

**Chief Officer Confirmation of Report Submission
Cabinet Member Confirmation of Briefing**

Report for: Full Council

Mayor and Cabinet

Mayor and Cabinet (Contracts)

Executive Director

Information

Part 1

Part 2

Key Decision

Date of Meeting	11 th September 2013
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Title of Report	Surrey Canal Triangle Regeneration – Update on Land Assembly and Conditional Land Sale Agreement between LBL and Renewal.
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Originator of Report	Director of Regeneration and Asset Management	47908
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At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments from Exec Director for Resources		
Legal Comments from the Head of Law		
Crime & Disorder Implications		
Environmental Implications		
Equality Implications/Impact Assessment (as appropriate)		
Confirmed Adherence to Budget & Policy Framework		
Risk Assessment Comments (as appropriate)		
Reason for Urgency (as appropriate)		

Signed:  Executive Member
Date 9th September 2013

Signed:  Director/Head of Service
Date 6th September 2013

Control Record by Committee Support

Action	Date
Listed on Schedule of Business/Forward Plan (if appropriate)	
Draft Report Cleared at Agenda Planning Meeting (not delegated decisions)	
Submitted Report from CO Received by Committee Support	
Scheduled Date for Call-in (if appropriate)	

MAYOR & CABINET		
Report Title	Surrey Canal Triangle Regeneration – Update on Land Assembly and Land Agreement between LBL and Renewal.	
Key Decision	Yes	Item No.
Ward	New Cross	
Contributors	Executive Director for Resources & Regeneration Head of Law	
Class	Part 1	Date: 11 September 2013

Reasons for Lateness and Urgency

This report was not available for the original dispatch because despite the best endeavours by all concerned it has not been possible to negotiate and agree all the elements of this complex project in time to meet the prescribed final submission date for this report. The report is urgent cannot wait until the next meeting of Mayor & Cabinet on 2nd October 2013 because this will delay progress on the assembly of the land required to deliver the Surrey Canal Triangle regeneration scheme.

Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b)(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

1.0 Purpose of report

- 1.1 To update the Mayor on progress following the “in principle” CPO and Land Appropriation report of 7th March 2012 for the Surrey Canal Triangle (SCT) Regeneration Area and to seek the Mayor's approval for the Council to enter into a Conditional Land Sale Agreement on the Heads of Terms outlined in the Exempt part 2 of this report. The Exempt part 2 of this report is commercially sensitive and is exempt from public publication so as not to prejudice negotiations with Renewal or third party landowners.
- 1.2 The Developer for the SCT site is Renewal Group Limited (Renewal).
- 1.3 This report also updates members on progress with land assembly. Renewal continues to acquire land by negotiation and have successfully acquired or control the majority of the developable area. If the Council is required to use its compulsory purchase powers and land appropriation powers under the Town and Country Planning Act 1990, then a separate report will be presented to Mayor & Cabinet in

due course outlining the justifications for seeking a CPO resolution and any pre-conditions that need to be or have been satisfied by Renewal.

2.0 Recommendations

The Mayor is recommended to:

- 2.1 agree to enter into a Conditional Land Sale Agreement with Renewal Group Limited on the basis of the Heads of Terms outlined in Appendix 2 in the exempt part 2 to this report;
- 2.2 note that a Compulsory Purchase Indemnity Agreement is to be entered into with Renewal Group Limited prior to the Conditional Land Sale Agreement being completed; and
- 2.3 delegate authority to the Executive Director for Resources and Regeneration, in consultation with the Director of Regeneration and Asset Management and Head of Law, to finalise the terms of the Conditional Land Sale Agreement and any associated legal documentation and to enter into the Conditional Land Sale Agreement.

3.0 Policy context

- 3.1 'People, prosperity, place', Lewisham's regeneration strategy 2008-2020, sets out the Council's aspiration for a vibrant, dynamic Lewisham focussed around the themes of people - investing in the individuals and communities which are Lewisham's greatest asset - prosperity - fostering the skills and economic opportunities for Lewisham to flourish and thrive - and place - developing high quality public spaces, sustainable buildings and protecting the areas which are sensitive to change. The strategy identifies the area as a strategic site with the Borough. The strategy is also placed within the framework of the key national and regional policies which affect the Council's work around regeneration of the borough, including the London Plan.
- 3.2 'Shaping our future', Lewisham's Sustainable Community Strategy 2008 - 2020, includes the 'Dynamic and Prosperous' theme, where people are part of vibrant communities and town centres, well connected to London and beyond. It details the Local Strategic Partnership's commitment to 'improving the quality and vitality of Lewisham's town centres and localities', and aspirations to 'support the growth and development of our town centres by working with commercial partners and developers', and 'maximise the use of our town centres as places to engage the local community'.
- 3.3 Strengthening the local economy is a corporate priority, emphasising the importance of 'gaining resources to regenerate key localities, strengthen employment skills and promote public transport.
- 3.4 The Council's Asset Management Plan sets out the approach to using property effectively in order to achieve the Council's objective of making Lewisham the best place in London to live work and learn. It

acknowledges that the Council's assets have a key role to play in supporting the Borough's regeneration aims.

- 3.5 The Council's Local Development Framework (LDF) sets the vision, objectives, strategy and policies that will guide development and regeneration in the borough up to 2025 and together with the Mayor of London's 'London Plan' will form the statutory development plan for the borough.
- 3.6 Lewisham's Housing Strategy 2009 -14, 'Homes for the future: raising aspirations, creating choice and meeting need' includes as key priorities increasing housing supply, despite the current recession, to ensure all opportunities are explored; and meeting housing need and aspirations by widening housing choice across all tenures. Major regeneration schemes remain one of the Council's key vehicles to bring about significant improvements to its housing stock as well as PFI, ALMO and stock transfer methods, especially for housing estates where the cost of tackling the range of physical and social problems means that in most cases they fall outside of the scope of the housing allocations in the Council's Capital Programme. The strategy recognises that in 'the difficult market conditions posed by the housing market downturn, innovative thinking will be required to deliver the necessary numbers, mix and quality of new homes in a way that fits with wider plans for the borough'.
- 3.7 The Council's Annual Lettings Plan was last presented to Mayor & Cabinet in March 2011. It set out the content of the Lettings Plan for 2011/12, which is designed to achieve the Council's strategic priorities for housing need and homelessness.

4.0 Background

- 4.1 In early February 2011 the Council received an application for outline planning permission made by Signet Planning on behalf of Renewal New Bermondsey Two Limited for the comprehensive phased mixed-use development of the SCT Site.
- 4.2 The Council's Strategic Planning Committee on 13th October 2011 resolved to approve the planning application, subject to completion of a Section 106 Agreement. Full details are contained in the report to that Committee and available on the Council's website.
- 4.3 In summary, the Scheme consists of the comprehensive, phased, mixed-use development of the site based upon a set of planning parameters that would enable detailed proposals to come forward for the following:
1. Demolition of all buildings other than MFC Stadium, Rollins House and Guild House;
 2. The provision of up to 240,000sqm of development on 17 different plots;

3. A range of non-residential uses including retail, cafes/restaurants and drinking establishments, hot food takeaways, Business (B1), hotel, community and Leisure and Assembly, with non-residential floor space totalling at least 37,000sqm or 20% of the total floor space provided, whichever is the lower;
4. Up to 2,400 residential dwellings of a range of sizes, including between 0 and 20% by habitable room of 'affordable housing';
5. Minimum and maximum building heights ranging from 5m above ground to 85.7m above ground (between one and 27 storeys);
6. Between approximately 1.51ha and 1.77ha of publicly accessible open space, other public realm areas and residential amenity/play space;
7. Between approximately 3,240m and 4,640sm of Living Roofs;
8. A network of altered and new streets, pedestrian and cycle paths and up to 1,084 car parking spaces and at least 1 cycle parking space per new home, plus at least 282 car parking spaces for staff and visitors;
9. Provision for two bus services to access some of the proposed streets and the provision of bus stops and facilities for bus drivers in order to provide a public transport interchange with a new Surrey Canal Road Station on the East London Line Extension;
10. District Heating Network either connected to the nearby SELCHP plant or powered by an on-site Combined Heat and Power plant and 3,000sqm of photovoltaic panels at roof level; and
11. A vacuum waste storage and handling system.

4.4 RENEWAL – SCHEME PROGRESS SINCE MARCH 2012

4.4.1 Following entering into the Section 106 Agreement, and the grant of planning consent in March 2012, Renewal have focused on securing occupiers for the commercial spaces in phases 1-3. They see this as fundamental to delivering a new, successful and vibrant place for a scheme of this size and complexity.

4.5 Phase 1.

4.5.1 After a process of interviewing a large number of prospective faith organisations over a period of 18 months, Renewal agreed "in principal" terms in October 2012 with Hillsong, to deliver a new faith building in phase 1.

4.5.2 Hillsong, originating from Australia, are one of the fastest growing inclusive churches in the UK. They currently rent the Dominion Theatre on Tottenham Court Road every Sunday where they hold 4 services, each attended by up to 2,000 people.

4.5.3 As an interim measure, Hillsong are entering into a 3 year lease for over 3,000 sq.m. of space in Unit 3, Stockholm Road, for occupation commencing in September 2013, to start their church, build a local congregation and commence their outreach programmes in the local community around Surrey Canal.

- 4.5.4 The temporary change of use planning application was submitted on 21st June 2013 and is expected to be determined in September.
- 4.5.5 Hillsong have appointed contractors for internal fit out works for their temporary church and are ready to commence detailed discussions on the appointment of detailed design architects and the subsequent detailed planning application, by December 2013.
- 4.5.6 Renewal's current discussions pertaining to the permanent scheme, to be formalised in a Development Agreement between Renewal and Hillsong prior to submission of a detailed planning application, envisage works commencing on site by April 2015 with a two year build period.

4.6 Phase 2

- 4.6.1 Renewal are in discussions with several organisations that wish to be tenants in a creative/digital media hub.
- 4.6.2 Renewal funded a local technology business, Mo-sys, with £85,000, to start a 'meanwhile' Virtual Technology Studio facility in Phase 2. Unfortunately after 8 months of operation the Surrey Canal Studios were unable to continue trading profitably and consequently were closed down.
- 4.6.3 Renewal has held discussion with other leading local Creative businesses and are actively working with the larger businesses who need to relocate from the Faircharm Estate (Creekside Area, Deptford) as a result of a new mixed use development there. An Open Day is being planned in October for these businesses to visit and view the spaces due to become available in the current Phase two buildings, later this year. Renewal are at various stages of negotiation with potential individual occupiers.
- 4.6.4 Renewal are also in early discussions with Pinewood Shepperton studios to operate a Digital Media hub in Phase 2.

4.7 Phase 3

- 4.7.1 A key element in creating a new vibrant community at Surrey Canal is Renewal's vision for and commitment to, delivering a major new sports facility for Lewisham and South East London. This sporting complex has the potential to make a significant difference to the lives and health of the predominantly young and disadvantaged population in this area, the surrounding communities and beyond.

4.8 Surrey Canal Sports Foundation Ltd

- 4.8.1 In May 2011 Renewal established the independent Surrey Canal Sports Foundation Ltd. (SCSF) charitable trust to oversee the capital fund raising and delivery of the not for profit 15,000 sq. m. of sports facilities detailed in the planning consent.

4.8.1 A Board of Trustees was recruited during the summer of 2011 under the Chairmanship of Steven Norris [former Minister for Transport] The board consists of:

Sir Steve Bullock (Executive Mayor of Lewisham Council)
Cllr Peter John (Leader of Southwark Council)
Baroness Grey-Thompson (celebrated Paralympian)
Brendan Jarvis (Global Head of Real Estate Barclays Bank PLC)
John Inverdale (Broadcaster)
Steve Backley (Olympian)

4.8.2 The trustees are seeking to raise the £40m required to build the biggest indoor community sports complex in London since Crystal Palace was built in the 1960's (save for the Olympic complex).

4.8.3 Renewal gave a firm undertaking to the SCSF, in the summer of 2011, to vest with them the long leasehold of the sports complex, valued at circa £10million. Following this Sport England pledged, in 2012, £2million towards the capital costs.

4.8.4 The Board is keen to commence fund raising in earnest once the Conditional Land Sale Agreement with Lewisham has been agreed.

4.8.5 They have already received considerable encouragement to apply for capital grants from statutory bodies, philanthropic organisations and the Social Corporate Responsibility funds of at least 3 PLC's.

4.8.6 The SCSF entered into a lease with Renewal on 4th April 2013 to occupy 2,200 sq.m. in unit 2 Stockholm Road, commencing July 2013 to initiate their "sport in the Community" programme by providing a new interim home for Lewisham Thunder [the under 18 England Basketball Champions]. The aim is to support and enable them, under the management and coaching skills of Steve Bucknall, [an ex American NBA player and coach], to become a British Basketball League [BBL] franchise and a key anchor occupier of the new Sports complex with it's 3000 seat basketball arena.

4.8.7 The Olympic legacy Company has provided two basketball court sprung wood floors, seating and associated equipment. A launch with an exhibition match is being planned for October 2013. In addition, the local health authority has provided funding for Lewisham Thunder to deliver a "Hoops for Health programme" within 16 local primary schools commencing this September.

4.8.8 The SCSF is also providing facilities within this temporary building for the Fusion table tennis Club and are in discussions with an amateur boxing club.

4.8.9 The new sports complex is, in principle, already fully occupied by the organisations listed above plus a regional centre for the English Table Tennis Association including provision for televising major table tennis

Championships and events, the Millwall Community Scheme, a new home and museum for the London Amateur Boxing Association and provision for Ladywell gymnastics club. An in-principal agreement with Technogym [a reputable leading Italian manufacturer] is in place to equip the 150-station fitness and well-being centre.

4.9 Planning and other matters

- 4.9.1 Renewal will be submitting a section 73 Application in September 2013 for minor material amendments to the approved outline scheme, enabling a detailed design and application for the Sports Building to be submitted soon thereafter. Their current intention is to commence building this phase on site in the autumn of 2015.
- 4.9.2 Renewal have also let the construction contract to build the company's new office and presentation suite on site at Surrey Canal in readiness for preliminary works, launches, commencement on site and delivery of the first three phases. Renewal will be in occupation and on site by the end of December 2013.
- 4.9.3 This new predominantly glass single story building, sitting atop Guild House, one of the retained buildings, and overlooking the entire site is seen as the ideal location to launch the final phase of the SCSF fundraising. When the SCSF Board of Trustees can be assured of the Conditional Land Sale Agreement, the SCSF will seek to secure the capital funds already pledged (up to 50% of the funding required). Once 50% of the funds have been secured the SCSF will instruct and fund the detailed design and planning application for the sports facilities.

5.0 Existing ownerships and land assembly issues

- 5.1 The majority of the land required for the Scheme is in the ownership of the Council and Renewal.
- 5.2 A Plan showing the current land assembly position is provided in Appendix 1 of this report. This shows the area now controlled or owned by Renewal, and the land still to be acquired.
- 5.3 The Council owns the freehold of the Stadium land, the freehold of the adjoining sports and the community centre (known as the Lion's Centre) which houses the Millwall Community Scheme (MCS).
- 5.4 Millwall FC ("MFC") has a long lease (with 132 years to run) on the Stadium and adjoining land and the MCS has a lease (with 17 years to run) on the sports and community centre. Neither MFC nor MCS can develop the land leased to them by the Council without the Council's consent as Landowner. The Council, MCS and Renewal are making good progress on negotiations to relocate the Trust to Phase 3 of the Scheme. Correspondence and discussions with MFC have also taken place and these negotiations are still continuing.

- 5.5 If agreement cannot be reached with any of the third party within a reasonable period then the Council will need to consider using its compulsory purchase powers in order to facilitate the land assembly and enable the scheme to proceed. Should this become necessary this will be subject to a further report in due course.
- 5.6 Renewal, who commenced acquisitions in 2004, now owns the majority of the developable land within the SCT. Renewal have continued to acquire land over the past 8 years, with offers to acquire by agreement the remainder of the land. The plan at Appendix 1 shows the land acquired to date by Renewal and the land to be acquired has been independently verified by CPO Surveyors GL Hearn.

6.0 Financial implications

Paragraphs 6.1 to 6.11 are on the Exempt part 2 of this Report.

7.0 Risk Assessment

- 7.1 Key risks in entering into the Conditional Land Sale Agreement are outlined in the financial and legal implications section of this report. A risk register for this project is being monitored by the Council's SCT Project Board. It is intended that prior to entering into the Conditional Land Sale Agreement, the Council and Renewal will enter into a CPO Indemnity Agreement which will seek to provide the Council with the protection it needs to avoid the financial risks associated with the CPO process and any acquisitions by agreement ahead of any CPO. The report to Mayor & Cabinet on 7 March 2012 delegated authority the Director of Regeneration and Asset Management, in consultation with the Head of Law and Head of Asset Strategy & Development (interim), to negotiate the terms of and enter into this CPO Indemnity Agreement with Renewal. A separate report will be presented to Mayor & Cabinet should a CPO be required, and that report will identify the risks associated with the process.

8.0 Comments from the Head of Planning

- 8.1 The Core Strategy Development Plan Document (DPD) sets out the vision, objectives, strategy and policies to manage development in the borough over the next 15 years (2011 to 2026). The Core Strategy is the Council's key planning policy document and together with the London Plan forms the development plan for the borough. The Core Strategy allocates five sites in the north of the borough as 'strategic sites' one of which is Surrey Canal Triangle (Core Strategy Strategic Site Allocation 3, SSA3).
- 8.2 The strategic sites are considered central to the achievement of the Core Strategy as redevelopment can collectively transform the physical environment and achieve place making objectives by delivering a comprehensive range of regeneration outcomes in the borough's most deprived areas. This includes significant numbers of new homes, a range of economic, employment and training opportunities, accessibility

improvements (public transport, pedestrian and cycle), and infrastructure provision and public realm improvements.

- 8.3 Surrey Canal Triangle represents an opportunity to transform the environment and infrastructure and create a new destination around the borough's premier sporting destination (Millwall Stadium) which currently is not enhanced or improved by the surrounding industrial estates.
- 8.4 The Core Strategy policy (SSA3) allocates the site for mixed use development and requires a comprehensive phase approach to redevelopment in line with an approved Masterplan. For the purposes of this site, the detailed planning application and supporting documentation which the Council resolved to approve on 13th October 2011. This represents the site's masterplan. The policy seeks to create a 'destination' that could act to focus and attract other regeneration opportunities. It ensures development facilitates and takes advantage of the proposed new station on the London Overground network and the existing sporting and leisure facilities at Millwall Stadium to create a new high quality destination in an area which is relatively devoid of local facilities. Specifically the policy:
- ensures the continued operations of Millwall Stadium and supports its potential redevelopment
 - seeks a range of uses including employment, retail, housing (up to 2,500 new homes), leisure and community
 - makes provision for a range of infrastructure including the Surrey Canal Road London Overground Station and substantial improvements to walking and cycling routes, including on-site amenity space
 - ensures high quality design of all new buildings and spaces.
- 8.5 The Core Strategy is intended to encourage third party landowners and developers to bring forward their land and buildings for re/development where appropriate. The Council has been working with landowners and their agents to assist the process of bringing forward development within the earliest possible period. This particularly applies to the strategic site allocations. However, it is accepted that there may be instances where landowners may be reluctant or unwilling to bring forward their land for development. In such circumstances the Council may choose to use its compulsory purchase powers to achieve the Core Strategy's wider regeneration objectives.

9.0 Legal implications

Paragraphs 8.1 to 8.16 are on the Exempt part 2 of this report.

10.0 Equality Implications

- 10.1 There are none at this stage of the process or in terms of entering into a Conditional Land Sale Agreement.

11.0 Environmental Implications

11.1 There are no immediate environmental implications associated with the recommendations of this report. The planning report referred to in the background papers has the environmental implications concerning the scheme.

12.0 Crime and disorder implications

12.1 There are no immediate implications associated with the recommendations of this report. The planning report referred to in the background papers has the implications concerning the scheme.

13.0 Conclusion

13.1 Mayor & Cabinet are recommended to approve the Council to entering into a Conditional Land Sale Agreement on the terms outlined in this report.

Background Papers

Copies of all background papers have been made available in the members' room prior to the meeting at which this report is due for consideration. The papers are listed in the table below.

<u>Short title of document</u>	Date	File Location	Contact Officer
Strategic Planning Committee Report Land to the North and South of Surrey Canal Road	13.10.11	Laurence House	Chris Brodie
SCT "in principle" CPO and land appropriation report	7.3.12	Laurence House	Abdul Qureshi

Use of Appendices Appendix 1: Site Ownership Plan.

**If there are any queries on this report please contact Rob Holmans,
Director for Regeneration & Asset Management on 020 8314 7908.**