Inland Waterways Association Submission to HM Treasury for Autumn Budget 2026 (09/09/26)

INLAND WATERWAYS ASSOCIATION

Investing in Britain's Inland Waterways for Growth, Devolution and Resilience

This submission sets out five priority recommendations, which offer the Treasury low-cost, high-return opportunities to support the Government's stated priorities of regional growth, devolution, and economic and climate resilience. Britain's 5000 miles of inland waterways (plus 500 under active restoration and 50 proposed) are chronically under-invested public infrastructure assets that already generate substantial economic, health and environmental returns. Modest, targeted investment now and policy alignment (much of it cost-neutral to the Exchequer) would allow these assets to deliver considerably more.

Detailed recommendations

1. Devolve powers to metro mayors for waterway-led renewal

The Ministry of Housing, Communities and Local Government should extend devolution deals (by 2028 for existing strategic authorities, and from the outset for new deals) giving metro mayors clear responsibility and flexible, multi-year funding to treat waterways as strategic local infrastructure, including scope for purpose-built residential marinas and boater facilities within local housing strategies.

Rationale	This directly advances the Government's stated intention to move money and power out of Westminster and into communities, and mirrors the roadmap already committed to for business rates and income tax retention. Waterways sit at the intersection of transport, housing, climate adaptation and economic strategy, making them a natural devolution asset.
Cost / Value for Money	Largely a governance and funding-flexibility change rather than new spend; can be integrated into existing devolution deal frameworks at negligible net cost to the Exchequer.
Growth & revenue impact	Canal regeneration and restoration has a strong track record of catalysing private investment in housing, hospitality and tourism, supporting local job creation and business rates growth that mayors would now retain. With housing pressure driving rising numbers of residential boaters, particularly in urban areas, devolved authorities incorporating marinas and boater facilities into local housing strategies could relieve mooring and service pressures while creating new local economic activity.
Deliverability	Mechanism already exists (devolution deals); requires only MHCLG policy direction and inclusion of waterways as an eligible asset class. No primary legislation required.

2. Commission a review of Britain's inland waterways management

Defra should lead an urgent, cross-departmental review of the inland waterways of England and Wales (with input from DfT, DCMS, MHCLG, DHSC, DESNZ and DBT), with the goal of producing a long-term investment plan by 2028.

Rationale	Waterways funding is currently fragmented across more than 25 Navigation Authorities, with no unified investment framework. A single review would allow the Government to plan coherently, rather than relying on ad hoc departmental spending.
Cost / Value for Money	A review itself is a modest, largely staff-time cost so represents strong value for money. A coherent, prioritised investment plan, particularly against a backdrop where Canal & River Trust alone estimates £15 million a year in additional expenditure is needed just to future-proof critical assets.
Growth & revenue impact	Waterways already deliver measurable returns in public health (physical activity, mental wellbeing), tourism and regional economic activity, and climate resilience (water transfer, flood alleviation, urban cooling). A structured review would strengthen the evidence base for future growth-focused capital allocation and help prevent the further closures already threatened by navigation authorities facing reduced government funding.
Deliverability	Low delivery risk: convening power and terms of reference sit with Defra; a 2028 reporting deadline allows realistic cross-departmental coordination.

3. Develop a national strategy for sustainable waterborne freight

The Department for Transport should establish a national inland freight strategy for commercial waterways in England by 2028, including expansion of the Modal Shift Revenue Support grant, protection of existing wharves and consideration of waterborne construction logistics for major developments near navigable waterways. As part of this strategy, HM Treasury should encourage HMRC, DfT and DESNZ to work with stakeholders to generate tax, duty and RTFO policies that make sustainable drop-in fuels like HVO affordable and available across the network, helping existing diesel-powered craft cut emissions.

Rationale	Moving goods by water reduces road congestion, HGV emissions and road maintenance costs, but underused wharf infrastructure is currently at risk of loss to development. Around 100 miles of England's waterways are already classified as commercial waterways under the Transport Act 1968. Sustainable clean fuel is also key. The Maritime Decarbonisation Strategy encourages all new vessels to have zero-emission propulsion, but existing diesel-powered craft typically remain in service for decades and cannot practically be converted to electric drive given current battery technology and limited bankside charging. Renewable, low-carbon fuel such as Hydrotreated Vegetable Oil (HVO) have proved to be a drop-in replacement for mineral diesel, safer than the FAME biodiesel currently blended into most marine diesel. However, oversight of its pricing is split across Treasury tax and duty policy, DfT and the RTFO scheme, leaving it volatile and often priced beyond what operators and boaters are willing to pay, unlike in Europe, where it is competitively priced.
Cost / Value for Money	The Modal Shift Revenue Support grant is an existing, proven mechanism; expansion is a marginal cost against an existing budget line, and wharf protection is cost-neutral policy drafting. Given the relatively low volumes of fuel involved on inland waterways compared with road transport, IWA's

	assessment is that the financial cost of enabling affordable HVO would be small in the wider fiscal picture.
Growth & revenue impact	Reduced road freight congestion and maintenance costs support productivity, and protecting wharves preserves optionality for future low carbon freight growth as the Government pursues Net Zero-aligned transport policy and its Maritime Decarbonisation Strategy, which commits to net zero maritime emissions (including on inland waterways) by 2050. Affordable HVO would accelerate emissions cuts across the existing fleet well before that transition completes, while protecting the wider inland waterways contribute to the national economy and the 133,000 full-time-equivalent jobs the leisure marine industry alone supports.
Deliverability	The freight strategy builds on an established grant scheme requiring no new delivery body. The fuel element is a policy and regulatory alignment task rather than new legislation or infrastructure, requiring coordination between HMRC, DfT and DESNZ.

4. Increase resilience of canal reservoirs

Defra should increase investment in water supply for canals in England and Wales, ensuring all reservoirs and feeder channels are fully repaired by 2030 and well maintained thereafter.

Rationale	A long-term lack of investment in reservoirs and feeder channels, combined with climate-driven weather extremes, has closed major waterways during peak summer months in four of the last ten years, most recently a third "once-in-200-years" drought in five years this summer, which closed canals across the Midlands and North West by late July and the whole country by mid-August. Hire-boat operators, canalside pubs, cafés and other tourism businesses report lost bookings, cancellations and falling footfall as a direct result. Reservoirs also provide an underused firefighting resource.
Cost / Value for Money	Targeted capital maintenance spend against a known, quantifiable asset backlog; avoids the larger economic cost of prolonged network closures and lost visitor spend.
Growth & revenue impact	Protects and grows an existing tourism revenue base (boating, angling, towpath visitor spend) concentrated in local and regional economies. The wildfire-resilience benefit also offers a co-benefit against MHCLG's emergency-resilience planning.
Deliverability	A repair programme with a clear, achievable 2030 target; delivery sits with existing canal/reservoir asset owners and Defra funding routes.

5. Protect and invest in the cultural and recreational heritage of the inland waterways

By 2030, Defra should work with DCMS (or successor departments), and equivalent departments in Scotland and Wales, to create a cross-department national programme protecting and enhancing the built, natural and intangible heritage of Britain's waterways, while investing in safe, accessible recreation and watersports.

Rationale	Waterways heritage and recreation already generate substantial volunteering, tourism and participation value: this is uncoordinated across departments and nations. Around 7.5 million people now paddle annually across the UK, part of a wider trend that has seen over a million more people take up outdoor recreation in the past decade. Government has already committed, through Commitment 86 of the Environmental Improvement Plan 2025, to everyone having access to green or blue space within a 15-minute walk, including new river walks. Inland waterways are a ready-made delivery route for this commitment.
Cost / Value for Money	Primarily a coordination and targeted grant programme rather than large-scale capital spend; can align with existing heritage and sport participation funding streams.
Growth & revenue impact	Heritage tourism, canoeing, paddleboarding and rowing all support local economies, particularly in rural and post-industrial areas targeted by the Government's regional growth agenda. The outdoor recreation sector already contributes £22 billion a year to the UK economy, with participation and volunteering estimated to generate over £5 billion in avoided health and social care costs, a figure likely to grow as active travel and social prescribing become more mainstream.
Deliverability	Deliverable through existing heritage and sport funding bodies; cross-department coordination is the primary delivery task, not new infrastructure.

Summary of recommendations

1. Devolve waterway powers and funding flexibility to metro mayors, enabling waterway-led regional renewal.
2. Commission a cross-departmental review of England and Wales' inland waterways, producing a long-term investment plan by 2028.
3. Establish a national waterborne sustainable freight strategy, including expansion of the Modal Shift Revenue Support grant, and affordable low carbon fuel.
4. Fund the repair and resilience of canal reservoirs and feeder channels, protecting tourism revenue and building wildfire-response capacity.
5. Invest in the cultural and recreational heritage of the waterways to grow local economies and widen participation.

Sources:

Inland Waterways Association, 2021. *Waterway Directory*

Canal & River Trust, 2024. *Climate Adaptation Report 2024*

Environment Agency, 2021. *Impact of Climate Change on Asset Deterioration*

Paddle UK, 2023. *British Canoeing Access Environment Charter 2023*

Sport and Recreation Alliance, 2026. *The Economic, Health, and Social Value of Outdoor Recreation: Reconomics*

Note: See also Representation from IWA's Sustainable Boating Group