

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 18 November 2014	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Canada Water Regeneration	
<b>Ward(s) or groups affected:</b>		Rotherhithe, Surrey Quays	
<b>Cabinet Member:</b>		Councillor Mark Williams, Regeneration, Planning and Transport	

## **FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION, PLANNING AND TRANSPORT**

I am delighted to bring this report forward for consideration. Canada Water represents an enormous opportunity for the local community and Southwark as a whole. This report clearly sets out the minimum requirements the council expects from our negotiations with British Land. This will include policy compliant affordable housing at 35% with the rented element retained by the council, and allocated in accordance with our local lettings policy adopted for our direct delivery programme. The project will therefore make a significant contribution to our target of building 11,000 new council homes. We will also secure a new leisure centre to replace the sub standard facility at Seven Islands.

The council is also committed to retaining a long term interest in the town centre and the key to this will be retaining the freehold interest and maximising returns from the development for the benefit of Southwark's residents. It is important to recognise that this will be a truly mixed use scheme with significant jobs generated for local people not only during the construction phase but also in the long term. As part of the mix of uses I welcome the opportunity to introduce a world class higher education institution and the opportunities this will bring in relation to business development, training and economic activity.

The scheme provides an opportunity to be at the vanguard of our plans for sustainable transport including cycling and pedestrian links to the rest of Southwark and beyond and a reduction in a reliance on cars.

The highest quality architecture, urban realm and energy efficiency will be at the heart of the scheme creating a world class town centre to meet the needs of our residents.

## **RECOMMENDATIONS**

1. That cabinet endorses the core priorities in paragraph 17 which are intended to set the parameters for the negotiations with British Land concerning a legal agreement for the redevelopment of Harmsworth Quay and Shopping Centre sites.
2. That cabinet authorise officers to proceed with negotiations to agree detailed terms with British Land and to report back progress regarding the agreement in Spring 2015.
3. That cabinet authorise officers to investigate the acquisition of property interests in the Canada Water Area Action Plan core area, including the use of statutory powers, which may be necessary for the delivery of a coordinated and

comprehensive redevelopment of the town centre.

## **BACKGROUND INFORMATION**

4. The council's vision in the revised Canada Water Area Action Plan [CWAAP] published in April 2014 is "to make best use of the opportunity to create a new destination around the Canada Water [CW] basin which combines shopping, civic, education, and leisure, business and residential uses to create a new heart for Rotherhithe".
5. Within the context of the emerging revised CWAAP the cabinet in November 2013 considered a report concerning a co-operation agreement with British Land [BL] and King's College London [KCL] in respect of the future development of the Harmsworth Quay's site [marked site I on the plan in Appendix 1] . As noted in that report the council owns the freehold of approximately 85% of the site which was occupied under various leases by Associated Newspapers Ltd [ANL]. The freeholds of remaining plots were owned by ANL. The context for the report was twofold:
  - a. The decision by ANL to relocate their print operation to a site in Essex which led to the company's subsequent decision in late spring 2013 to put their land interests in HQ on the market. This process resulted in ANL applying during 2012 to the council to assign it's leases to BL and in March 2013 the council agreed this request; and secondly
  - b. That KCL had emerged as a potential occupier and investor in CW. It was noted that initially KCL was looking to build student accommodation on the former Mulberry Business park site but that this had the potential to be the first phase of a larger scheme to create a major campus comprising teaching, research and administrative facilities for the University which could be a catalyst for changing perceptions of the area and attracting further investment.
6. Having considered the report cabinet agreed the following:
  - a. Instructed officers to complete the Harmsworth Quay's co-operation agreement with BL and KCL.
  - b. Confirmed its support to the objective of KCL establishing new major campus at Harmsworth Quay's to include significant elements of teaching, research and administrative facilities.
  - c. Notes the findings of the emerging CWAAP and instructs officers to ensure any redevelopment of HQ includes a mix of uses and maximises the amount of employment generating uses.

## **Progress**

7. In the period since the November 2013 cabinet report there have been a number of significant planning decisions which have brought further investment to CW and contributed towards the development of the council's vision for the area. These are summarised below;
  - a. Site H [a.k.a Mulberry Business Park – see Plan Appendix 1] Kings College secured planning consent for buildings of between 4 and 9 storeys comprising 770 student bedrooms ,33 affordable residential units,

Classes A1, A2,A3 retail floorspace; health centre (Class D1); associated car parking, cycle parking and landscaped public realm. This project is now on site.

- b. Sites C&E [a.k.a. Decathlon – see Plan Appendix 1] Planning consent granted in 2013 for the erection of 5 buildings ranging from 5 to 40 storey's for up to a maximum of 1,030 residential units, Classes A1/A2/A3/A4 retail floorspace; office floorspace (Class B1), health centre floorspace (Class D1), cinema floorspace (Class D2); and ancillary parking spaces.
  - c. Site M Quebec Way [see Plan Appendix 1]. This scheme which has planning consent for 366 residential units is now being implemented by L&Q.
8. In January 2014 the GLA published its further alterations to the London Plan which identified Canada Water as one of three new opportunity areas with the capacity for up to 3,500 new homes and 2,000 jobs. This is a significant development in itself which demonstrates CW importance as a location for new homes and jobs and enhanced position in the Mayor's planning and investment priorities for the capital.
  9. There has also been progress towards meeting demand for new school places in the peninsular. Redriff Primary School is to expand from 2 to 4 forms of entry, and Albion Primary School from 1 to 2 forms of entry. In addition Galleywell School is coming on stream in conjunction with the City of London. This increase in capacity is capable of meeting immediate demand for primary pupil places although the position will continue to be monitored. In terms of secondary provision a new Compass free school is proposed for Bermondsey and the council is in discussion with other secondary providers regarding options for expansion.
  10. In order to help facilitate the development of a University campus the council has provided support to KCL in making a finding bid to bring other facilities to CW. KCL has bid to the Treasury for up to £10m to support the development of the Centre for Urban Science and Progress [CUSP]. CUSP London would be a research establishment for the creation, development and testing of new sustainable systems for urban areas. If the bid is successful KCL would be seeking to commence development of the 4,000 sq.m building during 2016.
  11. In October the hearing to consider the revised CWAAP took place and the Inspector's preliminary report was sent to the council on 24 October. The Inspector has requested additional information and has signaled he is likely to ask for some small modifications to the Plan. We remain on course for adoption of the revised AAP in spring 2015.
  12. The most significant development however has been BL's recent announcement of their intention to bring forward plans for the redevelopment of the shopping centre site [sites G and F on plan Appendix 1] as well as HQ. The council owns the freehold of this entire site, which is the subject of a Head Lease to BL.
  13. BL has subsequently carried out public consultation on their strategy for the CW sites and their Interim Consultation Report with a summary of the findings is attached as Appendix B.

14. It is clear the regeneration of CW is at an exciting stage with the potential to create a fully integrated mix of uses that is unique in scale and vision. The council's ambition is to see the delivery of a new shopping destination, leisure facilities, a major campus for KCL, significant numbers of jobs and a full range of new homes, including council housing. We will also investigate how the redevelopment can address identified gaps in community infrastructure such as public schools and health facilities.
15. Our ambition for CW will only succeed if the regeneration benefits all sections of the existing population as well as newcomers. We will work with local stakeholders on ways to spread the benefits of investment around the whole area, in particular looking at the relationship with traders on Lower Road. Essential feasibility work will include further detailed examination of transport issues; we will look at improvements to the Lower Road gyratory system and at creating a new entrance to Surrey Quays station from the northeast side of Lower Road. For new council homes we will look to duplicate the direct delivery programme in terms of lettings policy.

#### **KEY ISSUES FOR CONSIDERATION**

16. The recent announcement by the BL board is to be welcomed as it provides an opportunity to coordinate the comprehensive redevelopment of CW and deliver the council's vision for a mixed use destination. As a consequence of this announcement, work looking at the contractual arrangements for the HQ site in isolation has been ended. There is now a need to consider how existing leases at both HQ and the shopping centre site should be restructured to ensure the council's objectives for the regeneration of CW are delivered.
17. There are a number of legal and contractual options available to the council ranging from corporate Joint Ventures through to more traditional landlord and tenant arrangements. The choice of approach will be informed by the council's objectives. The core priorities are set out below:
  - i. Maintain freehold ownership of both HQ [marked site I on plan Appendix 2] and shopping centre sites [marked G & F on plan Appendix 2].
  - ii. Put in place a commercial structure which will ensure that the council receives a long term income stream and enables it to benefit from increased land and property prices in the area and profit generated through development.
  - iii. A scheme which will deliver 35% affordable housing [as a percentage of general needs housing] split 70/30 rent/shared ownership. The council will retain the rented element as council housing.
  - iv. The council will require a site in its ownership for a new public leisure centre. The specification for the facility is to include a swimming pool, 4 court sports hall, crèche, gym and cycle spinning room.
  - v. The mix of uses developed across the combined holdings should include an education hub providing significant new space for teaching, academic and research facilities. In this respect the council reconfirms its decision of November 2013 to the objective of KCL establishing a new major campus at

Harmsworth Quay's to include significant elements of teaching, research and administrative facilities.

- vi. Subject to school pupil projections space may also be required for new schools.
  - vii. The mix of uses should be capable of supporting significant new jobs, training and business start up opportunities.
  - viii. Reconsider the impact of the proposed development on Lower Road by updating the multi modal transport model.
  - ix. Support the potential for a pedestrian/cycling link to Canary Wharf and a link west to integrate with Southwark's wider cycling network.
  - x. The development must maximise training and employment opportunities for local people.
18. Cabinet are asked to endorse these fundamental priorities which will set the parameters for the forthcoming negotiations with BL.
19. Cabinet are further asked to authorise officers to proceed with negotiations to agree detailed terms with BL and to report back on Heads of Terms for the structure of the agreement in the New Year.
20. The regeneration of CW is a unique opportunity to masterplan and deliver the complete remodeling of a large urban town centre. This is a once in a generation event and if the council's ambition vision is to be fully realised, it may be necessary to include additional land not currently in council ownership. In this context, there are considered to be real benefits of including the Mast Leisure Site in a comprehensive treatment of the town centre, but there may be other sites as well.
21. The delivery of the council's vision for CW may require the acquisition of other land within the AAP core area. Cabinet are therefore asked to note that officers will investigate the benefit of acquiring additional land, including the use of statutory powers, and will report back with specific proposals.

### **Development Programme**

22. BL are in the process of agreeing a planning performance agreement which will establish a programme and resources for the submission of a planning application. The application is likely to be in the form of an outline application across the two sites with a detailed phase 1 application on plots around the Canada Water basin itself. The scale of the application will require a full EIA.
23. While there will be extensive public engagement on the application in the forthcoming months the actual formal applications will not be submitted until July 2015 at the earliest.

### **Community impact statement**

24. BL are in the process of agreeing a planning performance agreement which will establish a programme and resources for the submission of a planning

application. The application is likely to be in the form of an outline application across the two sites with a detailed phase 1 application on plots around the Canada Water basin itself. The scale of the application will require a full EIA.

25. While there will be extensive public engagement on the application in the forthcoming months the actual formal applications will not be submitted until July 2015 at the earliest.

### Resource implications

26. This report is concerned with the principles for the negotiations with BL and therefore there are no direct resource implications at this time. A more detailed assessment of the resource implications arising from the emerging commercial structure for the CW regeneration will form part of report to cabinet in Spring 2015 following negotiations with BL .

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

#### Director of Legal Services

27. There are no legal issues arising at the present time from the matters raised in the report.

#### Strategic Director of Finance and Corporate Services

28. The strategic director of finance and corporate services notes the recommendations in this report in regards to negotiations with British Land concerning a legal agreement for the redevelopment of Harmsworth Quay and Shopping Centre sites.
29. The report identifies that at present there are no direct resource implications arising from these decisions, and that a more detailed assessment of the resource implications will form part of a report to cabinet in Spring 2015.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Revised Canada Water Area Action Plan [CWAAP] published in April 2014	160 Tooley Street, London SE1 2QH	Jon Abbot 020 7525 4902
<b>Link:</b> <a href="http://www.southwark.gov.uk/downloads/download/3015/canada_water_aap_adoption">http://www.southwark.gov.uk/downloads/download/3015/canada_water_aap_adoption</a>		

### APPENDICES

No.	Title
Appendix 1	Plan of sites
Appendix 2	Interim Consultation Report

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Mark Williams Regeneration, Planning and Transport	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Jon Abbott Head of Regeneration North	
<b>Version</b>	Final	
<b>Dated</b>	6 November 2014	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	6 November 2014	