

**EXETER CITY COUNCIL****EXECUTIVE  
16 SEPTEMBER 2008****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 advise on the consequent funding implications; and to seek authority to enter into an Exclusivity Agreement with Sutton Harbour and the Exeter Canal and Quay Trust.

**2.0 REGENERATION AND DELIVERY STRATEGY**

- 2.1 Executive adopted the Exeter Canal Basin Regeneration Delivery Strategy at its meeting of 14 September 2004. Subsequent update reports have been considered on 4 July 2005, 21 November 2006 and 3 July 2007. Essentially, the Strategy proposed the phased delivery of the overall scheme for the Canal Basin area, proposing four stages of the period up to 2012. This report sets out the progress that has been made in delivering that Strategy.

**2.2 Phase 1**

- i. Refurbishment of the Old Electricity Building (Site H on the plan annexed) in association with the adjoining Site G:

The developer of the adjoining Site G, Homebrick Ltd, has completed the construction of a new building adjoining the Old Electricity Building comprising residential apartments with a retail unit and parking on the ground floor. Purchasers and tenants are being sought by the developer. The Development Agreement for the Old Electricity Building itself was entered into with Homebrick in August 2007. To date, with the exception of some works to the exterior, the developers' attention has been focused on the adjoining site. However, we are assured that now that the adjoining building is completed, their focus will be the Old Electricity Building itself. It should be noted that the Development Agreement runs for 2 years and that, if there is to be a completed development within that timeframe, matters will have to progress swiftly from this point. The City Council's Estates Team will be monitoring the situation and will report back should any action in terms of extending or terminating the Development Agreement be required.

- ii. Refurbishment of 60 Haven Road (Site I), Refurbishment of the Maclaines Warehouse (Site J) and the Development of Site A and B:

Planning consents for these sites were issued in June 2008 following completion of the Section 106 Agreement in April 2008.

The Development Agreement for the site adjoining 60 Haven Road (Site A) was entered into with Signpost Housing Association Ltd in April 2008. The

scheme, which is now on site, will provide 14 units of affordable accommodation and a restaurant/retail unit/s on the ground floor. The need to divert a substantial surface water sewer and the discovery of extensive contamination on the site resulted in the need to agree a reduction in the consideration payable to the City Council for the site. The financial implications are dealt with later in this report.

The other three sites are scheduled to be regenerated by Sutton Harbour. Although the parties are very close to agreeing the form of Development Agreements and long Leases, Sutton Harbour have recently advised that they are unable to proceed with the development until such time as they have secured substantial Pre-let Agreements to take the space created on these plots. The City Council's Estates Officers have discussed this with the Independent Surveyor for the Exeter Canal and Quay Trust and, it is felt, that in the present climate of economic uncertainty, it is not really a surprise that, in the absence of identified tenants, property companies are not minded to proceed with speculative developments such as is involved at the Canal Basin. Discussions have been held on a provisional basis between Sutton Harbour, the Trust and the Council on the grant of an Exclusivity Agreement that would give Sutton Harbour the opportunity to seek to identify tenants to take the units on the basis of the agreed terms. It is felt that an Agreement extending to a period of up to two years would not seem unreasonable in the circumstances. This should provide Sutton Harbour with the comfort required to carry out further investigations and incur further expenditure; and the Council and the Trust with the opportunity to review the situation when, it is hoped, the general economy emerges from the current circumstances whilst holding open the opportunity that, should substantial Pre-let Agreements be achieved, the existing deals could be drawn down at any time.

At its meeting on 16 July 2008 the Trust agreed to authorise its officers to carry out further discussions with Sutton Harbour on this basis and Executive is requested to authorise officers to seek to reach an agreement along these lines in conjunction with Sutton Harbour and the Trust.

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 has been delayed for the reasons set out in sub paragraph ii above.

iv. New Boardwalk in the Canal Basin in front of 60 Haven Road:

Planning consent for this feature has been received. It was intended to deliver the boardwalk in conjunction with Sutton Harbour as they brought forward their scheme for 60 Haven Road. However, in light of the present situation, the delivery of this feature has been postponed until such time as a Development Agreement for 60 Haven Road is drawn down.

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 Ltd. The other areas will be improved as and when Development Agreements are drawn down.

vi. Section 106 Contributions towards Public Realm in the Canal Basin Area:

All of the planning consents granted for Sites A, B, I, J, the Old Electricity Building (H) and the site adjoining the Old Electricity Building (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 due from those sites and the consequent improvements will not be received or carried out for the time being. However, the Section 106 Agreements for Sites H and G have been entered into and payments have been made and payment is due from Site A. In light of the fact that we now have some funds for improvements, the City Council is looking to improve the path from the Haven Road Car Parks to Haven Road and a scheme for this area is being developed in conjunction with the County Council.

vii. Affordable Housing Provision in accordance with Local Planning Authority Policy:

As described above affordable housing in excess of Planning Policy has been achieved in conjunction with Signpost Housing.

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 £7500 per residential unit in accordance with the adopted Policy. Some of these monies have been received as a consequence of developments commencing and the financial implications of this 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:

City Council Engineers and their consultants have carried out an extensive schedule of site investigations and risk assessments addressing the heavy contamination of the larger Haven Road Car Park site. As a consequence of these lengthy discussions with the Statutory Authorities, it is hoped that a final scheme will be confirmed shortly and a planning application submitted. Final costings have not yet been assessed so the financial implications in this report are a current best estimate. Officers hope to make up for some of the delays in resolving the contamination and design issues by ensuring that the tendering and planning processes proceed simultaneously.

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 follow progress on the roadway as described above.

xi. Construction of a new Chandlery in the Haven Road Car Park:

A Development Agreement for the construction of the new chandlery facility by Bridger Marine was entered into in January 2008 and construction is now well advanced. Bridger Marine advise that they intend to move into

their new building around the year end and, in accordance with the Development Agreement, a new long Lease will be granted to them at that time. Once they have moved into their new premises their existing Lease of the building at 63 Haven Road will be surrendered to the City Council. We would look to demolish the building and construct a temporary hard-standing for boat storage on the site, subject to planning consent. Officers are working up a proposal in this regard for submission shortly and a cost estimate is included in the Financial Implications section of this report. Members are reminded that this site is mainly identified for the provision of a new watersports centre for the Exe Watersports Association.

### 2.3 Phase 2

i. Construction of a new Watersports Centre on Site C:

The Exe Watersports Association submitted a funding application to Sport England but this was, unfortunately, rejected. The reasons for this rejection are being assessed by the Council's Leisure and Museums Service and, in conjunction with the Association, it is hoped that a revised application will be made shortly. Other funding opportunities will also be investigated.

ii. Construction of a new Haven Banks Outdoor Education Centre on part of Site D:

Devon County Council have appointed the architect, Nigel Grainge, to work up a new design for the proposed new centre as a result of previous efforts not being well received by the City Council's Planners. The scale and massing of the building have increased considerably from that originally anticipated in the Master Plan, but recent versions of the proposal are making significant progress in addressing planning concerns. Once an outline scheme has been agreed in principle, the County Council will need to negotiate terms for the surrender of their Lease of the existing site at 61 Haven Road from the City Council and the grant of a new Building Agreement/Lease for the new site (Site C) from the Exeter Canal and Quay Trust. The County Council are currently exploring funding sources for the scheme.

iii. Construction of a new Canal Management/Visiting Boat Facility on Site D:

The Head of Leisure and Museums is currently drawing up an outline specification for a replacement Canal Management and visiting boat facility. It is hoped that this can be co-located within the new site for the Haven Banks Outdoor Education Centre and delivered as part of that project.

iv. Development of the Remaining Area of Site D:

In view of the size of the new Outdoor Education Centre it is unlikely that there will be any additional land on Site D available for development, and this will represent a variation to the original Masterplan in this respect.

v. Confirmation of the new Harbour Revision Order designating a new Public Quay Area:

The proposed Harbour Revision Order designates an open quay frontage to Haven Road adjoining the small slip-way in the Basin. Designation of

this area maintains Public Quay status in part of the Basin whilst not compromising the regeneration proposals set out in the Canal Basin Master Plan. The Public Inquiry was set to commence on 9 September 2008.

vi. Improvements to Retained Boat Laying-Up Areas around the Basin:

No work has yet been done in respect of these areas.

vii. Delivery of a Bus Service to the Canal Basin area:

The delivery of a link road through the Haven Road Car Park will facilitate the operation of an 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

Officers have not yet been able to focus on the later stages of delivery except that we have brought forward the installation of public art and public realm improvements to Site F (the Kings Arms Isthmus) as part of the wider scheme of improvements to the Riverside Valley Park. The old harbour buoy that was sited next to the Maclaines Warehouse has been re-sited onto the new location at the head of the Kings Arms Isthmus and a scheme of landscaping and improved lighting has been installed. New lighting columns are also scheduled for installation along the Riverside Walk this month.

## 3.0 OUTLINE FUNDING IMPLICATIONS

3.1 Since the last update report to Executive (July 2007) we have bought out the Bridgers' lease of 63 Haven Road and continued to fund the ground investigation and design work for the Water Lane Link Road scheme. A total of £151,000 was spent in 2007/8.

3.2 The revised capital programme at the beginning of 2008/9 was £1,247,000 with further funding approved in future years of £1,275,000, constituting an overall project budget of £2,522,000. This budget is, however, predicated largely on a number of forecast capital receipts and Section 106 contributions, some of which are now less certain in the current economic circumstances. It is therefore thought sensible to identify the level of funding available from approved capital allocations, actual capital receipts and actual Section 106 receipts, to date. These total £1,080,000.

3.3 To this basic figure we can add a number of anticipated receipts that are either contractually committed or are expected imminently as a consequence of the commencement of development schemes:

Old Electricity Building – payment on grant of lease (Site H)	£429,000
Site adj. 60 Haven Road – payment on grant of Lease	£145,000
S.106 contribution to public realm	£8,500
S.106 contribution to bus stop	£2,500
S.106 contributions to Water Lane Link	£105,000
New Chandlery – payment on grant of lease	£30,000

3.4 These receipts total £720,000 which, added to the existing funding, equates to a fund of £1,800,000.

3.5 To the end of 2007/8 the City Council had spent £345,000 on the project. This leaves a project balance of £1,455,000. Our proposed scheme spending in the current year is as follows:

Water Lane Link Road (new road, car park and boat storage)	£1,000,000
Fibre Optic Cable Link	£110,000
Kings Arms Isthmus (works completed)	£30,000
Riverside Walk	£25,000
Demolition of 63 Haven Road	£25,000
Haven Road Link Path	£55,000
<b>Total</b>	<b><u>£1,245,000</u></b>

3.6 Members' attention is drawn to the fact that there is an unknown element in the Link Road and Cable costs and we have not yet been able to finalise our estimates. The eventual costings for the items at 3.5 above will be reported back to a future Executive if they do not come within or close to the budgeted figures. However, if these levels of expenditure are incurred then the project will still be in surplus. However, going forward we have proposed projects as follows:

Contribution to new Watersports Facility	£275,000
New Canal Management Office and Visiting Boat Facilities	£250,000
Boat Storage Area Improvements	£110,000
Canal Basin Public Realm Improvements	£60,000
Boardwalk	£45,000
Bus Stop	£10,000
<b>Total</b>	<b><u>£750,000</u></b>

3.7 On the basis of existing and anticipated funding such a level of spend in future years would put the project into deficit. However, it is to be hoped that economic conditions will have begun to improve by 2010 and that Agreements will be secured on the Sutton Harbour sites together with progress on other sites in the area. If, for instance, Sutton Harbour proceed with these sites on the basis of the terms provisionally agreed we would secure capital receipts of £850,000 and S.106 contributions of £117,000. Further receipts and the prospect of further S.106 contributions for sites in the wider Water Lane area should mean that the project should ultimately generate a surplus that will allow for high quality improvements to the Piazza Terracina and the Riverside Walkway.

#### **4.0 RECOMMENDED that**

- (1) the progress to date on the delivery of the Exeter Canal Basin Regeneration Strategy be noted;
- (2) The proposed spending levels for the current financial year as set out in 3.5 above be approved, and that the revisions to the financial implications of the project be noted; and
- (3) that the Head of Estates Services, in conjunction with the Portfolio Holder for Economy & Tourism, be authorised to agree terms for and enter into an Exclusivity Agreement with Sutton Harbour and the Exeter Canal and Quay Trust along the lines set out in this report.

**DAVID PROSSER  
HEAD OF ESTATES SERVICES**

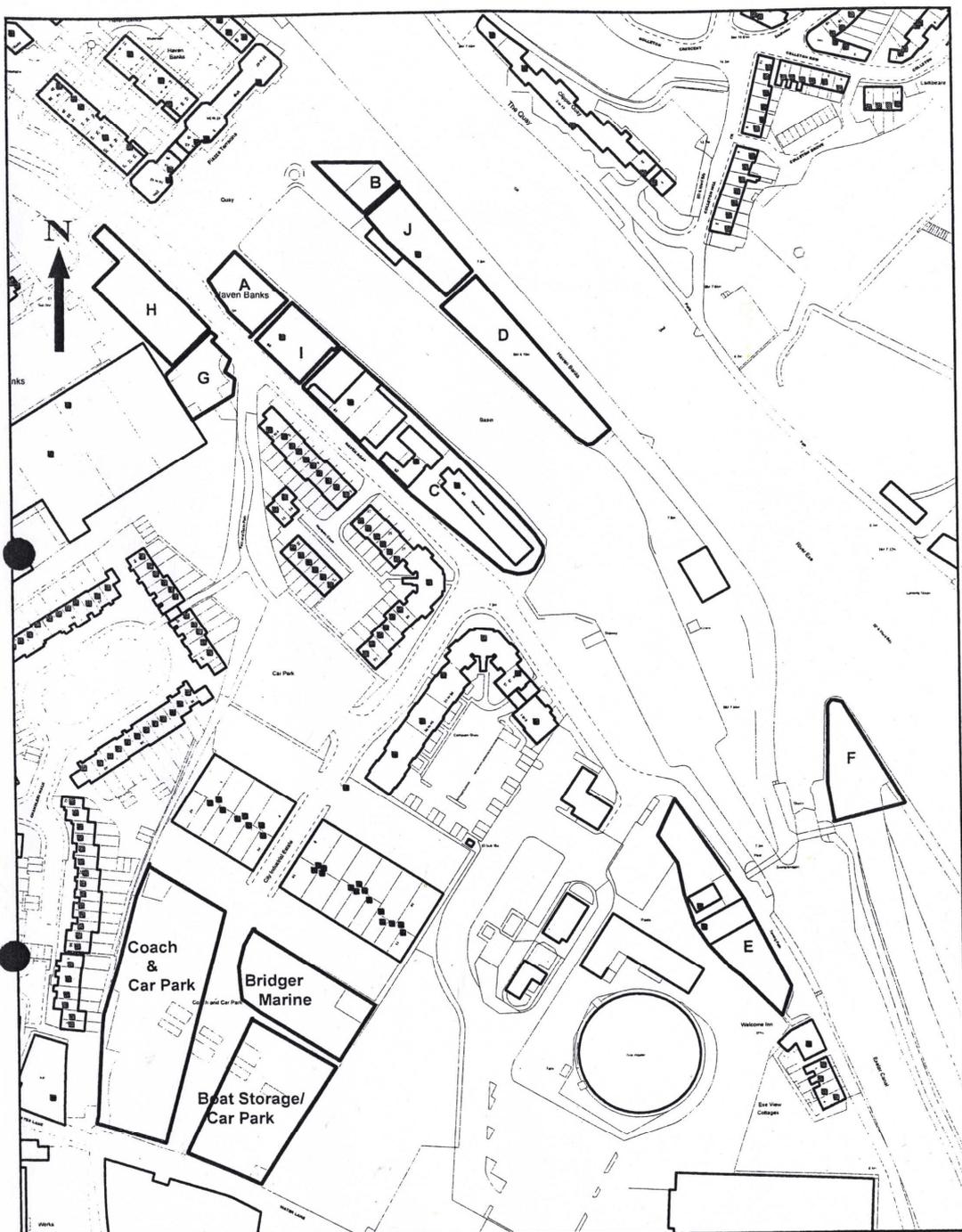
**JOHN RIGBY  
DIRECTOR**

**ECONOMY & DEVELOPMENT DIRECTORATE**

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:-

None



Scale 1:2000	Centre Grid Ref: 176-17	© Crown Copyright - Licence 100025458	Date : 06/10/2006
<b>Exeter Canal Basin</b>			 <b>Exeter City Council</b>
Head of Estates Services, Directorate of Economy and Development, Exeter City Council, Civic Centre, Paris Street, Exeter, EX1 1NN.			