminated sites were reclaimed for re-use and redevelopment.

The agency normally works in partnership with local authorities, private sector, voluntary bodies and those involved in regeneration. The agency concentrates its activities on regions identified as in greatest need of regeneration, including the European Union Objective 1 and 2 areas. This includes those sections in the St Helens Metropolitan Borough Council and the Halton Borough Council areas. Although English Partnerships is involved with projects related to job creation, land and buildings, commerce and housing it is also involved in land brought back into use or made safe for green/recreational purposes. It has previously assisted in a number of canal restoration schemes including the Grantham, Chesterfield and Montgomery canals.

There are a number of sites along the route of the St Helens Canal which may be able to benefit from this type of funding, including the severely contaminated Sankey Sugar Works site and several sites within St Helens. The Derby Canal has recently secured an English Partnership grant as matching funding for a Millennium Commission bid.

8.6 Local Authorities

The canal passes through three local authorities: St Helens Metropolitan Borough Council, Warrington Borough Council and Halton Borough Council. All three Councils are concerned with the economic prosperity and development of their areas. The restoration of the canal contributes to their objectives and as such they may be expected to be actively involved within the constraints imposed by the availability of resources and other regeneration priorities.

It may be appropriate for the local authorities to bid for funds and seek the relevant grants for the project, which may include Single Regeneration Budget and Transport Grant.

The Single Regeneration Budget is a Central Government Fund, as discussed previously, and is administered by English Partnerships.

The Transport Grant is administered by Central Government with applications received from local authorities. Funds could be used for sections of the canal involving road crossings and cycle routes. Applications may be a single scheme or a package of schemes with an initial threshold of £200,000. Transport grants would cover 50% of the eligible expenditure with the balance from the local authority.

8.7 Private Sector

A number of canal restoration schemes have benefited from private sector funding. The restoration of the canal will have an impact on the value of sites immediately adjacent to the canal and would bring forward sites already identified as development sites.

A number of sites with development potential have been identified in Volume 4 of the study report. Some have limited future uses because of adjacent land use or ground contamination. Also, a significant section of the canal lies within the Sankey Valley Country Park, which offers few development opportunities.

In the light of the above it is considered unlikely that significant private sector finance would be available for the canal restoration. However, the restoration will bring forward the development of sites and encourages environmental improvement schemes to the benefit of the local economy.

8.8 Conclusions

Identifying the funds to meet the capital investment required for the restoration of the canal will require considerable effort and ingenuity on the part of a wide range of interested parties. It is essential that, if the project is to proceed, there are detailed discussions with all possible funding partners.

At the present stage, the most promising sources of funding are likely to be:

- European Development Funds
- Single Regeneration Budget
- National Heritage Memorial Fund