

Item No: 4	Classification: OPEN	Date: July 19 2010	Meeting Name: Overview & Scrutiny Committee
Report Title:		Call-in: Elephant and Castle - Regeneration Agreement and Disposal of Associated Land (Cabinet 7 July 2010)	
Ward(s) or Group affected:		Cathedrals, Chaucer, East Walworth and Newington	
From:		Head of Overview & Scrutiny	

BACKGROUND INFORMATION

1. On 7 July 2010 the Cabinet considered a report on the Elephant & Castle Regeneration Agreement and Disposal of Associated Land (open report included as appendix, closed report circulated separately).
2. The cabinet also considered a recommendation from overview and scrutiny committee (included as appendix). This was with regard to the cabinet assuring itself that the council can satisfy the District Auditor that it has achieved the best consideration for disposal of its land at the Heygate Estate and that the terms of disposal sufficiently met those of the developer's best and final offer. The cabinet took officer advice on these points.
3. The Cabinet agreed that:
 - i) The terms of the regeneration agreement with Lend Lease (Elephant and Castle) Ltd for the regeneration of the Elephant & Castle as outlined in the report be agreed.
 - ii) That approval be given for the disposal of housing land at the Heygate Estate, shown edged in red on the plan at Appendix 1 ("the Land"), to Lend Lease on the terms outlined in the regeneration agreement by way of 999 year leases for premiums plus overage if applicable as set out in the closed report subject to:
 - the Council obtaining confirmation from the Secretary of State for the Department for Communities and Local Government ("CLG") that specific consent to the transfer of housing Land will not be necessary; or,
 - Council assembly's approval of an application to CLG for consent to the disposal of housing Land at less than best consideration and that consent being obtained; and,
 - other conditions precedent being met.
 - iii) That council assembly be recommended to approve an application to CLG for consent to transfer the Land if such consent is necessary.
 - iv) That the minimum level of affordable housing to be delivered as part of the scheme be 25% as set out in the Minimum Development Requirements.

- v) That officers report back to a future meeting to seek further instruction on the compulsory purchase of the site, underwritten by Lend Lease, in the event that negotiations to bring forward the development of the shopping centre site are unsuccessful.

REASONS FOR CALL-IN

4. On 15 July 2010 the Chair of Overview & Scrutiny Committee - Councillor Lisa Rajan - and three members of the committee (Councillors Toby Eckersley, David Hubber and Tim McNally) requested a call-in of the decision on the following grounds:
- a) that it has not achieved best consideration for the disposal of land on the Heygate Estate (inherent in recommendation 2b of the decision), and the deal therefore does not represent good value for the council tax payers of Southwark;
 - b) that the terms of disposal do not meet BAFO (Best And Final Offer) terms set out in the decision appointing Lend Lease as the Development Partner (July 2007), rendering the Council open to legal challenge;
 - c) that the sacrifice of the 2023 priority return for the 25% minimum 'guarantee' on affordable housing is not a sound financial judgement, given the levels of affordable housing that would have been achieved via the planning process regardless;
 - d) that capping the planning overage up to 2030 has a further negative impact on the financial integrity of the deal for the Council.

BACKGROUND DOCUMENTS

Background Papers	Held at	Contact
Agenda – Cabinet	160 Tooley Street London SE1 2TZ	Everton Roberts Constitutional Team 020 7525 7221

APPENDICES
Report to Cabinet, 7 July 2010
Reference from Overview & Scrutiny Committee to Cabinet, 7 July 2010

Audit Trail

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Peter Roberts, Scrutiny Project Manager	
Version	Final	
Dated	16 July 2010	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Communities, Law & Governance	No	-
Cabinet Member	No	-