

Item No.	Classification: Open	Date: 9 February 2010	Meeting Name: Executive
Report title:		Elephant and Castle Regeneration Agreement – Update Report	
Ward(s) or groups affected:		Cathedrals, Chaucer, East Walworth and Newington	
From:		Deputy Chief Executive	

RECOMMENDATIONS

1. That Executive note progress made in connection with the Elephant and Castle Regeneration Project.

BACKGROUND INFORMATION

2. At the meeting of the reconvened Executive held on 30 November 2009, the Executive requested that officers report back to their meeting in January 2010 providing an update on the project and in particular how negotiations were proceeding towards achieving a Regeneration Agreement.
3. The draft Regeneration Agreement was received on 23 December 2009 and as such, it was not possible to meet the published timetables to comprehensively report to the Executive at its meeting on 26 January 2010. However, there has been much work between both parties in reviewing the document and in discussing the key principles in order to reach agreement. Regular meetings have been held between both teams to discuss the document and the inter-relating issues. This has led to the development of a joint approach whereby a joint office has been set up in Tooley St and an agreed joint action plan has been agreed that sets out the key activities and milestones that both parties will work towards in order to finalise the document. In particular, specific project teams have been set up for certain issues in order to progress them as quickly as possible, this includes a demolition project team and also a project team reviewing leisure options.
4. Given the scale and complexity of the project the Council continues to use appropriate specialist external advice in order to support the process of the discussions with Lend Lease and to deliver the regeneration of the Elephant and Castle. The support gained so far from the professional team has informed the negotiation on the Heads of Terms and continues to drive forward the discussions on the Regeneration Agreement and the inter-related activities.

UPDATE and PROGRESS

Exclusivity Agreement

5. The Council signed a new Exclusivity Agreement with Lend Lease on the 22 December 2009. This provides a stable platform for the discussions. This agreement does permit the Council to speak to St Modwen, the owners of the shopping centre.

Heads of Terms

6. Non-legally binding Heads of Terms were exchanged with Lend Lease on the 22 December 2009 in accordance with the Executive's instructions. The Heads of Terms form the basis of the Regeneration Agreement.

Demolition of Phase 1

7. A project board has been established to progress the demolition of phase 1 (which consists of Rodney Road and Wingrave blocks) as quickly as possible in line with the approach and programme reported at the Executive meeting in November 2009. Initial meetings have been held involving all relevant officers from the Council including environmental health, housing and planning. Lend Lease are now preparing a schedule of services and a programme for agreement by the Council which will address the issues that have been identified. This will specify their role and responsibilities for the project and will establish an agreed methodology for carrying out the works including asbestos removal, retention of trees and the achievement of best value.
8. The demolition process of the Heygate estate is currently underway. This involves, in the first stages, an initial soft strip, vermin baiting and a hygiene sweep. This work is carried out as units become vacant. A hoarding will also be erected and further steps will be carried out such as utility disconnection, a survey of drainage and the removal of asbestos. Following this, the physical demolition itself will begin. This process is scheduled to last for approximately six months.
9. The legal agreement to enable these works to be carried out is being drafted by external legal advisors and will provide for the works to progress as quickly as reasonably possible. Subject to receipt of this information an update on the timetable will be provided at the Executive meeting.
10. As there is no planning application or consented scheme for the site, Lend Lease will be required to submit a prior approval proposal to the LPA for the demolition works to be carried out. This proposal will need to provide details as to the methodology for the works and the treatment of waste materials. The Heygate district heating system which also serves the Salisbury estate runs through the site for phase 1. This pipework will need to be maintained until an alternative supply can be provided to the Salisbury estate.

Planning Strategy

11. Lend Lease and the Council's planning department have met to discuss the strategy for the planning application and the proposed masterplan. It is likely to be a composite application comprising two elements; a detailed application for phase 1 and an outline application for the remainder of the site. Lend Lease have agreed to prepare a proposal for a Planning Performance Agreement which will establish a programme with milestones for the pre-application process. It will include agreement on a shared vision for the scheme, the fee and resources required by the LPA to manage the pre-application process within the agreed timeframe and identify the key policy, s106 and design issues that will need to be addressed. It is expected that the Planning Performance Agreement will be finalised in the next few weeks.

Re-housing and Leasehold buy backs

12. Excellent progress continues to be made in relation to the re-housing of secure tenants and the acquisition of leaseholders' interests on the Heygate. The positive progress made in rehousing the residents of the Heygate estate is critical in giving the Council the confidence that it is able to deliver vacant possession in line with its obligations in the agreement.
13. To further support the process of achieving vacant possession, a separate report is elsewhere on the agenda for this Executive meeting. This report is seeking authority to use Compulsory Purchase Powers in order to secure vacant possession of the site in order to mitigate risk, support negotiations and to ensure delivery in accordance with the agreed programme.

TFL

14. The Planning and Transport team have instructed Mouchel (who provide professional services to the council including transport advice) to undertake an independent review of the robustness of the modelling and cost mitigation assumptions which TFL have used to inform their work on the Elephant & Castle interchange. The brief for the work has been made available to TfL and a number of meetings have now taken place between the respective professional teams. The initial report on their findings is expected by the end of this month.
15. Work is due to begin on the southern roundabout at the Elephant and Castle in March 2010 and is expected to be complete by late October 2010.

Housing Sites

16. Work on the construction of sites at St George's Road, New Kent Road and Camberwell new Road is well underway. Works are also expected to start at Townsend Street and at the Brandon Street project subject to confirmation of the necessary road closure orders.
17. Library Street - The Library St NHO will be fully decommissioned by the end of the month and BOST will move by the 1 March 2010 at the latest. The remaining tenant on the site has formally accepted an alternative property and should move in the next few weeks. These steps will allow the completion of the building lease to take place before 31 March 2010 and will enable L&Q to draw down HCA grant to build out the project.

Leisure

18. Work continues on identifying potential site options for new leisure provision at the Elephant and Castle which will inform the masterplanning process.

FINANCIAL IMPLICATIONS

19. The negotiations with Lend Lease continue to be met from within existing budgets.

Statement of Community Impact

20. As acknowledged in the November 2009 Executive report, it is intended to review the EQiA once the Regeneration Agreement has been signed, this is still the position and this will be kept under review.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

21. No legal implications.

Finance Director

22. No financial implications

BACKGROUND DOCUMENTS

Background Papers	Held	Contact
30 November 2009 Executive Report Elephant and Castle Update Development Agreement - Update on negotiations with Lend Lease (Reconvened meeting)	Everton Roberts Constitutional Team	Everton.roberts@southwark.gov.uk Ext. 57221
24 November 2009 Executive Report Elephant and Castle Update Development Agreement - Update on negotiations with Lend Lease	Everton Roberts Constitutional Team	Everton.roberts@southwark.gov.uk Ext. 57221

AUDIT TRAIL

Lead Officer	Eleanor Kelly – Deputy Chief Executive	
Report Author	Stephen Platts – Head of Property	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
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Strategic Director – Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Executive Member		
Date final report sent to Constitutional Team	29.01.10	