



REGENERATION AND RESOURCES SCRUTINY SUB COMMITTEE

MINUTES of the meeting of the REGENERATION AND RESOURCES SCRUTINY SUB-COMMITTEE held on 19 MAY 2005 at 7:00PM at the Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Toby Eckersley (Chair)
Councillor Jane Salmon (Vice Chair)
Councillors Billy Kayada, Michelle Pearce.

OFFICERS: Paul Evans – Strategic Director of Regeneration
Stephanie Fleck – Principal Lawyer, Contracts
Chris Horn – Development Project Director
Carina Kane – Scrutiny Project Manager

OTHERS: Councillor Catherine Bowman, Deputy Leader
Ray Austin – Southwark Chamber of Commerce
Lee Bartlett – Chair, Southwark Chamber of Commerce
Ian Fraser – Chair, Elephant and Castle Traders Association
Valerie Stevens – Elephant and Castle Traders Association
Mr B Uddin – Local businessman, "Ivory Arch"

APOLOGIES FOR ABSENCE

Apologies were received from Councillors Charlie Smith and Eliza Mann.

CONFIRMATION OF VOTING MEMBERS

The Members listed as being present were confirmed as the Voting Members.

NOTIFICATION OF ANY OTHER ITEMS WHICH THE CHAIR DEEMS AS URGENT

At the Chair's request, financial standing orders was included as an urgent item on the agenda on the grounds that it was being considered at Full Council Assembly the following week. This is included as item 5 in the minutes.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

None.

RECORDING OF MEMBERS' VOTES

Council Procedure Rule 1.17(5) allows a Member to record her/his vote in respect of any motions and amendments. Such requests are detailed in the following Minutes. Should a Member's vote be recorded in respect to an amendment, a copy of the amendment may be found in the Minute File and was available for public inspection.

The Sub-Committee considered the items set out on the agenda, a copy of which has been incorporated in the Minute File. Each of the following paragraphs relates to the item bearing the same number on the agenda.

MINUTES

RESOLVED: That the Minutes of the Regeneration and Resources Scrutiny Sub-Committee meeting held on 16 March 2005 be agreed as a correct record of proceedings and signed by the Chair, subject to the following amendments:

Paragraphs 1.13 and 1.18: replace “Ms Smith” with “Ms Stevens”; and

Paragraph 2.4: remove “and the Standards Board has cleared the Member on defence of public interest” and replace with “The councillor was the first to be allowed to use defence of ‘in the public interest’. The case was still to be heard by the full Adjudication Panel.”

MATTERS ARISING FROM PREVIOUS MINUTES: WHISTLE-BLOWING

Councillor Pearce requested an update on paragraph 2.7 of the minutes of 16 March 2005 whereby the sub-committee had been of the opinion that in cases of whistleblowing there should be a presumption of confidentiality unless the staff member agreed otherwise.

The Scrutiny Project Manager advised that the Head of Human Resources and Borough Solicitor had been informed of the sub-committee’s opinion, and would forward the reply to members. The Principal Lawyer explained to the sub-committee that there was no presumption of confidentiality. The Public Interest Disclosure Act (1998) was based on the assumption that an investigation would take place and the protection offered to the staff member was that they would not be subjected to any detriment as a result of making the disclosure. However, confidentiality would be preserved where possible.

1 EXECUTIVE INTERVIEW [Pages 1-2, 12]

1.1 The Chair introduced the item and thanked the Deputy Leader, Councillor Bowman, for her attendance at the interview. He advised that questions 10 to 14 had been submitted late; the majority of these were suggested by the Elephant & Castle Traders Association and were not necessarily in the style that members might have used, but nonetheless he had taken the decision to adopt them for the interview.

1.2 Councillor Bowman chose to briefly address questions 10 to 13 first, stating that she had only received the questions that afternoon so would be unable to do them justice if she responded to them at the meeting. She added that what was being asked of her would require policy changes, and these could not be made “on the hoof”. Instead she said she would provide a full written response to the questions to the sub-committee.

1.3 The questions were then discussed in turn:

Question 1: *How does the Executive Member see the Council exercising the leverage over the prospective commercial partner in order to secure the full range of objectives underlying the Elephant and Castle regeneration?*

- 1.4 The Deputy Leader said there was a clear set of objectives as a result of the large consultation process undertaken about the regeneration. The commercial partner would be selected on their willingness to deliver the plan.
- 1.5 The Strategic Director of Regeneration (the Director) assisted in the response by explaining that the council would be setting out the range of relationships between the council, the commercial partner, and the sub-developers. The resources would be coming back in different ways at different times. Who was responsible for what would have to be part of this whole package. If the council wanted to retain a range of obligations these would need to be in accordance with council policy and the law.
- 1.6 Councillor Pearce asked what resources could be levered out of developers in advance. The Deputy Leader said there was already a long list of expectations from the commercial partner. An important consideration was that the more extracted up-front, the less back in the medium to long term. She also commented that the amount obtained up-front was a prime concern – as a politician she wanted as much as possible for the local people, but this needed to be balanced with the corporate needs.
- 1.7 The Director reiterated the point that the more borrowed up-front, the less value obtained; and said it was important to get things delivered and flowing long term. There were other agencies involved – for example, Transport for London and the London Development Agency (LDA) had agreed to fund traffic works at the Southern roundabout.
- 1.8 Councillor Kayada asked whether the up-front value could be quantified. The Director said that they did not have the figures yet but were working on this. Once known, this information would be made available to any potential commercial partners.
- 1.9 Councillor Pearce said that traders had asked about mitigating any adverse effects on them, and queried whether this was a capital or revenue expense. The Deputy Leader said this could be either, or neither, depending on the circumstance. She added that she was mindful that many traders were not very happy with the current package.

Question 2: *Can the Executive Member please advise at what point will the legal agreement between the Council and the commercial partner be finalised?*

- 1.10 The Deputy Leader advised that this would be finalised in autumn 2006, and was unable to be more precise.

Question 3: *What role does the Executive Member envisage for the Board which is going to replace the Single Regeneration Budget Board (SRB) for the masterplan area?*

- 1.11 The Deputy Leader advised that proposals for the future SRB Board were still being worked up. This process included consultation and consideration of other models. Discussion of its role was premature but there was considerable potential. The board was not currently constituted.

- 1.12 Councillor Kayada asked if there was any sense of make-up of the Board. The Deputy Leader advised that this was being worked on under the guidance of the LDA, and suggested this may be an issue for a future scrutiny.
- 1.13 The Chair asked how the process would be managed to minimise any affect from a possible gap in the transition between SRB structures. The Director explained that there was still a year to go under the current structure and that the LDA had agreed to some continuity beyond this point. There was no reason to assume a gap. The Director also explained that the board was the delivery vehicle for the LDA's programme, but was not the sole vehicle for consultation and engagement. While any replacement board would still be a key body, it would not replace any other consultation methods and more people would be reached if the council did not rely on just one consultative body.
- 1.14 Councillor Pearce sought assurance that, as Neighbourhood Renewal money was time-limited, work would be going on to mainstream any aspects that needed to be preserved. The Director confirmed that this was the case.

Question 4: *Does the Executive Member envisage it being possible to make arrangements for all or most of the traders (i.e. those who wish to keep trading in the Elephant and Castle area) at the Elephant and Castle to shift premises at approximately the same time?*

- 1.15 The Deputy Leader replied that they were working to ensure that there were opportunities for traders to continue to trade up to and after the development, and were aiming to provide a fair and welcome package. She made the point that the traders were not a homogenous group, and individual traders may have different intentions for the future. She likened it to a phase with tenants and residents on the Heygate Estate a couple of years previously, noting that people would be vocal if they were unhappy with the package offered, and that the council would try to tailor it as much as possible.
- 1.16 The Deputy Leader added that they would look to work with developers to create units that would fit expectations in terms of size and scale etc, but that it was still work in progress. She commented that the situation may have been easier if the council was the commercial partner, however this was not the case. Everything was geared around upping commercial opportunities.
- 1.17 The Deputy Leader also said that the majority of people were not keen on the current shopping centre but did like the diversity and range on offer, and therefore the council was keen to ensure this was preserved.
- 1.18 The Chair referred to the comment about the "fair and welcome package" and asked when the Deputy Leader was aiming to achieve such a package. The Deputy Leader replied that personally, she would want it to be available as soon as possible in order to give certainty needed for small businesses and to have a programme in place to move forward. She added that steps had already been taken to assist traders, such as Business Extra, and said that businesses should take advantage of all opportunities available to them. She commented that if businesses were lost, the programme would have failed. The Deputy Leader confirmed that she would welcome an attempt to reach a fair and welcome package by autumn 2006. The Chair observed that the process of selecting the preferred development partner might close-off certain options well before the final signing of the contract.

- 1.19 Councillor Pearce asked the Deputy Leader if she was aware that the bigger players in the shopping centre were planning not to renew their leases, which were up in the next 18 months. The Deputy Leader said she was not aware that they were planning to move on, adding that the council was not party to negotiations about leases.
- 1.20 In response to a question about whether officers were doing all they could to ensure that the traders could move at the same time, the Director said that they could influence this, but did not have absolute leverage. But they would try to ensure that the transition is made as quickly as possible.

Question 5: *The April/May edition of Southwark Life contains a report on replacement housing for residential displacees which includes the Oakmayne Properties development at Crampton St as a replacement site. This was not in the original list of replacement housing sites. Please would the Executive Member update the schedule of replacement sites with an indication for each site of timescales and rehousing capacity (tenanted and owner-occupied) for displacees?*

- 1.21 The Scrutiny Project Manager had omitted to bring down copies of the schedule of replacement sites, so the Chair said he intended to park this for a future meeting. The Director briefly explained that the list had been revised because the early housing schemes sites were separate from use of affordable housing arising from other schemes brought forward by developers. Crampton Street was an example of using planning gain to provide affordable housing.

Question 6: *The two developments mentioned in the Southwark Life report were both given planning consent although both are in excess of the upper limit for density (1100hr per hectare) in the emerging new Southwark Plan. Would the Executive Member please set out what steps are being taken to ensure the replacement housing drive of Regeneration Department is not distorting the proper consideration of planning applications?*

- 1.22 The Deputy Leader informed the sub-committee that there was no indication this would distort proper planning considerations.
- 1.23 The Chair observed that it seemed the Executive Member had referred in her answer to the upper limit of 1100hr per hectare as being merely guidance. He asked the Executive Member what upper limit for density would be acceptable to her. The Deputy Leader said that she would not want densities higher than that outlined in the masterplan.
- 1.24 The Chair also asked if Steedman Street would be used for rehousing Heygate tenants and whether there was any agreement with developers to reserve affordable homes for Heygate. Chris Horn said that affordable homes were available to the whole borough, and the developer would be indifferent as to where future occupants came from.
- 1.25 Councillor Pearce referred to the article on the Southwark Council website [see attachment 1, item 1 of the agenda papers], and raised concerns that less than 25 percent of the homes would be affordable as opposed to the current requirement of 40 percent. Chris Horn explained that the developer had made their application under the previous plan where the requirement was for 25 percent of homes to be affordable and it had agreement from both the Mayor's office and the GLA. He added that affordable housing was only part of the total package.

Question 7: *Would the Executive Member please forecast the population of the masterplan area for each year from now until expected completion of the Elephant and Castle regeneration with comments on the adequacy of educational, health, leisure and other relevant facilities throughout the regeneration process, and on how any forecast inadequacies will be made good?*

- 1.26 The Deputy Leader provided a broad indication of the expected increase in population and new homes in the London Plan and said that the current facilities were not sufficient. The council was making plans to accommodate this e.g. looking to increase school capacity.
- 1.27 The Director said that the supplementary planning guidance dealt with the issue of population increases. He explained that at this stage consideration was done in blocks of years rather than for individual years. They were planning to chart individual years once the detail was known. The Director also said that changes in the masterplan population was factored in to work with colleagues across the council and included in the final phase of the new Unitary Development Plan (UDP). The Community Strategy Review processes also provided economic estimates. The Director warned that any figures were shifting targets and could only be the best estimates.
- 1.28 Councillor Kayada asked about the impact of the Elephant and Castle regeneration on other centres, such as Camberwell and Peckham. Chris Horn explained that this was considered in council strategies such as the UDP. The council was not aiming to capture business from other areas in Southwark, but rather to draw Southwark residents back to Southwark.

Question 8: *It has been reported to the Sub-Committee Chair that organised gangs of squatters are moving into properties vacated on the Heygate estate. Would the Executive Member please comment?*

- 1.29 The Deputy Leader said that two lots of squatters had been evicted, but squatting had not been a big problem. She explained that Housing appeared to be vigilant in watching out for this, and added that there was some evidence that the squatting may be organised.

Question 9: *A 1200 signature petition was reportedly presented to the Executive Member in 2003 from the Elephant & Castle businesses and customers as part of the consultation process. Would the Executive Member please advise on any relevant progress and considerations given to the petition?*

- 1.30 The Deputy Leader said that the petition was taken into account in the wider consultation process, along with the 5000 people who attended the consultation events, and the 800 written responses received.
- 1.31 The Chair questioned whether any specific steps had been taken to address the issues raised by the petition signed by the outside market traders. Chris Horn said that some were represented by Urban Space Management, and their landlord was also a tenant of St Modwens. There were specific consultation and discussion events, but Mr Horn acknowledged that it was difficult to reach all of the traders. One objective of the regeneration was to provide a Market Square with more capacity than was currently available at Elephant and Castle, and the failure to provide this was one reason that the negotiations with the previous developer had fallen through.

- 1.32 The Chair also noted that in the petition presented by Valerie Stevens the traders had opposed the demolition of the shopping centre unless it was replaced with a new centre in the same area with existing businesses guaranteed a place at an affordable rent. The Deputy Leader agreed to assist the sub-committee with any further work on this issue.

Question 10: *The tenants of the Elephant & Castle Shopping Centre are facing difficult trading conditions, an uncertain future, financial loss and business extinguishments. Will the Executive Member accept that the Council have a responsibility to the tenants of the Shopping Centre compensate them for their losses and support them financially through the time between now and the demolition of the Centre?*

- 1.33 As the question had come in late, the Deputy Leader undertook to respond to the sub-committee in writing.

Question 11: *The Elephant & Castle Centre is already blighted and this is before any major works commence. Will the Executive Member accept responsibility to minimise the blight and disruption to come?*

- 1.34 [See response to question 10]

Question 12: *Many tenants will wish to be relocated and they will need units to be equivalent in standard, rental (i.e. affordable) and location (i.e. prime) to that which they occupy at present. Will the Executive Member give a commitment to these conditions?*

- 1.35 [See response to question 10]

Question 13: *When the Shopping Centre is finally demolished and the tenants are evicted will the council and the developer commit themselves to compensation greater than the minimum provided by law?*

- 1.36 [See response to question 10]

Question 14: *Would the Executive member please comment on the letter, from the Chair of the Heygate Tenants and Residents Association, in today's Southwark News about the statues in the estate's rose garden?*

- 1.37 The Deputy Leader said that no decision had been taken by the council to remove the statues from the Heygate Estate. Her personal opinion was that the council had been "ham-fisted" in its approach to the issue. She explained that there were two interest groups – one community had a historic link to the statues and the other had enjoyed looking at the statues for a number of years. In order to resolve this, the Chief Executive would prepare a report on the processes to date and a decision would then be taken.

- 1.38 During the course of questioning Councillor Pearce asked the Deputy Leader whether the opposition party would be invited to attend Executive Member briefings on Elephant and Castle, as had been the case in the lead-up to the previous council election. The Deputy Leader made it clear that this invitation would not be extended, stating that the opposition party members had been invited to previous meetings because they were the ward councillors. Individual members were entitled to seek briefing from officers directly. The Director confirmed that he was happy to do this if requested.

1.39 The Chair thanked the Deputy Leader for attending the interview.

2 SMALL BUSINESS/ELEPHANT & CASTLE

2.1 The Director was invited to report back on when the information about Elephant and Castle requested, at the March scrutiny, would be available for the sub-committee's consideration.

2.2 The Director first noted that there was considerable overlap with the questions directed at the Executive Member, in regard to how to take the issue forward. In response to the sub-committee's request for information, the Director offered to provide a full report at the July 2005 meeting which addressed the following:

1. The wider policy background, any comparable schemes (or comparable elements of other schemes), and the succession arrangements for the Single Regeneration Board;
2. The formal legal position about compensation and compulsory purchase orders (CPOs) and identification of where the traders were placed in a spectrum and the volume in each group;
3. The council view about the process and package on offer, and the obligations on the council and St Modwens. (The Director added that this would provide the information for a debate to take place, and draw in any outsiders.)

2.3 The Director discussed the reasons for the timings, noting that it would give scrutiny the opportunity to influence the decisions prior to consideration by Executive.

2.4 The Chair said members were unclear about the CPO processes and what would be set in stone by the time the preferred partner is selected. The Director said that the council would not want to go into the selection or negotiation stages without a reasonable set of requirements. Chris Horn added that whatever deal the council arrived at, it would not change individual rights under the Landlords and Tenants Act and CPO legislation. The point was made that it was important to understand the distinction between the rights of the businesses and the council's legal requirement.

2.5 There was then discussion about the minimum requirements of the council with regard to legislation and the rights of businesses. The Chair was concerned that the council might rely on the minimum legal requirements. The Director explained that there was a spectrum with what the council was required to do at one end, what the council was not allowed to do at the other, and options in-between. For some elements, the council was limited to only doing the bare minimum. He pointed out that the key issue was equity, and ensuring fairness of who would benefit at what stage and under what set of circumstances. This would all be discussed in the report for the July meeting.

2.6 Councillor Pearce reiterated her point that it was important that decisions about policy options were not restricted to the Executive Member. The Director explained that those who held authority at that moment made the decisions and some of these would be clearly visible, such as those made at Executive meetings. He was happy to brief members if asked.

- 2.7 Councillor Pearce suggested the council be up-front about the minimum traders would get as this could save the traders money in legal advice. The Director said there was no reason that the council would not do what it should, and assured that council would act properly under the legislation.
- 2.8 Ms Valerie Stevens, from the Elephant & Castle Traders Association (E&CTA), argued that minimum compensation would be below what traders would reasonably expect in profit and traders were already losing out from the proposed regeneration. She was concerned about whether the landlord would offer new leases to those businesses whose leases were coming to an end within the next two years. While there was talk of options and choices, Ms Stevens contended that in reality choices were limited; especially as customers were fickle and would be lost if traders relocated.
- 2.9 The Director said he fully understood Ms Stevens' concerns, but did not accept that there was blighting at present as the information they had was that the premises were all let and the footfall was considerable. The council was trying to manage the change in a way that would advantage the traders in the long-term. He said that he would offer a more considered view at the July 2005 meeting.
- 2.10 The Chair then invited Mr Uddin to speak. Mr Uddin raised concerns about the effect of 24-hour parking restrictions outside his nightclub/restaurant. He contended that this had a detrimental effect on his business, which was within the Elephant and Castle masterplan area.
- 2.11 The Chair suggested Mr Uddin could make a deputation to Executive or Council Assembly as the issue was not appropriate for the current discussion. The Director instead suggested that Mr Uddin write directly to himself with all the relevant details, and he would look into the issue immediately. The Chair asked for the sub-committee to be copied into progress on this.
- 2.12 The Chair questioned the Director on whether efforts would be made to narrow the gap between the council and traders with regard to the package on offer before the July 2005 meeting. The Director said he was happy to make this the basis of further conversation with the E&CTA before the July meeting with an aim of narrowing any gap.
- 2.13 Councillor Pearce noted that the Director had referred to the LDA's involvement in previous discussion and asked for clarification about their powers. The Director said that they had no specific relevant powers and doubted that they could do anything uniquely that the council could not. He undertook to confirm that this was indeed the case.
- 2.14 The Chair of the E&CTA, Mr Ian Fraser, commented that the March 2005 scrutiny meeting had been very constructive but the current meeting was a "work in progress". He asked about the relationship between the regeneration and the UDP enquiry. The Director replied that the planning regime would not change the issues; there may be some broader relationship although the UDP was unlikely to be finalised until 2006.
- 2.15 The Chair referred to resolution 1(c) of the March 2005 scrutiny resolutions, expressing his disappointment that the requested information would not be available to the sub-committee earlier than July. The Director explained that they were not yet able to provide the schedule identifying various traders groups for the sub-committee and did not yet have figures for how many traders were in each group. However, information about CPOs and compensation rules that would apply to the regeneration was available in various forms and he undertook to make this available to the sub-committee prior to the July 2005 meeting.

- 2.16 Councillor Pearce queried how much St Modwens would lose if traders all left early. Chris Horn advised that there was a risk in making assumptions, and that council was not privy to such details. He added that it was dangerous to assume the intentions of each business as the individual owners would have to make their own decision.
- 2.17 Councillor Pearce also asked whether the council would encourage traders to move more quickly if it was in their interests. The Director said there was no value in a prolonged and vague transition, and the council would give whatever support it could.
- 2.18 Mr Uddin spoke again, and reiterated his concerns about the effect of controlled parking zones. He explained that he was a freehold owner of the Ivory Arch Restaurant and Nightclub, and also lived on the Heygate Estate. He was not worried about his position in the Heygate, but was pleading for help with his business. He had written letters to the council about his concerns.
- 2.19 The Director informed Mr Uddin that he had undertaken to look into it, and Chris Horn confirmed that he was aware of correspondence from Mr Uddin to the council. The Director suggested to the sub-committee that the report in July would also look at commercial interests in the wider masterplan environment.
- 2.20 The Director also briefly discussed the limitations around the ability of the council to deliver or not, and the need to look at what was required to make things happen in the most advantageous way. He warned that even if the council and traders could agree an approach, the council might be limited in its ability to make the ideal happen. The Chair replied that as elected members they were aiming to assist in finding the best way through the issues.
- 2.21 The Chair concluded the item by stating that the sub-committee would not make any recommendations to Executive at this stage. He reminded the Director of the request for information about CPOs and the compensation rules, and confirmed that the questions implicit in questions 10-13 of the Executive interview [refer to item 1] should be picked up in the July report.

3 REPORT BACK: MEMBERS CODE OF CONDUCT

- 3.1 The Chair deferred item 3 until the next Regeneration & Resources Scrutiny meeting as Councillor Smith, who was leading on the item, had advised that he was planning to send suggestions to the members upon his return from leave.
- 3.2 The Chair suggested to members that any individual comments to the Standards Board for England be made earlier than the next scrutiny meeting because it was very close to the closing date for comments.

4 WORK PROGRAMME [Pages 3-11]

- 4.1 The sub-committee discussed work programme items for the June 2005 meeting and agreed to look at the following (subject to officers being agreeable):
- the review of office accommodation - to look at the way in which the money is being spent and why it was costing so much.
 - the enterprise and employment strategies - opportunity to comment, and make any suitable recommendations to Executive.

- Staff sickness – to hear back on the resolutions made at the February 2004 scrutiny meeting.

5 FINANCIAL STANDING ORDERS

- 5.1 The Chair said that the revised financial standing orders were going to Council Assembly the following week, and he felt there were some aspects which deserved consideration from members. He briefly outlined some of the changes, and urged members to have a detailed look at the financial standing orders.
- 5.2 The Scrutiny Project Manager undertook to send members the tracked-changed version of the financial standing orders, and the Chair said he would send around his suggested amendments to members the following week.

The meeting closed at 9:50pm.

CHAIR:

DATE: