

Item No. 18.	Classification: Open	Date: 20 October 2015	Meeting Name: Cabinet
Report title:		Elephant and Castle Place-Making: The Next Step	
Ward:		Cathedrals and East Walworth	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

As the regeneration of the Elephant and Castle progresses we are now seeing real benefits being delivered for Southwark’s residents. The first new homes on the former Heygate Estate, now Elephant Park, are complete, the new leisure centre is nearly ready and will open soon, and significant improvement works are now underway to the northern roundabout which will create a new square for London. So far we have delivered or consented 4,776 new homes in the area, a total net increase of 3,564 homes, which includes 1,481 affordable homes. We also know that as the regeneration gathers momentum more developments will come forward, which will deliver even more jobs and affordable homes for Southwark’s residents.

A key part of the regeneration of the Elephant and Castle is the shopping centre that sits at the heart of the area. This was opened in 1965 and was the first covered shopping mall in Europe, however it is clear that the shopping centre needs to be redeveloped to meet our residents’ needs for more homes, an increase in the number of shops, cultural uses, a new expanded home for the London College of Communication, and a new Northern Line station that will have escalators to replace the notorious lifts that are currently in place.

Delancey, who own the shopping centre, are currently consulting with local residents on their plans for the centre and the current LCC site. To enable this development, and the benefits it will bring for our residents, to happen we may be asked to make a compulsory purchase order. The shopping centre and surrounding area is home to a wide range of ethnic minority businesses, and we need to ensure that any impact on these businesses and communities is fully understood before a CPO could even be considered. Therefore this report recommends that the council undertake a full equalities impact assessment to guide us on our Public Sector Equalities Duty should we seek to make a CPO, and that this will inform a full mitigation strategy should a CPO be taken forward.

We are proud of our borough’s rich diversity, and also our history of welcoming people from around the world who make Southwark their home and contribute to the success of our area. Conducting an EqlA at this very early stage will mean we will be in a stronger position to help meet the need of our diverse communities, and help make the regeneration of the Elephant and Castle a success for all.

RECOMMENDATIONS

That Cabinet notes:

1. That it may in the future be asked to resolve to make a compulsory purchase order to enable the regeneration of Elephant and Castle Shopping Centre to proceed.

That Cabinet agrees:

2. An Equalities Impact Assessment be commissioned to guide it on its Public Sector Equities Duty in the event it is asked to make the resolution referred to above.

BACKGROUND INFORMATION

3. It has been a long standing council policy for the Elephant and Castle area (as defined in the Elephant and Castle Opportunity Area Supplementary Planning Document (E&CSPD) that was adopted in March 2012 to undergo a comprehensive regeneration to provide a high quality mixed use sustainable neighbourhood that integrates with the surrounding area. The E&CSPD sets out the council's vision for the Opportunity Area as an attractive central London destination with excellent shopping ,leisure facilities and cultural activities based around a highly integrated and efficient public transport hub. It provides a target for 4,000 (net) new homes [including a minimum of 1,400 affordable ones] and 5,000 new jobs over the period 2011-26. It also has the vision that the University of Arts London (UAL) will develop further as an important centre of learning. This policy came about as a result of the area not meeting its potential in terms of building quality, land use, social cohesion, infrastructure and customer (resident, employee or passer-through) experience.
4. To bring about such a transformation the council has worked with a number of partners and promoted and brought together a number of individual projects. The most significant has been in respect of the former Heygate Estate where it procured a partner (Lend Lease) and entered into a Regeneration Agreement to take forward the redevelopment of a site of around 6½ hectares.

TAKING STOCK

5. It is now an appropriate time to take stock of what the Project has achieved in place-making terms. A thematic approach is taken.

Housing

6. It has always been recognised that a vital part of the Project is to provide additional and better quality housing for the area.
7. Appendix One to this Report sets out details of the housing schemes that have taken place or have been consented to so far as a result of the Project. As stated in paragraph 3 there is a net target of 4,000 new homes for the Project for the period 2011-2026 many of the schemes listed in that Appendix will contribute towards this target when they completed. Other significant schemes are in the pipeline that will contribute towards this objective include the remaining phases of Elephant Park, site of the former Manor Place depot and the Borough Triangle (Peabody Housing Association site at Borough Road/Newington Causeway). The headlines figures to date are:

4,776 new homes
1,212 homes lost

3,564 net gain of homes in a context of demand/need for homes in Southwark and London exceeding supply

8. The homes lost are as a consequence of the demolition of the Heygate Estate. 1,023 dwellings on the Estate were for letting on secure Council tenancies and 189 had been sold on long leases. To mitigate the loss of homes for social rent, 335 replacement homes have been built on sites outside the former estate as part of the replacement programme. The final 84 units at Stead Street are in the process of construction. A total 1,481 affordable units have either been built or are under construction or have consent on sites across the Opportunity Area. Of these, 747 are for rent of which the vast majority (691) are social rent. The 56 affordable rent units are charged at 50% of market rent and not the full 80% which is potentially allowable. As advised earlier, there are other significant sites coming forward including subsequent phases of Elephant Park that will generate affordable homes including for social rent.
9. The council has recently agreed to extend the right to return policy for qualifying former Heygate residents to all remaining phases of Elephant Park. This decision confirms the council's original commitment to provide former tenants who have requested it with an opportunity to return to the regeneration area. Homes provided as part of the schemes are of high quality thus fulfilling one of the reasons for the regeneration. This can be clearly seen at Appendix Two.
10. The new housing provided and consented to, has radically altered the perception of the Elephant and Castle both in the minds of the public of London and in the business community. This change in perception has resulted in confidence in the area that will maintain the momentum of transformation.

Transport

11. The southern roundabout has been removed and work is ongoing to remove the northern roundabout and realign that road junction. This work will make the area safer and more amenable to pedestrians, improve safety for cyclists and enhance traffic flow. The works should also give rise to better visual amenity thus defeating the former perception of the area between the roundabouts as being impenetrable other than for road users.
12. It is planned to enhance the underground station for the Northern Line to enable it accommodate additional usage, replacing the lifts with escalators. Paragraph 50 elaborates.
13. The estimated cost of these transport improvements is in the region of £150million and as previously reported, will be met by contributions from TfL, the owner of the Shopping Centre, the GLA and the council through the use of contributions from payments made pursuant to s106 of the Town and Country Planning Act 1990 and the Community Infrastructure Levy.

Public Realm

14. The redevelopment of the Heygate Estate will include Lend Lease providing a brand new park; Elephant Park extending to at least 0.8 hectares (2 acres).
15. The Council has approved £6million to enhance open spaces at Pullens Gardens, Victory Square, Dickens Square, Nursery Row Park, Newington Gardens and St Mary's Churchyard (first phase of which has been completed).

16. In addition to providing the new park referred to at paragraph 14, Lend Lease is in the process of planting 1,200 new trees within a kilometre of the former Heygate Estate. As well as improving visual amenity, this should assist in improving the air quality in and around the locality. In this connection, Lend Lease has received funding from the GLA to carry out a joint study with Kings College to audit the air quality in the area ahead of adopting further measures to assist with its improvement.

Leisure

17. The new leisure centre will be completed before the end of this year and will provide the locality with a state of the art facility. This will provide a six lane twenty-five metre pool and gymnasium facilities including 150 fitness machines.
18. S106 contributions have been utilised to enable the London South Bank University Sports Hall to be used at times by local residents.
19. The new leisure centre and availability of the University Sports Hall together with policy initiatives such as *Free Swim and Gym* will encourage local residents to participate in fitness activities and consequently the health benefits that arise as a result.
20. Southwark Playhouse has temporarily relocated from London Bridge to Newington Causeway whilst its new home at the 360 Tower (former London Park Hotel) is under construction.

Civic

21. Following the fire at the former Walworth Town Hall, Cabinet approved a vision for its refurbishment as a new civic centre that will offer local people space and support to grow and play a key role in the improvements that are being delivered at the Elephant and Castle. Work is underway to develop this vision.
22. The fire mentioned above caused the closure of the Newington Library as a result of water damage. To maintain continuity of service a temporary library has been provided as part of the Artworks Project at the corner of Elephant Road and Walworth Road. The Library will ultimately be accommodated in the refurbished Town Hall.
23. The Cuming Museum suffered a similar fate to the Newington Library and had to close. It will be reprovided in the new civic centre.
24. Paragraph 11 advises of work to remove the northern roundabout this will open an area of land that will ultimately be available for a public civic space.

Employment

25. The construction and infrastructure projects that have already been completed and the ones that are in progress have created thousands of construction jobs. The challenge has been for local people to take advantage of these employment opportunities. In order to maximise opportunities for local residents, the council's partner Lend Lease is working with specialist employment agency Southwark Works to deliver a set of employment targets set out in the signed section 106 planning agreement. Currently, 433 Southwark residents have found work

through this initiative of which 179 were previously unemployed. All employed in this manner are paid at least the London Living Wage. The 322 residents employed, is likely to be a significant under-estimate because they will be many other residents employed either directly or indirectly without using the service of *Southwark Works*.

26. The experience at the Elephant and Castle has highlighted the lack of formal construction training available in the Borough. The construction projects in the area have enabled employees to obtain invaluable on the job training but for formal instruction and learning they have found it necessary to travel outside of the Borough. This is being addressed. A construction learning centre is to open next year. This will initially be situated on the former Heygate Estate in a Council building of modular construction. When its site is due for redevelopment, it is intended to relocate the Centre to the Aylesbury Estate. This learning provision will make it easier for Southwark residents to access the formal training needed to obtain secure construction employment. Funding has been approved through the New Homes Bonus.
27. The Artworks is a new creative business start-up facility formed by shipping containers on three floors. It is a temporary use of part of the former Heygate Estate pending redevelopment. The facility provides serviced, secure accommodation and is available for new businesses on flexible terms. It is proving to be popular with a variety of uses that add to the vitality and optimism of the area.
28. When the former Heygate Estate redevelopment is completed it will give rise to many jobs (estimated at around 1,000) in retail and building/open space maintenance/management.

Community

29. The Elephant & Castle Community Fund was set up in 2012 *to build on the strengths of local people and celebrate the rich cultural diversity of the area*. So far, the Fund has awarded a total of £125,000 in grants to 19 community projects and organisations and has supported more than 18,000 people, with the help of over 1,000 volunteers. This year the council and Lend Lease have each donated £25,000 to the Fund.
30. The council has also provided funds from its High Street challenge programme to help support the Latin American community. Over the last two years the council has provide £40,000 towards *Plaza Latina* which was a successful Latin American inspired festival for the whole family held in Nursery Row Park over three weekends in August and managed by local arts organisation Carnival Del Pueblo. A further £50,000 has been made available over 2 years to Peabody for a joint project with Carnival del Pueblo to run a community enterprise hub in East Street to support start up and growing businesses. This initiative has recently opened. Finally £22,000 has been awarded to Latin Elephant for a feasibility study into a 'Latin Quarter' at E&C. In addition to these initiatives the council has continued to support Elefest which is an annual community arts event that takes place each October using spaces and buildings in and around the area.
31. The council is developing a new place of worship with community meeting facilities to replace the United Reformed Church on New Kent Road. The facility

will be located on the site of the former Castle Day centre at the rear of Strata and construction is expected to commence shortly.

Retail

32. The regeneration of the former Heygate Estate will provide around 50 new retail units, 10% of which will be available to independent traders at a discounted rent. The new shopping street will connect to and complement the existing retail in Walworth Road. A retail unit has been provided in the completed Trafalgar Place phase of the redevelopment and this is available to an independent retailer at a reduced rent. Retail premises and a new market are being provided by Delancey at their current redevelopment at New Kent Road.
33. An affordable retail opportunity was recently marketed and local business *Inara* (currently trading in the shopping centre) has now opened a new unit in the podium building of Strata Tower. A new affordable retail opportunity has recently been constructed at Dashwood Studios on Walworth Road and has been marketed to traders in the Elephant and Castle. A decision is expected to be announced shortly which trader has secured this opportunity.
34. The council has worked closely with landowners and local cultural partner *Hotel Elephant* to create a new arts, technology and enterprise cluster in the Elephant and Castle. The redevelopment of 2-10 Steedman Street has provided an affordable workspace opportunity and *Hotel Elephant* will work with the University of the Arts and London Southbank University to provide new start up units for graduates and local residents. The new units are planned to open in later this year.

More to be done

35. Whilst significant progress has been made in transforming the Elephant and Castle in the past five years there is more to be done to truly make the area a different and better place as envisaged in the previously mentioned Supplementary Planning Document.
36. When most people think of the Elephant and Castle it is the shopping centre they visualise. It is a prominent landmark at a major transport hub. In place-making terms this is a key site as both a destination retail centre and as part of creating a focal (town) centre.

ELEPHANT AND CASTLE SHOPPING CENTRE

37. The Shopping Centre was constructed after the second world war following extensive bombing of the locality. The Centre was designed by Boissevain & Osmond (architects) for the Willets Group. It was considered revolutionary when it opened in 1965 as it was the first covered shopping mall in Europe.
38. As shopping habits changed following construction so did the tenants of the Centre and over the years there was a mass migration of national retailers, this in turn resulted in a less secure rental flow, more unit vacancies and less investment by the Centres owners. Today by virtue of its location, the majority of its shops are let and trading, providing a diverse range of goods and services. The offices above the Centre (Hannibal House) are occupied by way of temporary lettings.

39. The E&C SPD notes that the proportion of shops within the shopping centre that sell comparison goods (jewelry, clothing etc) is low compared with other UK town centres. Despite the location having the highest public transport accessibility rating it has a relatively small catchment area. The E&C SPD states that the main strength of the centre is “the particular concentration of Latin American businesses and independent businesses”.
40. The E&C SPD identifies a number of character areas within the Opportunity Area. The shopping centre site is located within the central area. The E&C SPD states that “this area comprises the heart of the E&C opportunity area”. It goes on to say that “the principles of the 1960’s re-planning which characterise the area have not stood the test of time. The masterplanning has resulted in an environment which is hostile to pedestrians and cyclists. Public spaces are dominated by roads. There are a lack of active frontages at ground level. The quality of the public realm is poor and there is a lack of connectivity to the adjoining neighbourhood. As a consequence there is little incentive for residents or visitors to linger”.
41. The E&C SPD also notes that whilst there are some good quality buildings (Tabernacle, Metro Central Heights, Bakerloo Underground station) that the design of other buildings such as the shopping centre is “tired and uninspiring”. The document recognises that development opportunities can be used to transform the character of the central area and improve its appeal as a shopping destination to a wider catchment area. Specific objectives are identified that can help facilitate the delivery of the vision. These include creating a new pedestrian link through the site and beneath the viaduct (to connect to the Elephant Park scheme), strengthening integration links with Walworth Road, the creation of a new civic space and public transport improvements needed to support growth within the Opportunity Area. In addition to the upgrade of the Northern Line Station, the SPD identifies opportunities to improve connections between transport modes (rail, tube, bus) as well as measures to address bus congestion around site that makes it difficult to walk along the footway.
42. As can be seen at Appendix Three, the Centre is not visually appealing; it is from a bygone era. As it stands, it is not appropriate for this landmark site in an area that is being transformed to match modern aspirations and built form.
43. The Centre is now owned by Delancey a national property asset company that is currently building out a site at New Kent Road between the Centre and Elephant Road.

GOODBYE SHOPPING CENTRE – HELLO TOWN CENTRE

44. Delancey in conjunction with APG (a Dutch pension provider and asset manager) propose to demolish the existing Centre and in its place to provide a new town centre that will provide not only modern retail accommodation but also a new campus for the London College of Communication (part of the University of the Arts London), retail accommodation and residential accommodation. This project provides an opportunity to address issues identified in the SPD and deliver specific objectives that are necessary for the delivery of the vision for the area. For example, the emerging proposals provide for works to enhance the Underground Station with the potential for better integration with the mainline railway station. The new town centre should include pedestrian linkage through to Elephant Park and to the public space to be provided on the former northern roundabout (paragraph 24 refers). The new town centre therefore has the

potential to be the linchpin of a transformed Elephant and Castle and contribute towards the successful delivery of the vision for the Opportunity Area including new homes and job targets.

45. The proposals for the town centre have been set out in the previous paragraph in broad terms. They are currently subject to stakeholder consultation ahead of detailed proposals being formulated that will ultimately be reported to the Planning Committee to seek appropriate consents.
46. Delancey has entered into an agreement with London College of Communication to include within the new town centre the College's buildings adjacent the London Metropolitan Tabernacle. It is proposed that this will be achieved by providing a new campus within the regenerated shopping centre area enabling the College to relocate there thus releasing its existing campus for regeneration. The current building locations can be seen at Appendix Four. The concept currently on offer is an exciting comprehensive development that will effectively deliver a new town centre rather than the current stand alone mall and offices.
47. The proposed new college campus will provide state of the art learning facilities for students but it will also enable the College to improve its community presence. In particular, it will enable historic collections held by the College such as the *Stanley Kubrick Archive* as well as its current work to be displayed. In addition the new campus will bring additional employment opportunities to the area.
48. As well as retail and campus premises, the intention is for the proposed regeneration to provide homes to rent, restaurant and leisure provision that will complement other new retail provision to be provided from projects at the former Heygate Estate and Delancey's adjacent scheme on New Kent Road (paragraph 30 refers).
49. A new town centre will attract additional custom from a much wider catchment area and generate extra economic activity to the locality. This will give rise to greater employment opportunities both within the town centre and in the wider Elephant and Castle area.
50. The additional activity set out above, will place more pressure on transport infrastructure particularly at the Northern Line Underground Station. This has been recognised from the time the Elephant and Castle was designated a regeneration area and Delancey as part of its proposal will incorporate a new Underground Station in the overall scheme that will make access and egress to platforms faster and more comfortable. The proposals will also link the new Centre to the Elephant and Castle mainline station more coherently than is currently the case.

The Council enabling realisation of the vision

51. In order to deliver the regeneration, Delancey will require vacant possession. The existing Shopping Centre is subject to many leases granted to occupiers. As a result of the long standing expectation that the Centre will be redeveloped, the majority of these leases can be terminated quickly by Delancey on giving contractual notice. However, there are a minority of leases that cannot be terminated in this way within the anticipated regeneration timescale. The scheme coming forward may also contain some freehold property that has to be acquired (the full extent of the proposed scheme has yet to be decided). In order

to achieve vacant possession, Delancey has requested the council consider exercising its compulsory powers to enable this to be achieved.

52. Delancey propose that if the council is minded to make a compulsory purchase order it will give a full indemnity in respect of council costs incurred.
53. In these circumstances, there are powers available to make an order under the Town and Country Planning Act 1990.
54. Notwithstanding the available powers to make a compulsory purchase order and Delancey's proposal to meet the costs of the order, Cabinet will require a further report setting out all the relevant considerations before deciding whether to make a resolution. To this end, Cabinet is recommended to approve the commissioning of an Equalities Impact Assessment that will be a material consideration. It is intended that the Assessment be procured by the Council with Delancey having no input into its procurement or brief. This is essential for the integrity of the completed Assessment.

Community impact statement/Public sector equalities duty

55. The Equality Act 2010 imposes a general equality duty on public authorities (PSED), in the exercise of their functions, to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.
56. For the purpose of the PSED the following are 'protected characteristic' considerations:
 - Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
57. The recommended Equalities Impact Assessment will inform on the equality implications of the proposed compulsory purchase order and measures that may be taken to mitigate these.

Resource implications

58. The cost of the proposed recommended community impact assessment can be met from existing budget provision for the Elephant and Castle regeneration project. Other expenditure referred to in the report has previously been budgeted for.

59. In the event, that in the future, cabinet resolve to make a compulsory purchase order for the Shopping Centre and associated land including rights over land, it will be conditional upon Delancey meeting the council's costs in full, including staff time. Under this scenario, there will be no resource implications to the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

60. The report recommends that cabinet commission an Equalities Impact Assessment (EqulA) prior to taking any decision relating to the use of CPO powers.
61. As set out in paragraphs 50 and 51 of the report, when making decisions, section 149 Equality Act 2010 requires that cabinet must have due regard to the need to eliminate discrimination and other prohibited conduct. Cabinet must also have regard to the need to advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not. The information obtained through the EqulA will assist with the performance of this duty.
62. Legal advice relating to the use of CPO powers will be taken and a summary of legal issues will be included in any subsequent report to Cabinet relating to that subject.

Strategic Director of Finance and Governance

63. The strategic director of finance and governance notes the financial implications contained in this report. Costs associated with the proposed equalities impact assessment will be contained within existing budgeted revenue resources for regeneration north team.

BACKGROUND DOCUMENTS

Background Papers	Held At
The Elephant and Castle Opportunity Area Supplementary Planning Document	Web link below
Link: https://www.southwark.gov.uk/downloads/download/2896/elephant_and_castle_spd_supporting_documents	

APPENDICES

Appendix	Title
Appendix 1	New Housing In Elephant And Castle Opportunity Area
Appendix 2	Photographs of former Heygate and replacement properties
Appendix 3	Photograph of existing Shopping Centre
Appendix 4	Site for new town centre

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Property Services	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
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Strategic Director of Finance and Governance	Yes	Yes
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