

EXETER CITY COUNCIL

**EXECUTIVE
27 JANUARY 2009**

EXETER CANAL BASIN REGENERATION SCHEME

1.0 PURPOSE OF REPORT

- 1.1 To inform Members of progress in bringing forward the regeneration proposals for the Canal Basin area; to assess the impact of the current economic climate on those proposals and to agree any consequent changes to the City Council's objectives; and to consider and agree to a revised financial assessment of the scheme.

2.0 REGENERATION DELIVERY STRATEGY

- 2.1 Executive adopted the Exeter Canal Basin masterplan in July 2004 and a Regeneration Delivery Strategy at its meeting on 14 December 2004. Subsequent update reports have been considered on 4 July 2005, 21 November 2006, 3 July 2007 and 16 September 2008. Essentially, the Strategy proposed the phased delivery of the overall scheme for the Canal Basin area, consisting of four stages over the period up to 2012. This report updates on progress and, where appropriate, recommends certain amendments to take account of the new economic climate and changed funding scenario.

2.2 Phase 1

- (i) *Refurbishment of the Old Electricity Building (Site H on the annexed plan) and the adjoining site (Site G):*

As reported to Executive on 16 September 2008, the developer of Site G, Homebrick Ltd, has completed the construction of the new building adjoining the Old Electricity Building. We were advised at that time that it was their intention to then proceed with their proposed scheme for the Old Electricity Building itself. However, the developer has subsequently approached the City Council to advise that it was now having difficulties progressing the scheme since, in the absence of any identified pre-let agreements to take the space, the anticipated bank funding was not now going to be forthcoming. They have provisionally approached the City Council with a request that the two year building period that they originally agreed to when they entered into the Development Agreement, be extended into late 2010. They have also requested that the City Council consider the possibility of agreeing to changes in the range of uses permitted under the Development Agreement and Lease that would enable them to seek to identify potential occupiers beyond the originally intended boutique hotel, restaurant and gallery uses. It has, for instance, been suggested that they would be able to secure a national children's play centre operator to make use of the main space in the building and that, if we were to agree to a variation in the proposed use along these lines, they would be able to bring the refurbishment forward quite quickly. It is proposed that Executive authorise the Head of Estates Services, in consultation with the Portfolio Holder Economy & Tourism, to negotiate provisional terms for the necessary amendments to the Development Agreement to facilitate extensions of time

and/or changes to the user so as to try to secure the commencement of the refurbishment of this important building as soon as possible. A children's play centre is likely to not require any further planning consent, since it falls within the same Use Class Order.

(ii) *Refurbishment of 60 Haven Road (Site I), refurbishment of the Maclaines Warehouse (Site J) and the development of Sites A and B:*

Signpost Housing Association, the chosen developer for the site adjoining 60 Haven Road (Site A) is on site working on the construction of 14 units of affordable accommodation with a restaurant/retail unit/s on the ground floor. The premises are anticipated to be completed in September 2009.

The other three sites are scheduled to be regenerated by Sutton Harbour. As discussed at Executive on 16 September 2008, it has been necessary to accept that in the absence of pre-let agreements, Sutton Harbour were unlikely to be able to progress these schemes and it was agreed that the City Council would enter into an exclusivity agreement with Sutton Harbour and the Exeter Canal and Quay Trust, under which agreement a framework would be established for Sutton Harbour to seek to identify occupiers of the units which would consequently release bank funding to facilitate the drawing down of the agreed Development Agreements for these sites. This exclusivity agreement was entered into in November 2008.

(iii) *Improvements to the small Haven Road Car Park:*

The improvement works and the subsequent letting of 30 spaces within this car park to Sutton Harbour remain delayed for the reasons set out in sub paragraph (ii) above.

(iv) *New Boardwalk in the Canal Basin in front of 60 Haven Road:*

The delivery of this feature has been postponed until such time as a Development Agreement for 60 Haven Road is drawn down under the arrangements discussed in sub paragraph (ii) above.

(v) *Public Realm Improvements around Sites A, B, I and J:*

The surfacing and street furniture improvements for Site A will be delivered under the Development Agreement by the Signpost Housing Association. The other areas will be improved as and when the appropriate development agreements are drawn down.

(vi) *Section 106 Contributions towards Public Realm in the Canal Basin Area:*

All the planning consents granted for Sites A, B, I, J, H and G were conditional upon the developers entering into Section 106 Agreements securing financial contributions to the areas of the Public Realm plan that are not to be directly provided by developers. The Section 106 Agreements have all been entered into but, as discussed above, some of the Development Agreements have been delayed and the contributions will not be due from those sites and the consequent improvements will not be received or carried out for the time being.

The Council had planned to bring forward the improvements to the path from

the Haven Road Car Parks to Haven Road in conjunction with the County Council. However, there is insufficient funding as a consequence of the Sutton Harbour schemes not yet starting. The City Council will look to bring this project forward when there are sufficient further S106 receipts.

(vii) *Affordable Housing Provision in accordance with Local Planning Authority Policy:*

As described above, affordable housing in excess of the planning policy has been achieved in conjunction with the Signpost Housing Association.

(viii) *Contributions towards the construction of the Water Lane Link Road:*

The planning consents granted for the schemes within the policy area provide for contributions of £7,500 per residential unit in accordance with the adopted policy. Some of these monies have now been received and as a consequence we are in a position to use these funds to assist in the construction of the Water Lane Link Road through the larger Haven Road Car Park, the financial implications of which are dealt with later in this report.

(ix) *Construction of a new roadway through the Haven Road Car Park and a new junction onto Water Lane:*

This road link is proposed in the adopted Local Plan to serve development in the area. Work on detailed estimates of the cost of the new Link Road to Water Lane has recently been completed, indicating a likely cost of £1.5 million. This is significantly above the budgeted sum of £1 million. This was principally because of the need to excavate extensively in heavily contaminated land in order to achieve the drop down into Water Lane and for the demolition and subsequent partial reconstruction of the retaining wall fronting Water Lane. Faced with the new estimate, officers have looked to identify a reduced scheme that would deliver a substantial section of the new roadway to adoptable standards; provide proper access to the new Bridger Marine chandlery building; provide a new seasonal boat laying up area; and deliver a redesigned coach and car park, but excluding the final link section to Water Lane itself (see attached design plan). This revised scheme will cost in the region of £800,000 and would be designed so as to allow the final link to Water Lane itself to be delivered, once the proposed high quality public transport route across the City had been designed in detail by Devon County Council. It is recommended that the Officers be authorised to proceed with the delivery of this revised scheme. Planning permission has yet to be sought for the new road.

In addition to this scheme we would also look to deliver the fibre optic cable link from the Custom House to the Depot at Exton Road, via the Canal Basin and Haven Road Car Park. Not only would this improve the ICT links with the Council services at the Ark and the Depot but it would facilitate the introduction of CCTV security measures to the Ark and the Haven Road car park itself.

(x) *Creation of a New Winter Boat Storage Area in the Haven Road Car Park:*

The creation of this new boat storage/summer pay and display car park area will be delivered under the scheme described in paragraph (ix) above. Planning permission will be sought in due course.

(xi) *Construction of a New Chandlery in the Haven Road Car Park:*

The new premises for Bridger Marine have been completed and a new long lease has been granted. The lease of their existing premises has been surrendered to the City Council and it is now proposing, subject to planning consent and conservation area consent, to demolish the building and to construct a temporary hardstanding for boat storage on the site. Members are reminded that this site is identified in the Strategy for the provision of a new Water Sports Centre for the Exe Water Sports Association, which is discussed below.

2.3 Phase 2

(i) *Construction of a New Water Sports Centre on part of Site C:*

As reported to Executive on 16 September 2008 the Exe Water Sports Association's funding application has been rejected by Sport England. The Council's Leisure and Museums Service has assessed the reasons for this rejection and has concluded that, in the current funding regime, it is unlikely that a resubmitted application would be successful. Similarly, there was a dearth of alternative funding opportunities for schemes of this nature. In the circumstances, although it is the clearly expressed desire of the City Council to procure the provision of a new facility for the Water Sports Association, the funding streams for doing so have not been identified. It is suggested that the site, once cleared of the Bridger Marine chandlery building, be used as a temporary boat store (subject to planning permission) and that this temporary use continue during the course of the Canal Basin regeneration scheme at the end of which, if funding streams have not been secured, the long term future of this site can be considered together with the future of the Association's existing premises in the building adjoining the chandlery.

(ii) *Construction of a New Haven Banks Outdoor Education Centre on Part of Site D:*

Devon County Council has progressed the design of a new centre and provision of an abseiling/climbing tower taking up effectively all of Site D and has addressed most of the concerns of the City Council's planners. A planning application is now imminent. City Council officers and the Exeter Canal and Quay Trust's surveyor have met with Devon County Council's surveyors with a view to agreeing terms for the surrender of their lease of their existing site at 61 Haven Road from the City Council and the grant of a new Building/Lease for the new site (Site D) from the Exeter Canal and Quay Trust. Alongside this process the County Council has confirmed substantial funding for the new building and is seeking to identify match funding from central government sources to meet the scheme costs.

(iii) *Construction of a New Canal Management/Visiting Boat Facility on Site D:*

The impact of the new Haven Banks Outdoor Education Centre on Site D means that there is no space available for a free standing Canal Management Office and Yard on Site D. It would be possible for the office element of the facility together with some visiting boat facilities to be co-located within the new site for the Haven Banks Outdoor Education Centre and delivered as part of that project. However, The Head of Leisure & Museum Services has advised that operationally this would not be acceptable since there are clear benefits that are achieved by locating all the

operational facilities in one place. In the circumstances, it is proposed that if the Haven Banks Outdoor Education scheme proceeds, we would choose not to replace the existing Canal Management facilities and look to construct a new visiting boat facility on land between that site and the neighbouring Sea Cadets premises.

(iv) *Development of the Remaining Site D:*

As previously advised, if the Haven Banks Outdoor Education Centre proposals proceed, there will be no further developable land on Site D.

(v) *Confirmation of the New Harbour Revision Order designating a New Quay Area:*

The Public Inquiry was held in September 2008 and the Inspector's report is anticipated in Spring 2009.

(vi) *Improvements to Retained Boat Laying Up Areas Around the Basin:*

No work has yet been done in respect of these areas, although the Head of Leisure Services is developing a berthing strategy that will address requirements in these areas.

(vii) *Delivery of a Bus Service to the Canal Basin Area:*

The delivery of a link road through Haven Road Car Park will facilitate the operation of a High Quality Public Transport (HQPT, formerly TIF) bus to provide a high quality link to the City Centre, should funding for this proposal ultimately be approved by central government.

2.4 Phases 3 and 4

As reported on 16 September 2008, officers have not spent a great deal of time on the later stages of delivery except that the installation of public art and public realm improvements to Site F (the King's Arms Isthmus) has been delivered and new lighting columns have been installed along the Haven Banks riverside walk.

3.0 PUBLIC CONVENIENCES

- 3.1 At the September 2008 Executive meeting, Members instructed officers to carry out a study into the feasibility of providing public conveniences in the Canal Basin area to supplement the existing provision on the Quay. The Head of Environmental Health Services has prepared this piece of work which is attached to this report as Appendix 1. Members are asked to note its content.

4.0 FUNDING IMPLICATIONS

- 4.1 Since the last update report to Executive (September 2008) we have seen the completion of the new Bridger building and the consequent grant of a new long lease of the new facility (and the outstanding premium payment) and seen the commencement of development on the site adjoining 60 Haven Road (Site A) and the subsequent payment of Section 106 contributions. A number of other S106 receipts for the new road link have also been received. We have also continued to press forward with the design work for the Haven Road Car Park road scheme and worked up mini projects for the demolition of the existing Bridger building and the removal of both planters in the large Haven Road Car Park to facilitate access to the new Bridger building.

- 4.2 These developments have resulted in a revised Capital Programme position as follows:

Existing Funding (approved Capital allocation, actual capital receipts and actual Section 106 receipts) as at September 2008	£1,080,000
Bridger Marine new lease capital payment	£30,000
Section 106 contribution to Water Lane link (Site A)	£111,000
Section 106 contribution to public realm (Site A)	£9,000
Section 106 contribution to bus stop (Site A)	£2,500
Section 106 contributions to Water Lane link (other sites)	£69,000

- 4.3 These new receipts total £221,500 which, added to the existing funding, equates to a fund of £1,301,500.

- 4.4 To date the City Council has spent or committed £457,000 on the project. The additional spend since the September Report being substantially on further design work on the road scheme (£16,500), the Kings Arms Isthmus improvements (£30,000), the riverside walk lighting (£25,000) and the removal of the large planters in the Haven Road car park (£27,500). This leaves a project balance of £844,500. To this can be added the payment due on the grant of the lease on Site A of £145,000 (programmed for September 2009) giving a sum of £989,500.

- 4.5 There is also a programmed payment from the developer of the Old Electricity Building of £429,000 due on the grant of their lease. However, as discussed above, this receipt is not now certain within the immediate timeframe and, in order to avoid potential overspending on the budget, certain revised spending proposals are envisaged, primarily the delivery of the redesigned road scheme and the deferment for the time being of the proposed improvements to the link path from Haven Road to the car parks.

- 4.6 In the last report we proposed a range of spending totalling £1,245,000. In view of the fact that we no longer have the certainty of securing the requisite funds to pay for these works, we would now look to commit to the following spending in 2008/9 and 2009/10:

Revised Haven Road Car Park Scheme (part road, car park and boat storage improvements)	£800,000
Fibre optic cable link	£110,000
Demolition of existing Bridger Marine building, etc	£25,000
[CCTV system for Haven Road car park (this is funded from another capital allocation and thus does not affect the overall level of spend on the Canal Basin budget)]	[£45,000]

Total	£935,000
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- 4.7 This course of action will result in expenditure being within budget and it is hoped that receipts will begin to flow again once economic conditions begin to improve. At that point we will be able to look again at the outstanding project elements for delivery under the regeneration strategy and fund these as receipts are generated in the future. In summary, these elements are as follows:

Improvements to Haven Road link path
 New boardwalk outside 60 Haven Road
 Improvements to boat storage areas and pontoons
 Provision of visiting boat facilities
 New Watersports Centre (if additional funding streams from other sources are identified)
 Improvements to riverside walkway
 Improvements to Piazza Terracina

5.0 RECOMMENDED that:

- (i) The progress to date on the delivery of the Exeter Canal Basin Regeneration Strategy be noted;
- (ii) The Head of Estates Services, in consultation with the Portfolio Holder Economy & Tourism, be authorised to agree the variation of the terms of the Development Agreement and lease for the old electricity building to facilitate its speedy refurbishment;
- (iii) The Public Conveniences feasibility study be noted and no further action be taken;
- (iv) The changes to the Exeter Canal Basin Regeneration Delivery Strategy rehearsed in the report be approved; and
- (v) The proposed spending levels for the 2008/9 and 2009/10 as set out in paragraph 4.6 above be approved and that revisions to the financial implications to the project be noted with any significant increases to be reported back to Executive.

DAVID PROSSER
HEAD OF ESTATES SERVICES

JOHN RIGBY
DIRECTOR

ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended):
Background Papers used in compiling this report:
 None