

Item No. 10.	Classification: Open	Date: 19 November 2013	Meeting Name: Cabinet
Report title:		Harmsworth Quays Cooperation Agreement	
Ward:		Surrey Quays	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

The development of Harmsworth Quays, a large brown field site in the centre of Rotherhithe, is a fantastic opportunity for the area. I am recommending that as freeholder of the majority of the site we enter into a cooperation agreement to work with British Land, who acquired land interests from Associated Newspapers, and Kings College London. After entering into this agreement we will work together to develop and consult on a masterplan for the area.

The site has the potential to be home to a new university campus which would bring a new vitality to the area, particularly on weekdays, which will support the viability of the town centre and the changes we would like to see such as a better variety and quality of shopping and leisure provision. A university development would also bring jobs to the area and be car free – particularly important given traffic problems inherent to the peninsular.

There will undoubtedly also be residential development on the site and it is our expectation that this will include hundreds of new council homes as part of our pledge to deliver 11,000 new council homes.

RECOMMENDATIONS

That the cabinet:

1. Approves that the director of regeneration and director of legal services be instructed to complete the Harmsworth Quays Cooperation Agreement consistent with the principles document set out in Appendix 1 of this report.
2. Confirms its support to the objective of Kings College establishing a new major campus at Harmsworth Quays, to include significant elements of teaching, research and administrative facilities, and to that end instructs officers to support Kings in their viability and feasibility testing.
3. Notes the findings of the emerging review of the Canada Water Area Action Plan and instructs officers to ensure any redevelopment of Harmsworth Quays includes a mix of uses and maximises the amount of employment generating uses.

BACKGROUND INFORMATION

4. For more than ten years the council has been promoting the regeneration of the Canada Water area in Rotherhithe. This has been a great success and there is now considerable investor and developer interest. This report outlines progress to bring forward the site of the former print works at Harmsworth Quays (HQ) for redevelopment.
5. The site was formally operated by Associated Newspapers Ltd (ANL) and the plan at Appendix 2 shows the occupational titles. Until recently plots 1 and 4 were owned freehold by ANL, the rest of the site being the council's freehold and occupied by ANL under a number of leases. The council owns the freehold of approximately 85% of the site.
6. In August 2011 ANL announced their intention to relocate their print operation to a site in Essex. It was subsequently agreed with the Planning Inspector that the change of status of such an important site justified a review of the Canada Water Area Action Plan (CWAAP); the principle planning policy document for the regeneration area.
7. That process began in the summer of 2012 and will run until the middle of 2014. It has included extensive public consultation from which it is clear local people support HQ being used for employment generating uses. There is also concern at the potential scale of residential development in the area and the ability of local infrastructure to cope with large numbers of new homes and the traffic that would generate.
8. The emerging plan confirms the council's vision for the area as set out in the previously adopted CWAAP and anticipates HQ being developed for a mix of uses. The emerging plan also lists employment generating uses as a required use for the site.
9. During early 2012 Kings College emerged as a potential occupier and investor in Canada Water. Initially looking to build student accommodation on the Mulberry Business Park, Kings quickly identified the unique opportunity Canada Water afforded it to create a new major campus for the University. This idea has been explored as part of the review of the CWAAP and Kings has also undertaken a number of public consultation events where its proposal has in general been well received.
10. From a regeneration perspective locating a world class university such as Kings at HQ would change perceptions of the area and would likely be a catalyst for further change. There is the prospect of several hundred staff being based there with knock-on benefits for local shops and businesses. Kings staff and students would generate much needed daytime activity and support for an evening economy. A university also has the benefit of generating considerably less traffic than many other forms of development.
11. In late spring 2013 ANL put their land interests in HQ on the market. The council was interested in acquiring the site but its offer was not accepted and in August 2012 ANL applied to the council to assign its leases to British Land (BL). The application did not include sufficient details on BL's intentions for the site for the council to be able to agree the assignment.
12. A second assignment request made in December 2012 led to a detailed

exchange between the council, ANL and BL. During this process the council was supplied with extensive information and supporting statements from BL on their intentions for the site; in particular that they support the principle of creating a new campus for Kings. On this basis, and having first taken advice from external legal specialists and leading counsel, in March 2013 the council agreed to the request to assign to BL.

13. Since then the council has been working with BL and Kings on the structure of an arrangement that will deliver the redevelopment of HQ. These tri-partite talks are predicated on delivering a new major campus for Kings at HQ. Kings now has consent for Mulberry comprising 700 student beds and 400 sq m of office space which demonstrates their commitment to investing in Canada Water and establishing an urban campus in this location.
14. The first milestone in this process is for the three parties to formally agree to co-operate together in the delivery of the redevelopment. To that end cabinet is asked to endorse the principles for a co-operation agreement between the council, Kings and BL that are set out at Appendix 1 and to instruct completion of the legal formalities.
15. The next stage in the development process will be for the parties to undertake public consultation, prepare a masterplan for the site and complete a detailed financial appraisal. If appropriate, that work will be reported back to cabinet in the first half of 2014 along with the heads of terms for a commercial agreement.

KEY ISSUES FOR CONSIDERATION

16. It is part of the normal role of the regeneration division to explore options for the redevelopment of key sites in the borough. The issue here is whether it is appropriate to do so in cooperation with BL and Kings. There are considered to be strong practical reasons for doing so.
17. BL is one of the countries largest property investment and development companies and has a significant ownership interest in HQ. They are already closely involved in the area by virtue of their ownership of the Surrey Quays shopping centre. This means BL will have to be involved in some capacity in decisions about the future of HQ and has specialist skills and experience to contribute to the feasibility testing of the site.
18. Kings has, as noted above in paragraph 13, recently secured consent for the redevelopment of the Mulberry site. This development will establish their presence in Canada Water and demonstrates a commitment to invest substantially in the location. The Mulberry scheme therefore has the potential to be a first phase of a larger urban campus.
19. Kings' campus proposal for HQ has the potential to deliver a significant number of new employment and training opportunities consistent with the emerging CWAAP proposals together with other regeneration benefits. The purpose of the Cooperation Agreement is to provide a framework to allow the parties to appraise the commercial and financial issues arising from this proposal and establish whether there is a basis for agreement on a commercial deal. It will allow officers to work with Kings to fully understand their "offer" and the scope of the regeneration benefits it can potentially generate. Officers anticipate that they will be in a position to report on the outcome of these negotiations together with proposals for a contractual structure in the first half of next year.

Policy implications

20. The most relevant policy statement for the regeneration of HQ is the adopted CWAAP. Any redevelopment proposals that emerge from feasibility work will be informed by the adopted CWAAP and the emerging reviewed CWAAP that is currently being consulted upon. They will have to comply with its specific policy statements in relation to HQ.
21. The vision in the adopted CWAAP is that Canada Water should be redeveloped along the lines of a more traditional town centre with a mix of uses and that the area should be less dominated by cars. The adopted CWAAP gives the required use for the HQ site as business use, with residential, retail, community and hotel all acceptable alternatives uses.
22. The emerging reviewed CWAAP has as required land uses for HQ a mix of employment generating uses such as: business use; retail; community and leisure, including education, higher education and health uses; and hotel. The plan also specifically states that proposals should maximise the amount of employment which can be generated. Other acceptable uses are residential and student housing.

Community impact statement

23. There are not considered to be any particular community impacts from this decision, which in essence deals with an operational issue.
24. Over the last several years there has been extensive consultation with the local community about the regeneration of the Canada Water area, which includes HQ. This has been captured in the CWAAP.
25. Any proposals for the redevelopment of HQ will have to comply with the CWAAP and as they emerge will be the subject of specific consultation.

Resource implications

26. The decision for this report is whether or not to enter into a cooperation agreement with BL and Kings to explore the redevelopment of HQ. If it is subsequently found that exploration requires the commitment of resources that will be dealt with through the council's normal decision making and budget setting processes.
27. For the immediate decision the only resource requirements are officer time for staff from the Regeneration Division and a small budget to pay legal fees to complete the co-operation agreement: The staffing commitment is considered to be part of the normal workload for Regeneration officers and will be met from existing budgets. The legal costs are estimated as being no more than £1,000 and will be met from existing Regeneration and project budgets.
28. There are not considered to be any significant legal implications arising from this matter.

Consultation

29. To date consultation has been between officers from Regeneration, Planning

and Legal Services. Future stages in the feasibility testing process will involve extensive public consultation and the involvement of a wider range of officers from around the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

30. Legal Services has to date been closely involved in the discussions and have in particular been in discussions with Kings College concerning the planning agreement for the Mulberry Business Park which is expected to be completed on 21 October and planning permission formally granted immediately thereafter.
31. As can be seen from the draft at Appendix 1, the negotiations for the Co-operation Agreement are still at a relatively formative stage. However, it is not anticipated at the current time that any of its contents are likely to contain any matters which would require sanction from cabinet in accordance with Part 3c of the constitution. Subject to progress with the discussions and negotiations, the Co-operation Agreement may lead to the wish for a closer relationship. If this is the case then there will need to be a further report to cabinet explaining the proposal and considering the powers being used at that stage.
32. For the purpose of the Co-operation Agreement, the council has the power to enter into this in accordance with section 111 of the Local Government Act 1972.

Strategic Director of Finance and Corporate Services

33. This report recommends that cabinet agree to instruct the Director of Regeneration and Head of Legal Services to complete the Harmsworth Quays Cooperation Agreement consistent with the principles document set out in Appendix 1.
34. The resource implications are contained in paragraphs 26 to 28 of this report and show there are no immediate significant financial implications arising from the adoption of the recommendations. Staff time to effect these recommendations will be contained within existing budgeted revenue resources.
35. Any specific financial implications arising from the final agreement will be included in subsequent reports for consideration and approval.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Canada Water Area Action Plan http://www.southwark.gov.uk/info/200314/canada_water		

APPENDICES

No.	Title
Appendix 1	Principles for a co-operation agreement
Appendix 2	Land at Surrey Quays

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy		
Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	James Oates, Principle Valuer		
Version	Final		
Dated	7 November 2013		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments Sought	Comments Included
	Director of Legal Services	Yes	Yes
	Strategic Director of Finance and Corporate Services	Yes	Yes
	Cabinet Member	Yes	Yes
	Date final report sent to Constitutional Team	7 November 2013	