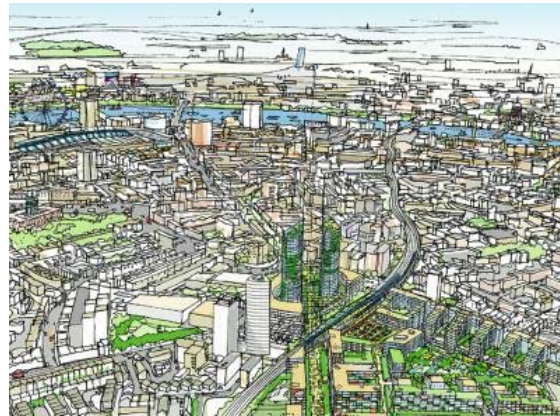


Elephant & Castle Regeneration

TRADERS CHARTER

June 2007



Elephant and Castle Shopping Centre Tenants Association

Elephant & Castle Regeneration

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“As small business traders at the Elephant and Castle we feel that the regeneration of the Elephant and Castle, approved in 2004, has significantly disadvantaged us, by damaging our existing business livelihoods and future prospects. We have suffered a slow and progressive cloud of regeneration induced recession with the prospect of extinction.

Our businesses have suffered over the past four years, with little hope of any improvement. During this time many small businesses have folded, through being driven out of business by the regeneration..

As the remaining small business we are fully committed to continuing to trade at the Elephant and Castle, but soon there will be no long standing small businesses left at the Elephant and Castle.

Our situation is fully supported by the London South Bank University Southwark Council commissioned impact assessment carried out in 2006 which concludes that our businesses face extinction because of the way the Elephant and Castle regeneration has been phased.

Despite our commitment to maintain an ongoing dialogue with Southwark Council over the past four years there have been no talks for the last six months and no information has been provided by the Council.

This charter set outs our needs as small businesses at the Elephant and Castle to have a clear route that will enable us to either continue trading on a sustainable basis or be able to close down our businesses if they cannot be supported”.

1.0 Purpose of Charter

1.1 This document has been created by the traders at the Elephant and Castle Shopping Centre that are being adversely affected by its planned redevelopment.

1.2 This document sets out for the benefit of the London Borough of Southwark, The London Development Agency, St Modwen plc, and any new development company (if not St. Modwen), to be known collectively as “The Development Partners” the support and assistance required by the traders at the Elephant and Castle Shopping Centre (ECSC) to:

- Compensate them for the adverse effects of the prolonged regeneration planning at the Elephant & Castle over the past seven years since 2000;
- Enable them to remain viable during the current planning period and the subsequent redevelopment, so as to enable individual traders to be able to exercise real choice regarding their current and future options;
- Assist them to be able to fully participate in the newly regenerated Elephant & Castle of the future.

1.3 This charter supports every traders individual right to refuse any specific offers of support or alternative premises, and in doing so would not jeopardise their right for statutory or any other form of compensation or assistance.

1.4 The charter hopes to achieve equality of treatment for traders at the Elephant & Castle compared with the timely support packages provided for businesses in the context of the redevelopment for London 2012.

2.0 CHARTER PROVISIONS

The Traders shall benefit from the following provisions that will be fully supported by the Development Partners and operating by 31st December 2007:

2.1 Guaranteed offer of a **clear progressive pathway** for individual businesses, which will allow those businesses to make choices with as much certainty as possible within the context of the Charter.

2.2 **Maintaining any of the rights** available to traders including those provided through the Landlord and Tenants Act 1954 and where appropriate will be additional to compulsory purchase related compensation.

2.3 **Compensation** for qualifying businesses for the loss and damage to their businesses from the period from 19th February 2004 until they leave the ECSC, in accordance with the Business Extra Compensation Study February 2007.

2.4 Access specific and appropriate **on-site business advice** so that each business is aware of their options and can make the most informed decision given their very individual personal and business circumstances. The objective is to identify all relevant sources of assistance that meet identified business needs so that business can prepare an action plan to ensure successful relocation and business continuity, or extinguishment.

2.5 Independent **information help line** will also be established so that each and every occupier of the ECSC and future occupiers of commercial premises at the Elephant and Castle can use this single point of contact for securing information about the options available to them. This support will be available immediately and for until the 2016 or whenever the commercial redevelopment is completed.. This advice will include the following optional measures:

- assistance with business planning

- assistance with preparation of up to date accounts
- accessing finance
- reviewing marketing
- supply chain development
- internal policies and procedures
- training and development
- staff relocation and recruitment

2.6 Funding to assist qualified traders at the ECSC to obtain independent **legal advice** relating to commercial leases and licences in connection with their exist premises at the ECSC or premises that they are to relocate to where appropriate.

2.7 ECSC services are maintained at current levels but with **reduce service charges** for shopping centre tenants over the remaining life of the ECSC at the rate of 50% of the current baseline figures for the year from 24th August 2007 and 25% of the current baseline figures from 1st April 2008 and thereafter.

2.8 Reducing rents based on existing leases for qualifying traders over the remaining life of the Centre at the rate of 50% of the current baseline figures for the year from 24th August 2007 and 25% of the current baseline figures from 1st April 2008 and thereafter to reflect the trading environment and to counterbalance decline.

2.9 Offer of **first refusal** for all **available commercial premises** within Southwark and outside the borough to eligible traders prior to commencement of openly marketing of these properties, for properties owned, controlled or influenced by the Development Partners. Any offer under this scheme shall remain open for exclusive consideration by qualifying interested traders for a period of twenty working days.

2.10 Offer of **first refusal** over **new retail units** secured by **Section 106 agreements** in all third party developments in the defined Elephant & Castle regeneration area AND at other locations in the borough.

2.11 Offer of **tapered rent subsidies** based on existing leases (related to the size of the property and allowing rent to increase up to market value over a fixed period) for all qualifying businesses that move into any of The Development Partners commercial property through this relocation process, and will do the same with new accommodation secured for this purpose in the newly developed Elephant and Castle shopping centre.

2.12 Offer to all existing businesses in the ECSC to be relocated during demolition and redevelopment of having the opportunity to be **relocated into new accommodation within the new Shopping Centre**, subject to the same offer of rent subsidy as in 2.11 above and have lower rent levels that support and encourage locally owned shops, which are subsidised by the higher rents by the larger retailers, as is the growing best practice that is now being used in many High Streets to support local retailers, small businesses and provide more choice for consumers through avoiding cloning.

2.13 **Direct costs** needed to establish businesses associated with relocation including legal fees, fitting out and removal will be assessed and met through a grant

programme. This will also allow for any traders who make a temporary move before returning to the new main Elephant and Castle Shopping Centre.

2.14 The Development Partners will report to the traders at **regular monthly meetings** with the traders democratically elected representatives on its proposals for management and operation of the ECSC and for the planning of the redevelopment progress and with the acquisition, or development, of alternative premises.

2.15 The Development Partners and specifically the landlord and the selected development partner (if different) will carry out **transparent and full consultation** in respect of development proposals and provide regular updates to traders.

2.16 The existing landlord of the ECSC and any subsequent owners will agree a **written consultation procedure** with the traders democratically elected representatives for dealing with **disputes** of any kind with tenants before embarking on any statutory procedures or processes.

2.17 If agreement has not been reached with the trader concerning relocation by 1st February 2008 then the qualifying traders will have the right to seek compensation for extinguishment of their businesses.

3.0 Background

3.1 Prior to Outline Planning Consent

The existing traders at the ECSC have suffered adversely from as far back as 2000 with local regeneration related factors that have included:

3.1.1 Failure of Southwark Council's **earlier regeneration plans** for the Elephant and Castle to progress;

3.1.2. The impact of general **regeneration blight** helping to run down the area – contributing to some over 80% of comparison shopping by Southwark residents taking place outside the borough;

3.1.3 Significant **loss of local office jobs** in an area of high local unemployment causing loss of long term customers with disposable incomes higher than that of the typical local population;

3.1.4 **Closure of tube station entrance** for three years – making access to the ECSC difficult and contributing to footfall downturn, discouraging regular customers and potential new customers ;

3.1.5 **Negative image created by regeneration publicity** helping to drive away regular shoppers from outside the area and discourage new shoppers;

3.1.6 Decanting of Heygate Estate and replacement with homeless people causing loss of long term local customers with much higher disposable income;

3.1.7 Decrease in the numbers of independent retail units and the size of the customer facing retailing area of multiple stores causing the ECSC to become less attractive to all customers, because of lack of quality, choice and variety of offer;

3.1.8 Deterioration in the built quality of the ECSC, including emergency lighting systems not working during an area electricity blackout, non-working service lifts and dirty toilets;

3.2 After Outline Planning Consent

From 19th February 2004 (the granting of outline planning consent by Southwark Council) until the present, the traders at the ECSC have continued to suffer from adverse effects of many of the points above but have also suffered from the impact of the following:

3.2.1 Phasing of the regeneration was unfavourable to the demise of the small businesses in the ECSC by not electing to go for early demolition (say 2007) rather than the planned date of 2010 and adopting a regeneration master plan that could be considered as much as a transport and infrastructure plan to better facilitate the building of new road and tram lines;

3.2.2 Decanting of Hannibal House by the NHS and loss of scarce high quality local jobs in an area of high local unemployment;

3.2.3 Substantial increase in car parking charges at the ECSC that have discouraged regular customers and the gaining of new customers;

3.2.4 The ECSC landlord's management approach to the property has been more from a view to development gain rather than as long term ongoing commercial letting situation that would tend to make the landlords more supportive of helping tenants

3.2.5 Further decanting of the Heygate and loss of potential customers prior to demolition;

3.2.6 Further loss of independent retail units in the ECSC tending to make the ECSC less of an attractive place to shop at;

3.2.7 Decanting, boarding-up and demolition on the Volvo site (from September 2006) causing a loss of some 40 jobs and loss of potential trade to the ECSC as the site was the only location South of the Thames in Central London to get Volvo services and now customers have go North of the Thames;

3.2.8 Decanting, boarding up and demolition of Multiplex site that was starting October 2006 making the area immediately facing the western side of the ECSC

completely dead and causing the loss of around 80 jobs, through the closure of several businesses;

3.2.9 Decanting and demolition of Shell site -Walworth Road from September 2006 and creating a further dead trading zone on the approach to the ECSC and the loss of about 30 jobs through the closure of two businesses ;

3.2.10 Rising rents and service charges in the ECSC, despite either falling or stagnating sales of small businesses;

3.2.11 Inequality of representation in negotiating new leases and levels of service charge by the small businesses, when dealing with the large property developing landlord. Some small businesses at the ECSC have been offered new leases without existing protection from the Landlord and Tenant Act 1954 and many have suffered increased rents whilst multiples in the ECSC have either have their rents held, or have been reduced.

3.2.12 Local trade promotion activities carried out without the agreement of the small businesses for which they are forced to pay for from their service charges, are ineffective, given the scale of the problem they are trying to address.

3.2.13 Large hoarding spaces left empty on the outside of the ECSC for nearly two years despite the ECSC being repainted and therefore seriously detracting from its appearance at a time when the small businesses seriously needed to attract new customers and retain existing customers.

3.2.14 Policy uncertainties about the timing and nature of the regeneration as a whole including related road, rail and tram infrastructure changes and its impact on the small businesses has undermined the future development of the small businesses themselves and discouraged investment.

3.2.15 Lack of involvement of the ECSC small businesses in the long term regeneration of the Elephant and Castle with parties involved in the commercial development being prevented from talking to the traders and their representatives.

3.2.16 Pressure on ECSC small businesses from banks to increase security for overdraft facilities and reduced credit facilities from suppliers.

3.3 Recent and Future Developments

3.3.1 The release by Southwark Council of an independent London South Bank University impact assessment study published in October 2006 concluding that “ the programme for the demolition of the shopping centre will destroy the local retail base at the Elephant and Castle , albeit to replace it with something better over time. This means that, effectively, traders will be closing down or re-locating to another area to start again with the possibility of facing increased competition from already well-established businesses and, potentially out of reach of current customers”

3.3.2 Adverse effects of regeneration for the small businesses in the ECSC are likely to continue until planned decanting in June 2009. The adverse effects are likely to combine and accelerate the trade impact on small businesses during this period. The Elephant & Castle is likely to become a less attractive place for existing and potential customers to visit because of the sheer scale of the demolition and destruction that will significantly further blight the area:

3.3.2.1 Construction on the Volvo site of new high rise high density, mixed use development and related infrastructure access tunnels from the adjoining Heygate Estate children's play area.

3.3.2.2 Demolition of existing building and construction new high rise, high density mixed use development on the Multiplex site.

3.3.2.3 Demolition of the Heygate Estate and the construction of new high rise, high density mixed used developments.

3.3.2.4 Substantial road works in the Walworth Road starting from February 2007 for 42 weeks to widen pedestrian footpaths on parts of the eastern and western sides of the road to create one single lane in each direction. The road works have created considerable traffic flow disruptions for the Elephant and Castle and are likely to co-incide with the Southern Roundabout road works (see below) to make the Walworth Road a major traffic bottleneck both during and after the road works and lead to the Elephant and Castle area becoming an area to be avoided by most travellers until the potential tram and underground links are put in place. After the road works are completed, the permanent existing speed limit will be reduced from 30 mph to 20 mph.

3.3.2.5 The imminent removal of the Southern Roundabout and replacing it with a T junction. This work is due to start in Spring 2007 and this is likely to have a very significant effect on increasing traffic congestion at the Elephant & Castle as the Southern Roundabout is on the main southerly route that by passes the Congestion Charge zone. This is coming at a time when the congestion in the Congestion Charge zone appears to be increasing despite TFL recently upwardly revising charges by 60%.

3.3.2.6 Work by Network Rail on improving the Elephant & Castle station will have a substantially disruptive effect on the ECSC if it takes place prior to decanting.

3.3.2.7 The planned Cross River Tram will be a major cause of road disruption in the immediate area and a much wider area for at least two years, irrespective of when it takes place.

3.4 Delays in Appointing Commercial Developer

Continuing delays by Southwark Council announcing the chosen commercial developer for the Elephant & Castle with recently revised deadlines of 31st May 2007 not kept to. This slippage is helping to prolong the uncertainty faced by the traders .

3.5 Trading Prospect Worsen

Trading conditions are now becoming untenable for many traders and there is an urgent need assistance programme to either allow individual traders to continue in business, relocate their businesses or extinguish their business, as a key issue in its own right, irrespective of the planning and redevelopment agenda to be set by the development partners.