

Item No. 2	Classification: Open	Date: 20 th April 09	MEETING NAME Overview & Scrutiny
Report title:		Elephant and Castle Update	
Ward(s) or groups affected:		Cathedral, Chaucer, East Walworth and Newington	
From:		Strategic Director of Regeneration	

A. Background

1. Overview and Scrutiny Committee considered the Elephant & castle project at it's November 2008 meeting and agreed the following;
 - a. That a detailed update on financing of the contract be provided to the committee nearer to the time of contract signing.
 - b. That a detailed update on the position in respect of the early housing sites be provided to a future meeting.
 - c. That members be provided with further information in respect of the split between social renting and shared ownership, particularly in terms of whether this would be applied to future developments.
2. The report below provides an update on the project and seeks to address the issues raised at the November 2008 meeting.

B. Lend Lease.

3. At the beginning of April Lend Lease passed the updated financial model to the council. Council officers and their professional team are now engaged in a due diligence exercise to understand the commercial assumptions underpinning the model and to compare it with the July 2007 BAFO Submission. This process will take around a month to complete, and therefore it will not be until the end of April before Southwark can begin to respond to the proposals It should be emphasised at this stage that the proposal has been presented to Southwark as one option and that there is an opportunity for Southwark to work with Lend Lease to test other commercial approaches. Both Parties remain committed to completing revised heads of terms before the July 1st deadline, which marks the expiry of the exclusivity agreement.

C. Transport for London

- i. Southern Roundabout.
4. Agreement has now been reached on a scheme to remove the southern gyratory and subways. A press release confirming the project is to go ahead was issued on the 23rd March following a meeting with the Mayor of London. The scheme takes the form of a signalised T-junction with surface crossings via islands [with no guard-rails] for pedestrians. The proposal removes the subways, narrows the carriageway, increases the amount of public realm and therefore meets Southwark's objectives for the first phase of highway

improvements at the Elephant and Castle. TfL officers expect the scheme to commence on site around the beginning of 2010.

5. In parallel with this Brookfield (developer of Strata Tower) are carrying out public realm enhancement works in area in the immediate vicinity of their building including Draper House and Sherston Court. These works, which are programmed to commence during April are required as part of the Strata Section 106 agreement and will maintain the high quality public realm established through the St Mary's churchyard project.

ii Interchange Feasibility Study

6. TfL have provided an initial cost estimate for the works required to mitigate the impacts of the redevelopment of the central area of the Elephant and Castle on the northern line station and the highway network at the Elephant and Castle. The total package has initially been estimated at £240M (£160M for Northern Line station enhancements and £80M for the cost of highways options). It should be noted that these figures include 65% contingency and optimism bias in line with Treasury Green Book appraisal guidelines. It should also be further noted that this does not include for the costs of enhancement of the over-ground station or its environs or the opening of the viaduct arches to pedestrian movement in line with the councils adopted Supplementary Planning guidance for the area or the costs of service diversions associated with these options.
7. The TfL programme between now and the end of the Southwark/Lend Lease exclusivity period 1st July] is to concentrate on the following;

A

Highways.

- i. TfL will provide details of a least cost transport option which in their view would mitigate the impact of the development and satisfy the minimum pedestrian movement and permeability objectives for the core area. This is likely to take a similar approach to the scheme which has been agreed for the southern roundabout and involve the removal of as many of the subways as is practical given highway capacity constraints.
- ii. In terms of the longer term options for the highway network TfL will undertake strategic traffic modelling which will provide an indicative spatial impact of the options and identify any junction 'hotspots', and constraints.

Northern Line.

- i. TfL will provide the recommended option for the LUL Northern line station upgrade with capital cost estimates to RIBA Stage B. TfL have also undertaken to release copies of the Faber Maunsell feasibility study which has been used as the basis of TfL's capacity constraint and mitigation cost claims.

Network Rail

- i. TfL will ensure that Network Rail are fully engaged with the council/Lend Lease in the preparation of indicative scheme concepts and cost for replacing the existing station access.

8. In all cases TfL will provide further cost details. TfL highway and public transport studies will continue after the July 1st deadline however both lend Lease and officers consider the information summarised above will provide a sufficient level of detail for discussions concerning the financial model and contract.

D. Elephant & Castle Housing Sites:

9. In December 2008 London and Quadrant were granted planning consents for the Brandon Street, Townsend Street, Prospect House, New Kent Road, and Library Street in December subject to completion of s106 agreements which were subsequently signed in early January 2009. Wandle were granted consent for the redevelopment of Newington South in June 2008 subject to a s106 agreement which is now expected to be signed during May.
10. The information in the tables below compares the unit mix as of December 2008 with the position following recent negotiations with the Homes and Communities Agency [HCA]. Please note however that the Newington south scheme which is being developed by Wandle is still being finalised by the HCA and therefore the final scheme mix may be subject to some further variation.
11. The social units for rent represent around 100 additional properties when compared with the position at the point planning consents were granted in December 08.
12. The Library Street development is unlikely to commence before the summer due to the need to relocate the NHO and rehouse remaining three residents in the prefab units.

Position at Planning December 2008

	Total units	Social Rent	Shared Ownership	For Sale
St Georges Road	15	7		8
Brandon St	18	9		9
Townsend St	37	13		24
New Kent Road	52	18		34
Library St	40	16		24
Newington Sth	113	39	8	66
	275	102	8	165

Position as of March 23rd 2009 following discussions with HCA.

	Total units	Social Rent	Intermediate rent	Estimated Start on site
St Georges Road	15	15	-	April 09
Brandon St	18	18	-	Summer 09
Townsend St	37	37	-	April 09
New Kent Road	52	18	34	April 09
Library St	40	16	24	Summer 09
Newington Sth	113	96	17	July 09
	275	200	75	

Future programme

13. The viability of remaining schemes in the programme has been adversely affected by the downturn in the economy. However discussions with the HCA regarding grant for schemes has been positive and further planning applications are expected for the following sites listed below before the end of the year. Subject to planning consent and confirmation of HCA funding, schemes can be expected to commence on site in late 2009/early 2010. It is likely that the tenure of these schemes will be 100% affordable comprising 75% social rent and 25% intermediate rent.
14. Subject to planning and confirmation of HCA grant it is now anticipated that the programme will generate around 600 homes of which approximately 450 units will be social rented units. The market lead business model which drove the initial contractual arrangements with the Housing Associations would have delivered around 390 affordable units for rent. The current programme which relies upon HCA funding to achieve viability is likely to significantly improve upon this total.
15. As of March 2009 270 Heygate tenants had completed the right to return forms and therefore this need can be met from the schemes.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Elephant & Castle Supplementary Planning Guidance and Southwark Plan.	Coburg House 63-67 Newington Causeway SE1	Matt Rees 0207-525-4926
Various planning applications referred too in the report can be viewed at	http://planningonline.southwarksites.com/planningonline2/	

AUDIT TRAIL

Lead Officer	<i>Stephen McDonald –Strategic Director of major projects</i>	
Report Author	<i>Jon Abbott –Elephant & Castle project Director</i>	
Version	<i>Final</i>	
Dated		
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
<i>Officer Title</i>	Comments Sought	Comments included
Strategic Director of Law & Democratic Services	No	
Strategic Director of Finance	No	

Executive Member	Yes	yes
Date final report sent to Constitutional/Community Council/Scrutiny Team		7 th April 2009