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| Item No. | Classification: Open | Date: 2nd December 2003 | MEETING NAME Executive |
| Report title: | | Underground Car Park at Draper House/Castle House, SE1 - Redevelopment | |
| Ward(s) or groups affected: | | Newington Ward | |
| From: | | Strategic Director of Regeneration | |

RECOMMENDATION

1. In order to complete contractual arrangements with the owners of Castle House further to the Council decision of 4th April 2000 (minute attached as Appendix C) concerning the Council's sub-soil rights at Castle House, Executive is requested to approve full terms as set out in summary below and in detail in Appendix B to the item on this matter within the closed agenda of this Executive:-
2. To enter into an agreement to (1) resolve long-standing ownership problems at the subject property and (2) enable the development of Castle House involving the Council granting a lease of part of the underground car park, and taking a 99 year lease back of the entire property.
3. To enter into licences for oversail and access and variations to existing access arrangements during the course of development of Castle House
4. To agree in principle, and subject to a full indemnity from the owners of Castle House, to seek powers of compulsory purchase to terminate any third party rights of way etc which would prevent the development of Castle House
5. To agree the minimum consideration as set out in the item to this Executive in the closed agenda and to authorise the Head of Regeneration and Strategy (Director-Elephant and Castle Development) to agree any consideration in excess of this amount

BACKGROUND INFORMATION

6. Castle House is a 1960's office block with retail units at ground floor level that is owned by Pinnacle Ltd. The building is almost entirely vacant and is identified for redevelopment in the emerging Elephant and Castle Framework. Pinnacle Ltd have a planning consent (subject to the completion of a s.106 agreement) to construct a building to be used as a doctors surgery, retail and restaurant purposes with 20 upper floors of 124 residential flats together with 41 car parking spaces and other works.

KEY ISSUES FOR CONSIDERATION

7. In light of the progress of the framework for development Pinnacle Ltd see an opportunity to improve the scheme for which they now have a planning consent. The Council's Regeneration Team have welcomed the opportunity to work jointly to achieve a built form of a higher design and build standard, better able to support the objectives of the wider regeneration programme and the contract terms proposed in this report are designed to support these efforts, whilst

enabling Pinnacle to retain the option to build out their existing scheme should planning consent not be forthcoming for their revised scheme .

8. In addition, and following lengthy negotiation the amended terms will better protect the provision and future maintenance of the car parking spaces for use by the Council and its licensees beneath Castle House.

Resource Implications

9. The transaction detailed in this report remains, in capital receipt terms, as previously approved by committee
10. Under current capital controls, the disposal of an interest in Housing land requires the Council to set aside 50% of the capital receipt for the redemption of debt. The remaining 50% is available to the Council to finance future capital projects.

Housing Issues

11. Housing tenants and residents were consulted both by officers and by Pinnacle following the decision of 4th April 2000 including extensive statutory consultation surrounding the planning application made by Pinnacle and subsequently granted by the Council. Under the arrangements contained in this report provisions will be made for all housing tenants currently enjoying use of the garage spaces under licence, and they will have full entitlement to park in the newly built and fully managed underground parking area to be provided by Pinnacle in the new development.

Consultation

12. No further consultation has taken place in relation to the specific decisions sought in this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Borough Solicitor & Secretary

13. The report of the Borough Solicitor and Secretary is contained within the item on this matter in the closed agenda to this Executive

Chief Finance Officer

14. The disposal of the site will generate a capital receipt for the Council. A proportion of this will be available for the council to fund future capital projects.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---|--|
| <i>Closed Report to and Minute of Strategic (Resources) Sub-Committee 4th April 2000</i> | <i>Attached to Closed Item within this agenda</i> | <i>Paul Scaplehorn 020 7525 4909</i> |

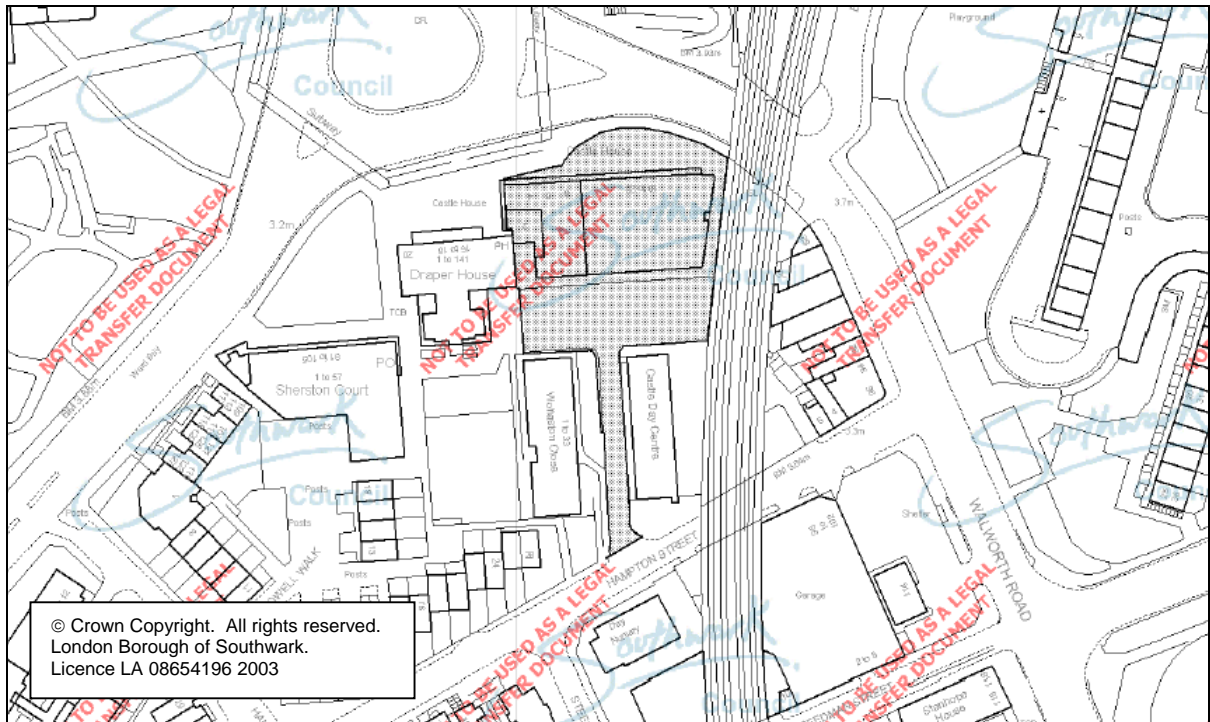
APPENDIX A

Audit Trail

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|---|--|--------------------------|
| Lead Officer | <i>Chris Horn – Director, Elephant and Castle Development Team (Head of Regeneration and Strategy)</i> | |
| Report Author | <i>Paul Scaplehorn – Elephant and Castle Development Team</i> | |
| Version | <i>4th Draft</i> | |
| Dated | <i>5th November 2003</i> | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Borough Solicitor & Secretary | Yes | In closed item |
| Chief Finance Officer | Yes | Yes |
| Executive Member | Yes | |
| Date final report sent to Constitutional Support Services | | |

APPENDIX B

PLAN OF 3rd PARTY OWNERSHIP (shown shaded grey)



APPENDIX C

**EDITED CLOSED MINUTE OF STRATEGIC (RESOURCES) SUB-COMMITTEE 4TH
APRIL 2000**

530. **DRAPER HOUSE UNDERGROUND GARAGES, OFF HAMPTON STREET, SE1** (see pages 5274 to 5281)

RESOLVED:

- 1) That the necessary rights be granted to [REDACTED] (or its nominated purchasing company) to allow the construction and retention of piled foundations through the Council's underground garages at Draper House, off Hampton Street, London SE1 for the consideration of [REDACTED] plus the Council's reasonable legal and surveyors fees.
- 2) That the Head of Property be authorised to finalise the detailed conveyancing mechanisms to facilitate the execution of the above decision (1) and also to formalise the Council's ownership of the underground car parks on terms beneficial to the Council.
- 3) That officers pursue discussions with Pinnacle Ltd towards the establishment of a long term management agreement for the garages on terms beneficial to the Council.