

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 22 November 2011	<b>Decision Taker:</b> Cabinet
<b>Report title:</b>		Elephant and Castle Regeneration – Variation of Regeneration Agreement	
<b>Ward:</b>		East Walworth	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration and Corporate Strategy	

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

Since signing the regeneration agreement with Lend Lease last July the regeneration of Elephant & Castle is at last really happening. The first blocks of the Heygate Estate have been demolished and consultation is well underway on plans for the new homes, shops and open spaces that will take its place.

We are now recommending some variations to the regeneration agreement to ensure that this momentum is maintained. These include earlier demolition of the remainder of the Heygate Estate, changes to bring forward the construction of the Rodney Road phase at a lower density than the original plans in line with consultation feedback (but without any loss of new homes overall) and the introduction of annual reviews of the regeneration agreement to ensure it remains up to date.

### **RECOMMENDATION**

That Cabinet agrees:

1. To vary the Regeneration Agreement as set out in the closed version of this report.

### **BACKGROUND INFORMATION**

2. Cabinet resolved on 7 July 2010 to enter into a Regeneration Agreement (RA) with Lend Lease to deliver the regeneration of the Heygate Estate and Elephant and Castle Shopping Centre. This was a significant milestone that after many years moved the regeneration from concept to delivery.
3. Since the completion of the Agreement significant progress on moving the project forward has been made including:
  - (i) The part of the Heygate Estate to the east of Rodney Road comprising the Wingrave blocks has been demolished. Architects have been appointed to design the regeneration of this vacant site and consultations have commenced.
  - (ii) Plans are in preparation to secure the demolition of the remainder of the Heygate Estate.
  - (iii) All tenants on the Estate have been moved and only seven residential leaseholders remain.

- (iv) Agreement has been reached with the owner of the Shopping Centre to co-operate on the regeneration including the centre owner taking forward that element of the project. This should enable the earlier progression of this element of the regeneration.
- (v) A strategy has been adopted to bring forward the regeneration of the Elephant and Castle Leisure Centre.
- (vi) A Masterplan for overall regeneration is being prepared and is being extensively consulted upon and adapted in the light of feedback. It is programmed that the Masterplan will be submitted in March 2012 for approval.
- (vii) Lend Lease is preparing an interim use strategy for the Heygate Estate to cover land use the period between demolition of existing buildings and the commencement of construction of new ones.
- (viii) Encouraging in depth discussions on the transport solutions for the northern roundabout and Northern Line Underground Station have taken place. A costed preferred solution has been lodged with the stakeholders and a formal response is awaited.

#### **KEY ISSUES FOR CONSIDERATION**

4. The RA is to cover a period approaching twenty years. In negotiating the Agreement, the parties recognised that as a result of changing internal and external influences it will be necessary periodically for it to be varied to reflect those changes and to enable the momentum of the regeneration to be maintained.
5. Since last July the following factors have changed:
  - (i) The intention now is for the owner of the Shopping Centre and not Lend Lease to deliver that aspect of the regeneration. However provision is made for responsibility to revert to Lend Lease in the eventuality of non-performance by the owner.
  - (ii) Detailed planning discussions have taken place in respect of the site to the east of Rodney Road and it is clear that the density of development assumed at the time of negotiation of the RA is not sustainable. The regeneration will therefore be at a lower density resulting in around a hundred fewer properties than envisaged a year ago.
  - (iii) Central government policy in respect of affordable of housing is changing and the interaction between government and council policy in this respect is at the present unclear thus creating uncertainty.
  - (iv) Funding for affordable housing through the Homes and Communities Agency has been severely curtailed and this was not anticipated at the time of negotiating the RA.
  - (v) The anticipated improved housing sale market has not materialised. Indeed with concerns over European debt and a further recession in the western hemisphere the market outlook has deteriorated.
6. It has also become apparent that on financial, safety and reputational grounds that it will be beneficial to the council to bring forward the demolition of the Heygate Estate.
7. As a result of the changes set out above The project management board has recommended three variations to the Regeneration Agreement to cover:
  - Early demolition of the remainder of the Heygate Estate

- Bringing forward construction of the Rodney Road phase
- Annual reviews of the Regeneration Agreement to ensure it remains up to date

8. Details of the proposed variations are set out in the closed version of this report.

**Community impact statement**

9. The Elephant and Castle regeneration has been the subject of past and ongoing extensive consultation. 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.

**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. The comments of the finance director are set out in the closed report.

**REASONS FOR URGENCY**

12. The input of additional funding from Lend Lease is conditional upon the cabinet considering and determining the proposed variations at its 22 November 2011 meeting. Failure to consider the report at this meeting puts this additional funding at risk.

**REASONS FOR LATENESS**

13. It was not possible to circulate the report five clear days in advance of the meeting due to finalisation of negotiations with Lend Lease and in particular awaiting the outcome of their Board meeting that only took place on 15 November.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Cabinet report and minute of 7 July 2010	<a href="http://modern.gov.southwarksites.com/ieListDocuments.aspx?CId=302&amp;MID=3330#A18874">http://modern.gov.southwarksites.com/ieListDocuments.aspx?CId=302&amp;MID=3330#A18874</a>	Patrick McGreal 0207 5255626

**APPENDICES**

Appendix	Title
None	

## AUDIT TRAIL

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