

Item No. 23	Classification: Open	Date: 24 March 2020	Meeting Name: Cabinet
Report title:		Elephant and Castle Shopping Centre Progress Report.	
Ward:		North Walworth and St George's	
Cabinet Member:		Councillor Johnson Situ, Growth, Development and Planning	

FOREWORD - COUNCILLOR JOHNSON SITU CABINET MEMBER FOR GROWTH, DEVELOPMENT AND PLANNING

The renewal of the Elephant and Castle has been a long term objective for the Council. In 2011 following extensive community engagement the Labour Council adopted the Elephant and Castle SPD which set out a vision for a new town centre comprising new homes, leisure, retail and employment space based around an integrated public transport hub. A number of step changes have taken place over the intervening period to deliver the commitments and vision contained in the SPD. Since the start of the project over 2,000 new affordable homes have been constructed or have planning permission across the opportunity area. The quality of our parks, open spaces and public realm is visibly improving and redevelopment has secured new jobs and training opportunities for our residents. The renewal of the Shopping Centre which is the most prominent part of the redevelopment jigsaw, however, remains to be completed. Over many years the centre has been home to a fantastic number of traders heralding from across the world, showcasing the strength of our borough's diversity. However, in recent years most will agree on the need for the renewal of the centre to fulfil the Elephant's full potential. In addition, as it stands the built form disconnects the heart of the Elephant from the communities around it. The local community deserves better at this landmark location.

In January of last year planning permission was granted for a scheme that will replace the outdated shopping centre with a new town centre. There will be a new step free station for the Northern Line replacing the overcrowded lifts with escalators. Our decision in January to provide £7,500,000 of additional funding will increase the size of the station "box" safeguarding the Bakerloo Line Extension and enabling the integration of the Northern and Bakerloo lines. A new campus for the London College of Communication will be provided that secures the continued presence of internationally recognised higher education establishment. Almost a thousand new homes will be built and 330 of these will be affordable including 116 for social rent. Leisure facilities will be built as will new business space. The construction works will provide over 1,200 jobs.

We have recognised from the outset that this change will be particularly challenging for independent traders. We have successfully pressed the developer to create relocation opportunities for traders and to provide financial assistance for relocation. While many traders can now continue to trade in the area there are some that need further support in the period leading up to the closure of the centre at the end of July. Following a deputation of traders on 28 January 2020 we announced the setting aside of an additional £200,000 for trader support from the council. This transition grant is part of a package of additional support. In addition to the funds, traders will be given access to Southwark Works, who can offer career advice to those traders looking to change their work or upskill. Tailored business advice will also be available from Tree Shepherd for those looking to change their business model or modes of working.

The centre is closing later this year. If the consented scheme does not proceed the centre may remain dormant for a prolonged period of time. This is not an outcome that would benefit Southwark, the local community or traders.

This report sets out context for the future of the Centre and acknowledges that for the scheme to proceed the Council needs to provide assistance in making a compulsory purchase order and addressing third party rights that could frustrate the scheme. These are subject to two subsequent technical reports.

RECOMMENDATIONS

Recommendations for the Cabinet

1. That cabinet note the contents of this report.
2. That cabinet agree the allocation of £200,000 for additional support for Elephant and Castle Local Independent Operators that are being displaced by the development of the Shopping Centre.
3. That Cabinet delegate decisions on individual grant payments arising from the allocation of the £200,000 additional support package to the Head of the Chief Executive's Office.

BACKGROUND INFORMATION

Introduction

4. The Council has been pursuing an ambitious plan to regenerate the Elephant & Castle since 1997. The objective from the outset has been to address the legacy of the 1960's redevelopment of the area which resulted in a traffic dominated centre, encompassed by poorly connected monolithic buildings which in combination result in a disconnected public transport system. Pedestrians were directed to use a network of subways which were prone to flooding, confusing to navigate, and perceived as being unsafe particularly for vulnerable groups such as women and the elderly. The roundabouts created some of the most dangerous and hostile roads conditions for cyclists in London resulting in high levels of fatalities and serious injuries.
5. The 2004 Elephant & Castle Supplementary Planning Document ("SPD") promoted the regeneration of the area by building on the Elephant's strengths in the form of its close proximity to the central London economy and public transport connections in the form of two tube stations, an overground rail station and numerous bus routes. The vision it set out was to establish a new town centre on a 55 acre core area which included the former Heygate site, shopping centre and land along Walworth Road and Newington Butts. Subsequently this site [site 39P] was incorporated into the 2007 Southwark Plan. While the 2004 SPG was replaced in 2011 by the Elephant & Castle SPD the vision for the area remained substantially the same.
6. This plan proposed that this large site be comprehensively redeveloped to provide new market and affordable homes, commercial, community and leisure uses, based around an integrated public transport hub and an open network of pedestrian/cycling friendly routes and public spaces. A wider 170 acre opportunity area was also defined with the capacity to accommodate

further growth in new homes and jobs on under utilised and vacant land. The opportunity area was subsequently incorporated into the 2007 Southwark Plan, 2010 Core Strategy and also the London Plan.

Regeneration – Progress and benefits

7. Over the intervening period significant progress has been made towards the delivery of the Council's plan:
 - a. Mixed tenure development across the opportunity area has generated 7,979 new homes. Of these, 2,336 are affordable and 979 are social rent. (See table at Appendix A).
 - b. The redevelopment of Elephant Park (including Trafalgar Place) is well underway with over 1,000 homes occupied. Appendix B summarises the significant planning gains (s106 Town and Country Planning Act 1990) arising from the scheme, including affordable homes, open space, the planting of in excess of 1,000 trees in the immediate area, an energy centre (with capacity to connect to the shopping centre redevelopment) and financial contributions to support the delivery of public transport and health facilities.
 - c. New routes and public spaces have been established most notably Sayer Street which includes new retail and affordable retail units and which links the newly formed Walworth Square with Castle Square/Elephant Park.
 - d. Redevelopment of significant sites within the core area delivering mixed use schemes consistent with the original town centre vision have been completed at Strata (former Castle House), Uncle (former London Park Hotel), Printworks (Amelia Street), Steadmen Street, One Elephant (former Castle Industrial Estate) and Elephant One (formerly part of Leisure centre).
 - e. Regeneration has helped renew the area's social infrastructure. Most notably, the Castle leisure centre has been completed providing new public leisure facilities including a swimming pool, 4 court sports hall, and gym. The Council has in addition secured new premises in the Elephant Park scheme, (145-147 Walworth Road) for a new Southwark Heritage and Walworth Library. Work on fitting out the property will start shortly.
 - f. The Council has constructed a new Crossway's Church at Hampton Street. These premises provide a multi faith facility, community meeting rooms and the Castle canteen which is operated by Be-enriched a social enterprise company which provides affordable food for local people and helps reduce social isolation.
 - g. The inner ring road has been remodeled reducing its dominance and the severance it had created for residents living in the area. The roundabouts have been removed and the network of subways closed. Pedestrians can once again move around safely at surface level via signalised crossings. The new road layout has created safer conditions for cyclists. New public spaces are being created resulting in a marked increase in the numbers of people visible at the centre of the Elephant.

- h. Regeneration has generated new jobs and training opportunities for Southwark residents. From July 2013 to February 2019, 1,501 Southwark residents have worked at Lendlease Elephant Park (all sites), with 412 sustained jobs over six months or more. The Southwark Construction Skills Centre (SCSC) located at Elephant Park has trained 3,189 Southwark residents (with a total of 8,398 people receiving training in the centre). A total of 577 job starts have been secured through the SCSC.
 - i. Work on a major new public park has been started at the Elephant Park scheme. By the end of this year around 80% will be accessible. Once completed, the park will total 1.04 hectares which is a significant increase on the 0.8 hectare space in the original outline consent.
 - j. The Council is continuing to roll out a phased programme to improve a network of parks within the opportunity area. St Mary's Churchyard has been substantially re-landscaped creating an attractive and well used space adjoining the Castle leisure centre. Pullens Gardens has been substantially refurbished to create an attractive square. Work on Dickens Fields which is the next project in the programme is expected to start later this year.
8. The delivery of the regeneration of the area has taken place in phases across large and small sites that required the coordination of a number of private and public sector partners. While much of the plan has been achieved, the central area of the core site focused on the shopping centre remains to be implemented in line with the Council's original vision to establish a new town centre. This site has been central to the delivery of the vision from the adoption of the SPD in 2004.

Shopping Centre

9. For the avoidance of doubt, the Council does not own the shopping centre and is not the landlord of tenants within it. The freehold interest of the shopping centre site is held by a company registered in the British Virgin Islands, Elephant & Castle Properties Co. Limited. Cabinet is asked to note that where "developer" is used in this report this is a reference to Elephant & Castle Properties Co. Limited. That entity is the applicant for the scheme that has received planning permission to redevelop the site which is discussed in more detail below. The company has a UK subsidiary, Elephant & Castle Properties Limited, which is registered in the UK (#04434716) at Companies House. The UK limited company owns a leasehold interest in the shopping centre and is the immediate landlord of the tenants within it. Further detail on the project ownership structure is set out in the Compulsory Purchase report on this agenda.

Planning Position

10. A planning application for a comprehensive redevelopment of Elephant and Castle shopping centre, 26, 28, 30 New Kent Road and arches 6 and 7 Elephant Road, and the London College of Communications ("LCC") site was submitted in November 2016. Cabinet will recall that the application was

controversial and generated many objections which were detailed in the Planning Committee report (see background documents).

11. The level of affordable housing provided by the Scheme generated a large number of objections. The Planning Committee report considered this matter in some detail and concluded that “Notwithstanding the extent to which the affordable housing provision is contrary to some elements of the development plan notably the Core Strategy, officers are satisfied that the provision, as revised, is the maximum reasonable and that it is in overall conformity with the development plan taking account of scheme viability.” Having considered all material considerations including the objections the Council’s planning committee resolved to grant planning permission subject to the completion of a s106 agreement and referral to the Mayor for London in July 2018. Full planning permission was granted on 10 January 2019.
12. This decision was then the subject of a judicial review. The High Court on 20 December 2019 dismissed the three grounds on which the claim had been made. While the claimant has lodged an application for permission to appeal against this decision the developer has informed the Council, that having reviewed the judgment, it intends to take forward the scheme in accordance with the planning permission and obligations in the s106 agreement. The first step in that process was taken in January of this year when the developer notified the Planning Authority that it has given six months notice to traders that it intends to close the shopping centre from the end of July 2020. The decision to close the centre is purely for its owner and has been taken for commercial reasons. The Council is not in a position to prevent the closure irrespective of its planning status.
13. The public benefits that the development are considered to be significant and will secure the delivery of well established development plan policies and objectives. These are summarised elsewhere in the report and are set out in more detail in Appendix C. The development policy framework is addressed in more detail in the Compulsory Order report and the Planning Committee report.

Bakerloo Line Extension (“BLE”)

14. The consented scheme includes a new Northern Line ticket hall and escalators which is designed to relieve serious congestion at the existing underground station. The Council is working with Transport for London (“TfL”) to bring forward the extension of the Bakerloo Line from Elephant and Castle to the Old Kent Road Regeneration Area and beyond this to Lewisham. This is a strategic London Plan initiative which the council supports which will facilitate the delivery of 20,000 new homes along the route of the extension.
15. In January Cabinet agreed to provide £7.5m of funding to safeguard the BLE at the shopping centre site. This intervention will provide a deeper Northern Line Ticket Hall (“NLTH”) that will enable the BLE platforms to be accommodated at a later date by TfL. This project will facilitate the delivery in the longer term of a fully integrated Northern and Bakerloo line station at the Elephant which will further enhance its status within London’s hierarchy of town centres and Central Activity Zone. The incorporation of this facility into the shopping centre site redevelopment will reduce the impact of the BLE works on residents in the area and will enhance the project business case which requires Government approval.

Scheme Implementation

16. Since the shopping centre is to close and be demolished the Council wishes to see a future use for the site that meets its policy aspirations. The 2019 consented scheme will achieve this. The planning permission is a significant step forward to this end. However, there remain potential impediments to delivery which require Cabinet to consider the use of public powers to facilitate implementation of the scheme. These interventions which are the subject of two separate detailed reports on this agenda are summarised below. It is important to note that decisions on these matters will not trigger the closure of the Shopping centre because as advised, the owner has already taken that decision.
 - a. As summarised later in this report, the developer has made significant progress in securing ownership of all the land necessary to redevelop the consented scheme. Despite this progress it still does not own all the land required to deliver the consented scheme and requires the Council to resolve to exercise compulsory purchase powers and if necessary to make a compulsory purchase order.
 - b. The construction of the consented scheme will interfere with lighting to some buildings and may affect some access rights to some properties in the locality. The quantity of potentially affected properties is such that the developer cannot reasonably be expected to negotiate waiver of these rights with all concerned so it requires the Council to exercise its available powers to override those rights and convert them from rights enforceable at law to rights of compensation.
17. Cabinet in later reports is recommended to approve the making of a compulsory purchase order and exercising its powers to over-ride third party rights. Whilst these recommendations are in separate reports both sets of recommendations are linked; approval of exercising compulsory purchase powers will not bring about the implementation of the scheme without approving the recommendations to over-ride third party rights. Likewise, approving the over-riding of third party rights without approving using compulsory purchase will not result in scheme implementation.

Equalities Issues

18. In October 2015 Cabinet considered a report concerning the next phase of the regeneration. Cabinet noted that the Council may in the future be asked to resolve to make a compulsory purchase order to enable the regeneration of the shopping centre to proceed. Officers were authorised to commission an equalities impact analysis ("EIA") which was intended to inform future decision making.
19. Subsequently Aecom were commissioned to undertake this assessment which identified a range of both positive and negative impacts on groups with protected characteristics. The findings of the EIA were reported to Cabinet in May 2017 and were used to inform a business relocation and mitigation package which is summarised in the next section of the report.
20. The analysis also highlighted the potential adverse risk to older people using the bingo hall at the shopping centre. Secondary analysis found that a significant proportion of users of the facility were aged over 45 and that 62%

identified themselves as being of Black/African/Caribbean/Black British descent. Subsequently the operator of the Bingo facility agreed a compensation package with the developer and the premises are now closed. The use of the council's statutory powers now will not therefore be the cause of the loss of the Bingo facility. By way of mitigation, the s106 agreement includes an obligation requiring the developer to give first refusal to a bingo operator to take a portion of the leisure space in the consented scheme.

21. The Public Sector Equalities Duty ("PSED") imposes a continuing duty on the council to carefully and properly consider equalities impacts to inform its decision making and to seek to eliminate discrimination and advance equality of opportunity. Cabinet will need to have due regard to this duty in making its decision as to whether to make use of the powers available to it to support the delivery of the consented scheme. This report provides details of an EIA update which was completed in December 2019 prior to the developer's decision to close the shopping centre.

Business Relocation and Mitigation

22. In anticipation of the redevelopment of the centre, Cabinet agreed a report in May 2017 which called for the developer to "implement a package of measures to support relocation and mitigate the impact of its closure on local traders and residents and for a further progress report". In summary the developer was asked to publish a relocation strategy addressing the following:

Database of Opportunities

- a. The developer was required to publish and keep up to date a database of units which shopping centre traders could apply for.

Business support and relocation advisor

- b. Developer to provide funding for an independent business advisor who could act as a single point of contact for traders and provide access to a range of expert advice.

Affordable Retail Units

- c. To put in place mechanisms to enable traders to apply for affordable units across the various sites at Elephant & Castle.

Additional sites for relocation and convenience retailing

- d. Provision of alternative accommodation for traders on sites in the area which will also provide residents with convenience retailing during the redevelopment process.

Relocation Fund

- e. The developer was required to establish a relocation fund to assist traders to relocate.

23. This report provides a summary of progress towards the implementation of the relocation strategy that Cabinet required the developer to bring forward. It also includes details of the projects the Council has taken to facilitate the relocation

of traders on its own land and recommendations on how it can continue to provide support to traders during the remaining life of the centre.

KEY ISSUES FOR CONSIDERATION

24. There are significant public benefits that will arise from the realisation of the consented planning application (hereafter referred to as the “the scheme”). These are detailed in Appendix C but in summary they are as follows:

- Consolidate the Elephant as part of London’s central activities zone
- Establish the Elephant as a major town centre within London’s hierarchy of town centres.
- 979 residential units located at the heart of the Elephant which equates to 36% of the borough’s annual housing target and 20% of the minimum target for the opportunity area, a significant contribution to the borough’s housing stock.
- The scheme provides 35% affordable housing by habitable room in perpetuity. This equates to 330 affordable units of which 116 will be social rent (38% of the affordable) 53 London Living Rent and 161 discount market rent.
- The s106 agreement includes a review mechanism to claw back additional Social Rent units if the Internal Rate of Return is above the 11% which has been agreed.
- New ticket hall for the Northern Line underground station with escalators replacing the overcrowded lifts. The earlier Cabinet decision to provide £7.5m will safeguard provision for the BLE. This will eventually deliver a fully integrated BL and NL station.
- Reinforce the area’s position as a major centre for Higher Education. The scheme incorporates a new campus to house the London College of Communication (part of University of Arts London) which will secure the college’s long-term future in the area. The college serves over 5,800 full and part-time students and 454 (full-time equivalent) staff at its current home and specialises in creative courses in fields such as journalism, publishing, film, television and sound, graphic communication and photography.
- The brief for the new campus includes making it more open and accessible to the local community. The lower floors of the education building would be publically accessible and capable of delivering a cultural function for the area, with flexible space for exhibitions, events and the Stanley Kubrick archive.
- New shops including 10% affordable retail units in line with policy.
- New office space including some affordable workspace.
- The scheme incorporating an 8 screen cinema.
- Cultural venue with capacity for 500 people.

- The proposed development will create 1,230 construction jobs over the 10 year build programme; an increase of between 395 and 572 jobs in the completed development depending on the final commercial mix.
- Significant public realm benefits which will in combination complete a network of routes that will once again integrate the heart of the Elephant with its surrounding neighbourhoods including Walworth Road:
 - ▲ a pedestrian route through the rail viaduct to directly link the site with Elephant Road and Elephant Park
 - ▲ a public square for events directly outside the overground station.
 - ▲ a new surface route from the NLTH to the overground station.
 - ▲ a pedestrian route extending Walworth Road into the site terminating at the new public square.

Scheme Progress

25. The developer has made significant progress towards securing vacant possession of the site. Hannibal House is now empty and work to soft strip the premises and remove asbestos has been completed. The shopping centre itself has seen the closure of key businesses which supported footfall including the bingo hall, the ten pin bowling alley and the Tesco convenience store amongst others. The developer has also acquired 30 and 32 New Kent Road, the Coronet and the former Charlie Chaplin PH, all of which will need to be demolished to make way for the consented development. Finally, the developer has secured some of the arches near the Coronet which were in private ownership and which are also needed for the scheme.
26. Interests in the ownership of London Underground (LUL), Arch Co and Network Rail remain to be acquired. In addition, there are a limited number of national retailers occupying units in the centre under Landlord and Tenant Act 1954 protected leases. The developer is continuing to negotiate with all the remaining parties to conclude terms for the acquisition of their interests. The developer has therefore demonstrated reasonable endeavours to acquire interests through negotiation and has been able to successfully conclude terms in many cases. If Cabinet agrees these recommendations the CPO will enable the developer to release the considerable funding necessary to advance the scheme. The CPO will act as a protective measure providing the developer with sufficient confidence that vacant possession can be achieved within a reasonable timeframe.

Delivery of Business Mitigation Package

27. There has been significant progress in delivering a comprehensive offer to traders which addresses all of Cabinet's 2017 priority areas. The relocation fund was formerly opened to qualifying traders on 24 February 2020. A detailed summary of the delivery of the support package is set out in Appendix D of this report.

28. In the period since the 2017 report the package of support has been developed further through the planning process. In particular, the developer has committed to providing additional temporary retail space at Castle Square. Works are now underway and the scheme will be available for occupation from June 2020. This project is in addition to the Council's own project at Elephant Arcade (formed at base of Perronet House) which will provide 12 units for traders and has been completed. In anticipation of the closure of the existing shopping centre, the developer agreed an initial 30% reduction in rent payable by traders that was subsequently increased to 50% and since November 2019 has been 80%.
29. To date it has been difficult to identify alternative premises for those traders operating in the "moat" outside the shopping centre. While these operators have been offered the option of pitches at East Street market, to date, none have accepted this option. Business support will continue to be made available to qualifying traders and the developer is obliged to maintain an up to date database of opportunities. A number of additional Council owned premises recently became available at East Street demonstrating that local alternative trading locations are still becoming available.
30. In the period leading up to closure, the focus will be on seeking to help local operators that have to date been unsuccessful in finding alternative locations to trade from. New Homes bonus funding of £200,000 has previously been set aside to assist traders at Elephant & Castle. Now that the closure of the centre has been set, there is greater certainty as to the programme for the relocation of traders. A small number of traders have still to engage with the relocation process. The launch of this additional funding will be used to address this issue. It is therefore recommended that these funds are now made available in the form of an additional transition grant, in particular to financially support traders who are relocating onto the open market or who choose to close their current business and change careers or trade.
31. This money is separate and distinct from both the s106 mandated relocation fund of £634,700 and any additional funding the developer may offer to support costs of relocation (advice, fit out etc.). The allocation is intended principally to recognise that some businesses do not have the benefit of additional financial subsidy that an affordable unit offers and therefore their period of transition may be more challenging. This funding is intended to provide reassurance that they are not 'left out' but continue to remain a priority for support in the period leading up to the closure of the centre.
32. Details of the operation of this fund are being discussed with the traders and the Traders Panel. A flexible approach will be necessary to ensure speedy payments to traders. In order to give effect to this objective, it is further recommended that Cabinet delegate decisions on individual grant payments arising from the allocation of the £200,000 additional support package to the Head of the Chief Executive's Office.
33. The most recent EIA (detailed below) recommends that the developer continues to implement their "Follow the Herd" marketing campaign to ensure that customers are made fully aware of the location of the temporary retail clusters. The promotion of the location of the clusters in the period leading up to the closure will help ensure BAME communities which disproportionately use the existing centre are made aware that businesses they use are continuing to trade in the immediate locality and in turn it will assist businesses to maintain

their customer base.

Risk of not approving the compulsory purchase and over-riding third party rights

34. The consented scheme will not be able to proceed without the Council's support through its statutory powers because of the real risk of the developer not being able to fully assemble the site and the further risk of third party right beneficiaries being able to seek an injunction to halt the redevelopment. In these circumstances, the developer will consider its options. What the developer would do is unclear however the following points should be borne in mind:
- Non-implementation of the consented scheme means the developer will have no liability to provide the measures set out in the s106 agreement forming part of the consent.
 - The Shopping Centre in its present form is closing and will be demolished.
 - The London College of Communication building in its current form is not suitable for purpose and new premises will be sought, perhaps outside the borough. Following relocation, the existing site may be sold for purely commercial redevelopment.
 - If it is decided to redevelop the existing shopping centre in isolation, this will probably be for retail/business use only which will not produce any new housing whether for sale or rent.
 - A redeveloped shopping centre in isolation will not be required to provide a new underground station as it will be replacing existing premises and not causing additionality.

Community impact statement

35. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
36. Relevant protected characteristics for the purposes of the Equality Act are:
- Age
 - Civil partnership
 - Disability
 - Gender reassignment

- Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
37. In considering the recommendations herein the Cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation. The Council should seek to avoid or minimise adverse equalities impacts.
38. Aecom have updated their equalities analysis. Their approach took the same form as the 2016 report and is based on interviews with customers and businesses. The updated report which identifies positive and negative impacts was concluded in December 2019 prior to the developer announcing closing the shopping centre and the key findings are summarised in Appendix E.
39. The findings from the analysis demonstrate that the mitigation package agreed with the developer through the planning process has had positive outcomes. Significantly more businesses stated that they had now taken part in consultation activities organised by the developer. There is now much greater confidence that they can relocate in the area and the number saying they were likely to close has reduced significantly.
40. The analysis by ethnic group showed a more positive outlook in terms of confidence of relocation in or near the site across all Black Asian Minority Ethnic (“BAME”) groups when compared with the 2016 survey. The main reasons for this finding are that businesses have confidence that they retain a strong customer base and because a significant number have now agreed a new location to continue to trade. The Aecom report concludes that “This demonstrates the positive impact the engagement activities over the past three years have had in terms of resolving issues around relocation of businesses”.
41. The analysis continues to note that the concentration of BAME businesses in the shopping centre represents a cluster of outlets which provides services to a range of ethnic groups and also employment opportunities for them as well. As noted there are two business relocation sites at Castle Square and Elephant Arcade which will enable businesses to relocate and continue to operate as clusters providing services to ethnic groups. The “Follow the Herd” marketing initiative funded by the developer will continue to ensure customers are made aware of the location of businesses moving from the shopping centre. Aecom found that the mitigation package while not able to fully recreate the current cluster of businesses “contributes to resolving many of the potential adverse equality impacts of the redevelopment”.

Conclusions

42. Cabinet must take into account the progress and issues summarised above in determining whether to authorise the exercise of CPO powers and the mechanism to override third party rights. The Elephant and Castle Shopping Centre will not continue in its current form. The developer has now issued

notice to traders and the Planning Authority to close the centre. In the view of Officers the developer has provided substantial evidence that it intends to proceed with the consented development.

43. It is also clear that it will only be able to fully proceed with the scheme if the Council makes its powers available to over ride third party rights. In the event that the Cabinet were not to agree to make these powers available the outcome will be a large, highly visible, vacant site at the heart of the Elephant, blighting the area and creating considerable uncertainty for residents, investors and partners. In this context, Cabinet should have regard to the considerable benefits arising from the Scheme which are detailed elsewhere in this report. Very careful consideration should be given to the adverse impacts of the use of the Council’s statutory powers, especially in relation to equalities matters and human rights. In conclusion, officers are firmly of the view that the positive benefits of the construction of the consented scheme can only be delivered if Cabinet resolve to make a CPO and to exercise its powers to override third party rights.

Policy

44. The relevant policy context for the approach the Council has taken in respect of business mitigation is set out in two planning documents. The *Section 106 Planning Obligations and Community Infrastructure Levy (CIL): Supplementary Planning Document (SPD) April 2015* (Appendix 1) states that:

- Employment and enterprise: Other obligations - Where small businesses are displaced by development they should be assisted to relocate within the borough if possible, to retain a strong local economy, strengthen town centres and maintain the supply of local jobs. Schemes to support displaced small businesses to relocate may be secured through a planning obligation.

45. The Elephant and Castle Supplementary Planning Document (SPD) and Opportunity Area Planning Framework (OAPF) March 2012 states that large retail developments (including refurbishments) over 1,000m² should:

- Contribute to the provision of a vibrant mix of retail uses to add diversity to the town centre.
- Provide a range of shop unit sizes, including affordable units. We will use planning conditions or s106 planning obligations to ensure that at least 10% of new floorspace (GIA) is made available as affordable space to provide suitable premises for small and medium sized enterprises in the opportunity area who have been displaced as a result of development, new business start-ups or independent retailers.

Council Plan

- 50 The Council Plan 2018 – 2022 sets out eight commitments to its residents and businesses. The table below sets these out together with how the new town centre scheme will contribute to them.

Commitment	Contribution
A place to call home	979 new homes - 649 market rent, 330

	affordable which will be managed in fair and reasonable way.
	116 new homes at social rent
	161 new homes at discounted market rent
A place to belong	New construction jobs to advertised locally
	New leisure facilities
A greener borough	Step free NLTH integrated to BLE completing public transport hub with zero parking improving air quality.
	New public spaces including tree planting.
A full employment borough	New business space
	Creation of new jobs and apprentices
A healthier life	Improved accessibility and facilities for cyclists
A great start in life	New university complex with publically accessible facilities.
A safer community	Completion of a network of pedestrian friendly routes linking the town centre to adjoining neighbourhoods
	New buildings designed to mitigate crime
	Support for independent businesses
A vibrant Southwark	A multi-use new town centre serving the community in both night and daytime

Resource implications

51. The Council's resources to support the delivery of the business mitigation package and powers to facilitate the delivery of the scheme can be met from existing team budgets.

Financial implications

52. This report recommends release of £200,000 to support local operators displaced by the redevelopment of the shopping centre. This funding will be provided from New Homes Bonus funding allocated to the Council from the Greater London Authority.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

53. The comments of the Director of Law and Democracy are contained in the linked reports relating to the exercise of the Council's specific powers as referred to in this report.

Strategic Director of Finance and Governance

54. This report is requesting cabinet to note the progress on the redevelopment of the Elephant and Castle Shopping centre and to allocate £200k for additional support for Elephant and Castle Local Independent Operators that are being displaced by the development of the Shopping Centre.
55. The Strategic Director of Finance and Governance notes that the proposed allocation of £200k will be contained with the New Home Bonus funding.

56. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Elephant and Castle Shopping Centre equalities analysis and mitigation projects http://moderngov.southwark.gov.uk/documents/s68297/Report%20Elephant%20and%20Castle%20Shopping%20Centre%20Equalities%20Analysis%20and%20Mitigation%20Projects.pdf	160 Tooley Street, London SE1 2QH	Jon Abbott 02075 254902
Shopping Centre Site, Elephant and Castle, 26, 28, 30 and 32 New Kent Road, Arches 6 and 7 Elephant Road, and London College of Communications Site Planning Report http://moderngov.southwark.gov.uk/documents/s76025/ITEM%201%20-%20REPORT%2016AP4458.pdf	160 Tooley Street, London SE1 2QH	Victoria Lewis 02075 255410
Decision of High Court: <i>R v The London Borough of Southwark and Elephant And Castle Properties Co. Limited.</i>	160 Tooley Street, London SE1 2QH	Patrick McGreal 02075 255646
Elephant and Castle Place-Making: The Next Step http://moderngov.southwark.gov.uk/documents/s57189/Report%20Elephant%20and%20castle.pdf	160 Tooley Street, London SE1 2QH	Patrick McGreal 02075 255646
Elephant and Castle Bakerloo Line Extension http://moderngov.southwark.gov.uk/documents/s86588/Report%20Elephant%20and%20Castle%20Bakerloo%20Line%20Extension.pdf	160 Tooley Street, London SE1 2QH	Jon Abbott 02075 254902
Aecom 2019 Equalities Impact Assessment	160 Tooley Street , London SE1 2QH	Jon Abbott 02075254902
Council Plan 2018-19 – 2021-22 http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf	160 Tooley Street, London SE1 2QH	Paula Thornton 02075 254395

APPENDICES

No.	Title
Appendix A	New homes in Elephant and Castle Opportunity Area
Appendix B	Lend Lease Planning Obligations Update September 2019
Appendix C	Public benefits that will arise from the consented shopping centre planning application
Appendix D	Update on Delivery of Business Relocation and Mitigation Package
Appendix E	Summary of 2019 Equalities Impact Assessment

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth, Development and Planning	
Lead Officer	Kevin Fenton; Strategic Director Place and Wellbeing	
Report Author	Jon Abbot, Regeneration North	
Version	AP	
Dated	21 February 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes/No
Date final report sent to Constitutional Team		13 March 2020