

Item No. 14.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Elephant and Castle Regeneration – Shopping Centre	
Ward:		East Walworth	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

The transformation of the Elephant and Castle shopping centre is essential to the regeneration of the local area. Further to the in principle decisions of the council, St Modwens (KPI) and Lend Lease in May of this year to enter into agreements for regeneration at the Elephant, I am now pleased that we are taking this significant step forward to confirm the agreements.

The agreements formally coordinate the regeneration objectives of all parties for the delivery of the shopping centre and progresses what we hope will be a far earlier transformation of the centre than would otherwise be possible.

As demolition of the Heygate moves forward, and Lend Lease’s masterplan takes shape, this is an exciting move towards the provision of expanded and much improved retail space in the town centre. The transformation of the shopping centre provides the opportunity of improving its appeal as a shopping destination to a wide catchment, providing a new civic public space at the front of the shopping centre and creating new pedestrian links through the site and through the adjacent viaduct - opening up new east-west linkages and enhancing interchange between tube, rail and bus.

This is a tremendous opportunity to help give the area a new identity and create a place at the heart of the Elephant and Castle that feels pleasant and comfortable to be in.

RECOMMENDATION

That cabinet agrees:

1. To enter into agreements with Lend Lease (Elephant and Castle) Ltd and KPI III SARL to take forward the regeneration of the Elephant and Castle Shopping Centre on the principal terms set out in Appendices A and B of the closed version of this report and to vary the Elephant and Castle Regeneration Agreement to reflect the change in delivery approach as a result.

BACKGROUND INFORMATION

2. At its meeting on 17 May Cabinet resolved that the council shall enter into two agreements and vary the Elephant and Castle Regeneration Agreement to reflect the change in delivery approach as a result. The agreements were
 - (i) With KPI III SARL (a company in which St Modwen Properties plc has a major interest) the owner of the Elephant Shopping Centre to provide for its regeneration
 - (ii) With KPI III SARL and Lend Lease the council's principle partner in the Elephant and Castle to co-operate to work together to bring forward the overall regeneration of the area
3. As well as approving the agreements mentioned cabinet also resolved that a report back shall be made after the conclusion of negotiations in respect of those agreements. This report is in furtherance of that resolution.

KEY ISSUES FOR CONSIDERATION

Conclusion of negotiations

4. Negotiations concluded with KPI III SARL [KPI] (a company associated to St Modwen PLC) and Lend Lease [LL] and are recorded in Heads of Agreement at Appendices A to B of the closed version of this report. Respective lawyers are currently instructed to agree the wording of the documentation to effect these agreements subject to the cabinet's approval. Once these agreements are concluded, the Regeneration Agreement between the council and Lend Lease will be amended to reflect changes in approach.

Indicative timetable

5. The agreement will provide for the target dates set out below:
 - a) KPI submitting the outline planning application by 30 September 2012.
 - b) KPI submitting a full planning application by 30 November 2014.
6. These dates are subject to achieving a satisfactory resolution of the current transport and issues relating to the tube network and northern roundabout.
7. Once the full planning application has been approved the regeneration of the centre will commence once conditions such as funding and viability have been satisfied.

Community impact statement

8. The Elephant and Castle regeneration has been the subject of extensive consultation and the recommendations in this report will result in additional consultation as will the planning application for the overall regeneration of the area. A full equalities impact assessment for the overall regeneration has previously been carried out and will be reviewed at the time of a planning application for the overall regeneration.

Resource implications

9. Effecting the recommendations will not result in the need for any resources over and above those already identified for the regeneration project. There are no immediate resource implications arising from this report and any development schemes emerging from the regeneration of the shopping centre, in the future, will be subject to separate reports.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

10. The comments of the strategic director of communities, law & governance are set out in the closed report.

Finance Director

11. This report seeks approval from Cabinet to enter into agreements with Lend Lease (Elephant and Castle) Ltd and KPI III SARL to take forward the regeneration of the Elephant and Castle shopping centre, and to vary the Elephant and Castle regeneration agreement to reflect the change in delivery approach as a result.
12. The finance director notes that there are no immediate resource implications arising from this report and any development schemes emerging from the regeneration of the shopping centre, in the future, will be subject to separate reports.

REASONS FOR URGENCY

13. To enable the development agreement between KPI SARL to be completed on programme so as not to delay the regeneration of the Shopping Centre. In particular, the board of KPI SARL will not release funding to move forward detailed design work until the agreement has been signed. The cost of the design work is considerable and KPI SARL need a contractual commitment from the council (this report) to enter into such expenditure. A delay in completing the contract by the council will mean design works begin three months later than programmed with a consequential knock on effect to the regeneration programme. This is contrary to the council's aspiration to bring forward the regeneration as soon as possible.
14. The report needs to be considered on the same agenda as the Elephant and Castle Regeneration Agreement variation report as the co-operation agreement referred to in paragraph 2 (ii) forms part of an overall package in relation to the regeneration.

REASONS FOR LATENESS

15. It was not possible to circulate the report five clear days in advance of the meeting due to various consultations and negotiations with Lend Lease and KPI SARL. In particular a board decision of Lend lease that did not take place until 15 November was needed to finalise the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Correspondence file	Property Services 160 Tooley Street, London SE1 2QH	Patrick McGreal 0207 525 5626
Cabinet Report of 17 May 2011	http://modern.gov.southwarksites.com/mgConvert2PDF.aspx?ID=19141	Patrick McGreal 0207 525 5626
Cabinet minutes of 17 May 2011	http://modern.gov.southwarksites.com/mgConvert2PDF.aspx?ID=3341&T=1	Patrick McGreal 0207 525 5626
Cabinet report of 7 July 2010	http://modern.gov.southwarksites.com/mgConvert2PDF.aspx?ID=10891&ISATT=1#search=%22elephant%20castle%22	Patrick McGreal 0207 525 5626
Cabinet minutes of 7 July 2010	http://modern.gov.southwarksites.com/mgConvert2PDF.aspx?ID=11179&ISATT=1#search=%22elephant%20castle%22	Patrick McGreal 0207 525 5626

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Patrick McGreal Property Services	
Version	Final	
Dated	17 November 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	17 November 2011	