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AGENDA

MAYOR AND CABINET

Date: THURSDAY, 15 DECEMBER 2016 at 6.00 pm

Committee Rooms 1 & 2
Civic Suite
Lewisham Town Hall
London SE6 4RU

Enquiries to: **Kevin Flaherty 0208 3149327**
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MEMBERS

Sir Steve Bullock	Mayor	L
Councillor Alan Smith	Deputy Mayor - Growth & Regeneration	L
Councillor Chris Best	Health, Well-Being & Older People	L
Councillor Kevin Bonavia	Resources	L
Councillor Janet Daby	Community Safety	L
Councillor Joe Dromey	Policy and Performance	L
Councillor Damien Egan	Housing	L
Councillor Paul Maslin	Children & Young People	L
Councillor Joan Millbank	Third Sector and Community	L
Councillor Rachel Onikosi	Public Realm	L

Members are summoned to attend this meeting

Barry Quirk
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: Tuesday, 03 January 2017

INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

ORDER OF BUSINESS – PART 1 AGENDA

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Lewisham

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- only focus cameras/recordings on councillors, Council officers, and those members of the public who are participating in the conduct of the meeting and avoid other areas of the room, particularly where non-participating members of the public may be sitting; and
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MAYOR & CABINET			
Report Title	Declarations of Interests		
Key Decision	No		Item No. 1
Ward	n/a		
Contributors	Chief Executive		
Class	Part 1	Date: December 15 2016	

Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct :-

(1) Disclosable pecuniary interests
(2) Other registerable interests
(3) Non-registerable interests

2 Disclosable pecuniary interests are defined by regulation as:-

(a) Employment, trade, profession or vocation of a relevant person* for profit or gain

(b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).

(c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.

(d) Beneficial interests in land in the borough.

(e) Licence to occupy land in the borough for one month or more.

(f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.

(g) Beneficial interest in securities of a body where:-

(a) that body to the member's knowledge has a place of business or land in the borough; and

(b) either
(i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or

(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

(3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

(a) Membership or position of control or management in a body to which you were appointed or nominated by the Council

(b) Any body exercising functions of a public nature or directed to charitable purposes , or whose principal purposes include the influence of public opinion or policy, including any political party

(c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

(4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

(5) Declaration and Impact of interest on members' participation

(a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take not part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**

(b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.

(c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.

(d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.

(e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

(6) Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

(7) Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

(a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
(b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
(c) Statutory sick pay; if you are in receipt
(d) Allowances, payment or indemnity for members
(e) Ceremonial honours for members
(f) Setting Council Tax or precept (subject to arrears exception)

MAYOR AND CABINET			
Report Title	Report Back On Matters Raised By The Overview And Scrutiny Business Panel or other Constitutional bodies		
Key Decision	No		Item No.
Ward			
Contributors	Head of Business & Committee		
Class	Open	Date: December 15 2016	

Purpose of Report

To report back on any matters raised by the Overview and Scrutiny Business Panel following their consideration of the decisions made by the Mayor on December 7 2016 or on other matters raised by Select Committees or other Constitutional bodies.

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Chief Officer Confirmation of Report Submission
Cabinet Member Confirmation of Briefing

Report for:	
Mayor	
Mayor and Cabinet	X
Mayor and Cabinet (Contracts)	
Executive Director	

Information ☐ Part 1 [X] Part 2 ☐ Key Decision ☐

Date of Meeting	15 December 2016

Title of Report	Response to Call-in of Mayor and Cabinet Decision – New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order

Originator of Report	Janet Senior, Executive Director for Resources & Regeneration	

At the time of submission for the Agenda, I confirm that the report has:

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

Signed: _____ Executive Member

Date: 02/12/16

Signed: _____ Director/Head of Service

Date 2/12/16

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)	
To be Referred to Full Council	

MAYOR AND CABINET			
Report Title	Response to Call-in of Mayor and Cabinet Decision – New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order		
Key Decision	Yes		Item No.
Ward	All		
Contributors	Executive Director for Resources and Regeneration, Head of Planning, Head of Law		
Class	Part 1	Date: 15 December 2016	

1. Summary

This report responds to the call-in and associated comments agreed by the Overview and Scrutiny Business Panel on 20 September 2016 in accordance with Paragraph 14 of the Overview and Scrutiny Procedure Rules. It also reports on matters which led to the reconsideration of the decision on 28 September 2016 being deferred.

2. Purpose of the Report

2.1 To inform the Cabinet of the response of Officers to the call-in and to ask the Cabinet to confirm the decision made on "New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order" on 7 September 2016.

2.2 To report back to the Cabinet on the matters which led to a deferral of the re-consideration of the decision on 28 September 2016.

3. Recommendation

The Cabinet is requested to confirm the decision made on "New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order" on 7 September 2016.

4. Background

4.1 At a meeting of Mayor and Cabinet held on 7 September 2016, the Cabinet considered a report entitled "New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order" and their decision was to agree the recommendations in that report. In accordance with the Constitution, this decision was notified to all members of the Business Panel within 2 days of being made.

4.2 The decision was considered at a meeting of the Overview and Scrutiny Business Panel on 20 September 2016 and their decision was to refer the matter back to Mayor and Cabinet for reconsideration.

4.3 The decision was due to be reconsidered at the meeting of Mayor and Cabinet on 28 September 2016, but the matter was deferred for the reasons set out in paragraph 7.1 of this report.

5. Overview and Scrutiny Business Panel – Reasons for Call-in

5.1 On 20 September 2016 the Overview and Scrutiny Business Panel considered the Cabinet decision, and the original report.

5.2 Following the consideration of a letter from Millwall FC, and presentations from the Executive Director for Resources and Regeneration, Jordana Malik from the Renewal Group, Richard Pickering and Willow Winston, Business Owners, and Millwall FC Advisors David Prescott, Nigel Kennedy and Andrew Barrow, the Business Panel resolved to call in the Cabinet's decision asking them to consider the issues described below:

I. Business Panel have specific concerns and were uncertain that the officer report and presentation demonstrated the viability of Renewal's delivery mechanism for the proposed development. It is accepted by all parties that Renewal has no track record.

II. Business Panel was concerned that the Council's reputational risk has not been fully considered.

III. Business Panel was not convinced that the proposed CPO was in the public interest. Panel members were concerned about the lack of clarity surrounding the provision of sports facilities and affordable and social housing.

IV. On consideration of a letter from Millwall FC presenting fresh information and evidence, Business Panel believes there are sufficient grounds for the Cabinet to reconsider their decision.

V. Business Panel had previously raised concerns about the lack of transparency within this project and had requested the Mayor to ask the Chief Executive to review the arrangements to ensure due diligence was in place. Business Panel is concerned that to date they had not received a response to their request from the Chief Executive, having made a request directly to him after the Cabinet had declined to intercede on their behalf.

VI. In conclusion, the Business Panel agreed that there were insufficient grounds for a compelling case in the public interest to confirm a CPO.

6. Officer Response to Issues

6.1 ***Issue I***

6.1.1 This issue is discussed at length in the Report to Mayor and Cabinet of 7 September 2016, attached to this Report as Appendix 1 – see paragraphs 7.47 – 7.74 of the Report.

6.1.2 Concern has been expressed about Renewal's lack of a track record. Whilst Renewal have delivered a large number of projects, none have been on this scale, although it is fair to say that not that many developers will have a track record in projects of this size. The lack of a track record on major schemes does of course bring into sharp focus the ability of Renewal to deliver and the question of viability and deliverability and the likelihood of project delivery

6.1.3 GL Hearn have reported on behalf of Renewal on project viability and deliverability. This has been assessed by PwC who have advised on Renewal's overall ability to deliver the scheme and in turn the proposed funding and delivery strategy. Their advice covers the funding needs of the scheme and the assets of the shareholders. In accordance with the Local Government Act 1972, the confidential documents referred to in those paragraphs and elsewhere in the Report were made available for inspection by Members prior to the Cabinet decision on 7 September 2016 and have remained available for inspection by Members since that date.

6.2 ***Issue II***

6.2.1 It is perhaps natural to be cautious when dealing with projects which rely on investment from overseas companies. However, overseas investment in development projects is commonplace in the UK, especially in London. Thus in 2015, the UK ranked third, after the US and Germany, for investment in development by foreign investors from emerging markets. Further, non-UK resident companies that carry on a UK property development trade are liable for UK tax on profits of that trade, regardless of whether the trade is carried on through a permanent establishment in the UK.

6.2.2 Concern has been expressed about the lack of information about the trusts that sit behind the shareholders (Incorporated Holdings Limited and Independent Advisors Incorporated), and the ultimate beneficiaries of those trusts. The identity of those trusts has in fact been disclosed and details are contained in the PwC Report, but the names have not been made public because to do so would enable the individual beneficiaries of those trusts to be identified which in turn would result in a breach of Data Protection legislation.

6.2.3 Whilst the concern about reputational risk is understood, the identity of the ultimate beneficiaries of the trusts is of no real relevance to the question of whether the funding is likely to be available to enable the scheme to proceed, and thus to the question of deliverability. These matters are addressed above.

6.3 ***Issue III***

6.3.1 The public benefits resulting from the Scheme generally and the wellbeing objectives to be achieved are set out in the Mayor and Cabinet Report and the draft Statement of Reasons: see in particular paragraphs 7.42 and 7.43 of the Report, and paragraphs 1.20, 3.6 to 3.20, 5.3 and Sections 9 and 11 of the draft Statement of Reasons (at Appendix 1 to the Report).

6.3.2 In relation to the sports component, the issue raised by Business Panel about the Sports Facilities appeared to relate to the change from the 'Sporting Village' concept with the sports facilities dispersed around the Site to the Sports Facilities being provided in one block – 'Energize'. As is explained in the Report to Mayor and Cabinet on 7 September and the draft Statement of Reasons, this change was approved by Strategic Planning Committee (SPC) in December 2013 and the rationale for the change can be seen in the Report to SPC. This followed discussions between Renewal and prospective occupiers of the Sports Facilities regarding their operational needs and governing bodies of various sports. From this work it was concluded that the majority of the new sports facilities should be consolidated in a single location rather than split across a number of buildings. As was noted in the Report to SPC, whilst the location of the proposed D2 sports uses has changed, the overall floor space for sports uses, format and range of potential occupiers on the Site remains the same.

6.3.3 In terms of public benefits, as is set out in the draft Statement of Reasons, the Energize Facility will comprise the largest indoor sports complex for community use to be built in London since Crystal Palace in 1964. It will house four floors of sports facilities as follows:

- A multi-purpose 3000 seat arena that can be used for regional and national competitions in sports such as Basketball, Netball, Table Tennis, Amateur Boxing and Handball.

- An indoor 3G Football pitch that will be made available to Millwall Community Scheme (negotiations with MCS regarding surrender of the lease on their existing premises and relocation to the new facility are currently on-going) and which will divide into 5-a-side pitches for hire to the local leisure market.

- A third arena will be sub divided into areas for table tennis, gymnastics and a multi-use sports area.

- A fourth arena will house a 6-lane swimming pool and learner pool, a 150-station gym and a home for the London Amateur Boxing Association and two local boxing clubs.

- A large climbing/bouldering area will be provided, together with changing and showering facilities, classrooms, offices, cafes and sports related retail space and 3020 square metres for Onside, a new 'Youth Zone'.

6.3.4 Alongside sports facilities, 'Energize' will provide a series of outreach programmes from clubs and tenants from the sports centre to encourage participation in sport and provide education on nutrition, fitness and a healthy lifestyle. The existing planning permissions specifically prevent the use of this space for other purposes within Class D2 i.e. cinema, concert hall, bingo hall or dance hall. Accordingly the sport-related focus of the development is safeguarded and any change to this would require a further application to the Council.

6.3.5 The Section 106 Agreement also includes provision relating to delivery of the Sports Facilities. The relevant Phase cannot commence until detailed confirmation of the capital and revenue funding projections for the construction, implementation and running of the Sports Facilities has been provided to the Council. An occupancy restriction is also imposed preventing occupation of the Phase unless the Sports Facilities are being managed by the Surrey Canal Sports Foundation. Further obligations require a 'Sports Facilities Strategy' to be submitted and approved providing for the provision and operation of the Sport Facilities and covering such matters as a business plan for the management of the facilities, proposed opening hours and uses, charging structure/entrance fees/membership subscription and operational costs, as well as details of the measures ensuring that the Sports Facilities are available to local people at discounted rates.

6.3.6 The position regarding affordable housing was explained at the Mayor and Cabinet meeting on 7 September. The Section 106 Agreement requires a minimum of 12% affordable housing (by habitable room) to be provided, of which at least 25% must be social rent or affordable rent (in the case of the latter the rent must be no greater than the lower of (and inclusive of service charge) 60% local market rent, the local housing allowance or the maximum housing cost element of the Universal Credit). The level of affordable housing is subject to financial review whereby if actual sales values for private units exceed target sales values as prescribed, 50% of any increase is to be applied to additional affordable housing within the scheme (unless

the sum is less than the cost of providing an additional unit, in which case such sum is to be paid the Council).

6.3.7 As is made clear in the Mayor and Cabinet Report and draft Statement of Reasons, the revised arrangements in relation to the Housing Zone funding which mean the new station works will be grant funded by the GLA, mean that the benefit received by Renewal will be applied to the delivery of additional affordable housing. The funding could directly deliver between approximately 40 (10 social rent or affordable rent and 30 shared ownership based on the current 75:25 tenure split) and 75 (based on 100% shared ownership) additional affordable units in the early phases depending on the tenure of those homes. The Council would also be seeking to ensure that any income from those affordable units would go back into the scheme to deliver additional affordable housing. Discussions with the GLA regarding tenure are continuing, but it is understood that they wish to ensure that best endeavours are made to maximise the number of affordable units, which will then influence the final tenure mix.

6.4 ***Issue IV***

6.4.1 On 19 September, John Berylson, Chairman of Millwall FC wrote to Councillor Hall commenting on the Mayor and Cabinet meeting on 7 September and raising a number of points which he asked Members to take into account at the Business Panel meeting on 20 September. A copy of that letter is appended to this Report at Appendix 2.

6.4.2 Taking each of the points raised in that letter in turn:

(a) Point 1

MFC complain that the information provided to the Mayor and Cabinet meeting on 7 September omitted two key elements: (i) no mention was made of a possible tender exercise in relation to the Council's freehold interests which was discussed in 2012 but did not proceed and the Council had not explained why; and (ii) that the Council effectively denied MFC the opportunity to bid for the Council's freehold interest before proceeding to exchange contracts with Renewal. Correspondence between MFC and the Council from late 2012 through to late 2013 is relevant to both these issues and point 3 below, and a copy of that correspondence is attached to this Report at Appendix 3.

Regarding point (i), a tender exercise was discussed with MFC and MCS in 2012. The letters dated 3 December 2012, 29 January 2013 and 18 March 2013 relate to why it did not proceed. As can be seen, MCS indicated it did not wish to participate in any such tender exercise, Demos Kouvaris of MFC indicated misgivings about the process and requested that it be dropped, or

at the very least, delayed, and the Council came to the view that the tender exercise should not proceed in any event. This was because the Council had reservations about whether such an exercise would be conducive to ensuring comprehensive re-development of the wider site within a reasonable and certain timeframe. It is not therefore correct to say that no explanation was given for the tender process not proceeding.

In relation to point (ii), MFC were professionally advised throughout the relevant period, including by well-known property consultants, CBRE. CBRE wrote to the Council on 6 November 2013 (not 7 November 2013 as referred to in MFC's letter) asking for information about the material terms, including the price and any other material issues of the proposed sale to Renewal. This information included commercially sensitive material. The Director of Regeneration and Asset Management responded in his letter of 13 November, noting MFC's interest in bidding for the land and advising that whether it chose to do so was a matter for MFC.

The fact remains that MFC did not need to have details of the offer made by Renewal in order to formulate a bid for the Council's freehold interest in the land encompassed by the MCS and MFC leases, or the part they require to carry out their proposals. They had ample opportunity to submit a bid, but chose not to do so.

Further, in terms of best consideration, the Council was not legally obliged to invite MFC to bid for the freehold interest or otherwise to conduct a tender process in order to achieve best consideration. MFC threatened to bring a legal challenge to the Council's decision to enter into the land sale agreement on best consideration grounds but did not do so. It is reasonable to infer from this that MFC did not consider that such proceedings would be sustainable.

(b) Point 2

Freedom of Information request. There are ongoing FOI/EIR proceedings which were due to be heard at the end of November, but have now been adjourned to 14 and 15 February 2017. Those proceedings were commenced by a freelance journalist, but MFC have since confirmed that the request for information was made on their behalf. The proceedings include an appeal on behalf of MFC against the Information Commissioner's decision not to require disclosure of the consideration under the land sale agreement. In the proceedings, the Council has made clear its grounds of opposition to disclosure and it is not necessary or appropriate to make any further comment at this stage.

(c) Point 3

MFC question the role of Strutt & Parker and the scope of their instruction. Strutt & Parker were appointed in February 2016 and the Mayor and Cabinet Report of 7 September explains their role and the scope of their instruction, namely, (i) to act as intermediary with the aim of bringing the parties together to see if an agreed position could be reached which would ensure comprehensive regeneration of the Site (paragraph 7.16 of the Mayor and Cabinet Report) and (ii) 'to advise on the MFC Proposals in terms of their viability, deliverability and overall fit within the Council's Core Strategy and regeneration objectives for the area' (paragraph 7.23).

Pursuant to (ii), Strutt & Parker appraised the McKay Masterplan proposals (**MFC Proposals**) which had been provided to the Council by MFC in August 2013. So far as Officers are aware, the provision of these was not made subject to any constraint on the subsequent use or disclosure of the information by the Council. They were not provided by MFC as part of the exercise referred to at (i) above, and were therefore not covered by any agreement as to non-disclosure which applied to any information provided by MFC in the context of that exercise. Further and in any event, Strutt & Parker have advised that CBRE, MFC's agents, were fully aware that they (Strutt & Parker) were reviewing the MFC Proposals.

Strutt & Parker's e-mail of 18 July to CBRE referred to in MFC's letter is in the context of a separate point, namely the prospective exchange of information between MFC and Renewal following a meeting between them and Strutt & Parker in June. In that e-mail, Strutt & Parker advised that their role in relation to any information received during that exercise would be as a conduit, and they (Strutt & Parker) would not be reviewing it, engaging in discussions or disclosing the information to the Council. It was in response to this correspondence that CBRE first referred to the revised proposals. Given that Strutt & Parker had expressly said that any information received would not be passed on to the Council, Strutt & Parker sought confirmation from CBRE that this did not apply to the revised proposals and that the information on the revised proposals could be used to update Strutt & Parker's appraisal of the MFC Proposals. Strutt & Parker advise (as at the date of this Report) that no response has yet been received from CBRE.

With regard to the plans which MFC suggest are the subject of a potential planning application, at no stage have MFC sought to commence pre-application discussions on those plans. A representative from CBRE did contact the Head of Planning on 2 September 2016, which was before the Mayor and Cabinet meeting on 7 September 2016, and in a further conversation on 5 September 2016 suggested that MFC intended to initiate pre-application discussions. CBRE then advised on 4 October 2016 that further work was being undertaken and they would be in touch to discuss 'at an appropriate time'. Nothing further has been heard since then.

(d) Point 4

MFC state that *"Renewal has stated publicly it will not work with Millwall".* The position is that, whilst Renewal has stated that it is does not envisage any JV or collaboration with MFC over the development, it has stated a wish to work towards a financial settlement with MFC and has invited MFC to quantify what it requires. In this regard, MFC state *"We have repeatedly stated in public what we require".* It is acknowledged that MFC have said they wish to redevelop the land around the Stadium themselves or in partnership with a developer, and they have also said they wish to secure an income producing asset; but Officers are not aware of any statement from MFC quantifying the consideration/income level MFC considers it requires. That is the point the Chief Executive was making at the Mayor and Cabinet meeting on 7 September.

(e) Point 5

MFC complain they have not seen Renewal's viability information regarding the land around the Stadium/MCS land. This information however remains confidential and commercially sensitive. Further, there are a number of significant issues regarding deliverability of the wider scheme if the MFC and MCS land is omitted from the control of the developer of the wider scheme – these are explained in paragraph 7.25 of the Mayor and Cabinet Report and the GL Hearn paper 'Review of Implications of Omission of MFC and MCS Land for Scheme Viability' included in the Background Papers to that Report.

(f) Point 6

"*The funds [for the MFC Proposals] are available and that point has been made in public several times."* A mere statement that funding is available is not evidence of actual availability for the purposes of delivering MFC's Proposals, even assuming those proposals were viable and that any other deliverability constraints could be overcome.

"At no stage has the Council requested further information." As is summarised at paragraph 7.15 of the Mayor and Cabinet Report of 7 September and can be seen from the attached bundle of correspondence, between December 2012 to November 2013 MFC were advised on several occasions that if the Council was to give any consideration to MFC's plans, it would need, amongst other things, details of specific proposals, including not only drawings and timescales, a viable business plan, funding arrangements, and details of mechanics regarding delivery in conjunction with the wider site. That information has not been forthcoming.

Reference is made to a PWC Report of September 2013. As referred to above, there are ongoing FOI/EIR proceedings which are now due to be heard in February 2017. In the proceedings, the Council has made clear its grounds of opposition to disclosure and it is not necessary or appropriate to make any further comment at this stage.

(g) Point 7

MFC asserts that taxpayers' funds are being spent by the Council on legal advice in connection with the FOI/EIR proceedings. Such costs are in fact being reimbursed by Renewal. As stated in the response to Point 2 above, the proceedings include an appeal on behalf of MFC against the Information Commissioner's decision not to require disclosure of the consideration under the land sale agreement. This means that the Council is required to take part in these proceedings to deal with that aspect in any event.

(h) Point 8

The Chair of any meeting is responsible for the conduct of the meeting and for deciding who is permitted to speak at the meeting and for how long. Although requests to speak at a meeting can be made and considered by the Chair in advance of that meeting, there is nothing to prevent the Chair permitting or requesting any other person present to speak at the meeting where the Chair considers that this would be appropriate. On this basis the Director of Renewal who was present at the meeting was invited to address the meeting and to answer questions raised by Cabinet members.

6.5 ***Issue V***

6.5.1 The Chief Executive was made aware of the Business Panel's concerns several months ago. It is the Chief Executive's role to ensure that the best and most cost effective professional advice is available to the Council's decision makers. This includes, where necessary, procuring expert external independent advice. In the case of this scheme, the Council has commissioned appropriate external professional and legal advice. Following the Business Panel's recommendations, the Chief Executive reviewed the approach with the key officers concerned and subsequently met with the Chair of the Business Panel. In this instance, the depth of due diligence undertaken by the external advisors is considered to be appropriate to protect the Council's position. Thus in a meeting with the Chair of the Business Panel and the Executive Director for Resources & Regeneration held several weeks ago, the Chief Executive gave assurances that the known business and financial arrangements of Renewal would be made available to all Members, and this has taken place.

6.6 ***Issue VI***

6.6.1 This issue is dealt with in the conclusion at Section 13 of this report.

7. Matters arising following deferral of re-consideration of the decision on 28 September 2016

7.1 Members will recall that the decision was due to be reconsidered by Mayor and Cabinet at its meeting on 28 September 2016. However, Mayor and Cabinet were informed that shortly before the meeting Council Officers had received a copy of a document that was the subject of external investigation and that it was therefore not possible to complete the reconsideration of the decision made on 7 September 2016. Thus, consideration of the call-in was adjourned until further notice.

7.2 The document in question is a brochure prepared by Lambert Smith Hampton (**LSH**) on behalf of International Holdings Limited (**IHL**), one of the shareholders in Renewal (**LSH Brochure**). The LSH Brochure came to light as a result of an article in the Guardian newspaper on 27 September 2016. A copy of the LSH Brochure has been provided to the Council and is appended to this Report at Appendix 4.

7.3 Following the Mayor and Cabinet meeting on 28 September 2016, the Head of Law and Executive Director of Resources and Regeneration have investigated the circumstances around the LSH Brochure. So too have LSH. As a result, the following has been established:

- IHL engaged LSH in April/May 2015 to advise on the New Bermondsey scheme as an investment opportunity.
- LSH's original proposed terms of engagement to IHL covered a review of a range of investment scenarios with potential investors, including outright acquisition, acquisition of IHL's shareholding, JV structures, partial investment, and later stage option structures. LSH noted that at this stage their objective was to source "interest in principle" commitment from potential investors.
- The scope of LSH's mandate was amended in June 2015 so as to focus exclusively on introducing and brokering financial investors into a fundraising. LSH also noted at the time that IHL might decide to sell part or all of their stake in that process.
- It is evident from subsequent correspondence that IHL's objective was to attract investment into the project, not to achieve an outright sale of its interest in it, and that wished to remain involved in the project.
- In February 2016, IHL confirmed to LSH that it had decided to put a stop to the search for a funding partner until after the CPO process, and decided not to extend LSH's instruction.
- LSH have confirmed that during the course of the instruction, they produced the LSH Brochure, but that they had not been instructed by IHL or the Renewal Group or any individual in the Group to prepare it, nor was the LSH Brochure seen or approved by IHL or Renewal.

- LSH further advise that the LSH Brochure was not publicised or made available to others.
- IHL/Renewal have also confirmed that they had not seen the LSH brochure until a copy was provided by the Guardian newspaper.
- As part of the investigation into the LSH Brochure further documentation prepared by LSH (of unknown date), and described by LSH as 'marketing material', has also come to light. This sets out factual information about the project, and makes no reference at all to IHL's intentions in terms of project funding or whether it might wish to dispose of the whole or part of its interest in it.
- IHL/Renewal have confirmed that, as with the LSH Brochure, LSH were given no instructions to prepare this documentation, nor did IHL or Renewal see or approve it.
- Renewal have further confirmed that they were unaware until the LSH Brochure was produced in late September of the IHL instruction to LSH.

7.4 In the course of the investigation, IHL and Renewal have given their assurance they remain 100% committed to the project and its delivery in full and that there is no intention to sell.

7.5 PwC have indicated in their report that it is normal for developers at this stage of a development project not to have in place concluded arrangements for the funding of the project.

7.6 PwC have reviewed the documentation relating to the IHL instruction to LSH and stated that it is not unusual for investors or developers to dispose of their interests at any point in the development cycle or to seek indicative bids as a market testing exercise. They confirm that, having reviewed this material, the findings in their report remain unchanged.

8. Financial Implications:

8.1 There are no direct financial implications arising from this response.

9. Legal Implications:

9.1 Members' attention is drawn to the legal implications in the Report attached at Appendix 1 and should also note that the Constitutional position is referred to in the body of this report.

10. Crime and Disorder Implications:

10.1 There are no direct crime and disorder implications arising from this response.

11. Equalities Implications:

11.1 There are no direct equalities implications arising from this response.

12. Environmental Implications:

12.1 There are no environmental implications arising from this response.

13. Conclusion

13.1 In all the circumstances, having regard to the matters raised by Overview and Scrutiny Business Panel and the other matters addressed in this report, Officers remain of the view that there is a compelling case in the public interest for the compulsory acquisition of the remaining land interests to enable the scheme to proceed. Officers therefore recommend that the Cabinet agrees the recommendation in this report.

List of Appendices

Appendix 1: Mayor & Cabinet Report dated 7 September 2016 - "New Bermondsey (Formerly Surrey Canal Triangle) Proposed Compulsory Purchase Order"

Appendix 2: Chairman of Millwall FC Letter to Chair of Overview and Scrutiny Business Panel

Appendix 3: Correspondence between MFC and the Council from late 2012 through to late 2013

Appendix 4: LSH Brochure

BACKGROUND PAPERS

If you have any queries on this report, please contact Kplom Lotsu, SGM Capital Programme Delivery Ext: 49283

APPENDIX 1 December 15 2016

MAYOR & CABINET			
Report Title	New Bermondsey (Formerly Surrey Canal Triangle)‑ Proposed Compulsory Purchase Order		
Key Decision	Yes		Item No.
Ward	New Cross		
Contributors	Executive Director for Resources and Regeneration, Head of Planning and Head of Law		
Class	Part 1	Date: 7 September 2016	

1.0. Introduction

1.1 This Report updates Mayor and Cabinet on the progress of the New Bermondsey (formerly Surrey Canal Triangle) regeneration project by the Council and the developer, Renewal Group Limited, and the current land assembly position and asks the Mayor to agree a number of recommendations relating to the acquisition of the land interests required to enable the New Bermondsey re-development to proceed. For the purposes of this report, the developer is referred to throughout as "Renewal". References to the Site are to the New Bermondsey site which is shown edged red on the plan annexed to this report and marked 'Site Plan'.

1.2 This Report concerns the prospective use of compulsory purchase powers to assist with completion of the land assembly and acquisition of rights required to deliver the New Bermondsey scheme. A Report recommending that a compulsory purchase order (**CPO**) be made was on the Agenda for the Mayor and Cabinet meeting on 17 February 2016, but that Report was withdrawn due to last minute representations regarding an owner/occupier within the Site and the nature of her occupation, a matter which Officers considered required investigation. Officers have had regard to the issues raised in those representations and other representations received prior to the meeting on 17 February 2016 and those issues are addressed in this Report

1.3 At the Mayor and Cabinet meeting on 17 February 2016, Councillor Best (Chair for the agenda item) expressed a wish for urgent discussions to take place between Renewal and Millwall Football Club to see if their differences over the proposals could be resolved. An update on those discussions is also in included in this Report.

2.0. Purpose of this Report

2.1 In addition to updating Mayor and Cabinet on progress with the New Bermondsey scheme, this Report seeks the Mayor's approval for the Council to use its compulsory purchase powers under Section 226(1)(a) of the Town and Country Planning Act 1990 (1990 Act) and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 to enable land assembly and acquisition of new rights so as to facilitate the comprehensive re-development of the New Bermondsey site (**the Scheme**) and in turn contribute to the wider regeneration of the Deptford/New Cross Area as supported by the Council's Core Strategy and other applicable policy. The land and rights proposed to be acquired are described in Section 6 of this Report.

2.2 This Report further seeks the Mayor's approval to the acquisition by the Council for planning purposes of Renewal's freehold interest (both its existing freehold and any freehold interest that Renewal may subsequently acquire by private treaty) in Phases 1A, 1B, 2 and 3 of the Site and the grant of a lease of that land to Renewal with an option for Renewal to then repurchase the freehold. The purpose of this arrangement is to facilitate the comprehensive re-development of the Site by ensuring that third party rights do not impede the carrying out of the development. Further details are provided in Section 8 of this Report. Consequential upon this proposed arrangement, a variation to the existing CPO Indemnity Agreement is proposed which is also addressed in Section 8 of this Report.

2.3 A draft Statement of Reasons ("draft SoR") for making the proposed CPO is attached to this Report at **Appendix 1**. Although the Statement of Reasons is non-statutory, it is an important document and if the CPO is made, it will be served on owners, lessees/tenants and occupiers with the relevant statutory notices of making of the CPO. The draft SoR has been prepared in accordance with the Government's Guidance on Compulsory Purchase process published in October 2015 (CPO Guidance) which replaces the previous advice in Circular 06/04. Should the Mayor resolve to proceed with the CPO, the draft SoR will be finalised to reflect matters as at the time the CPO is made and this is reflected in the delegation sought for the Executive Director of Resources and Regeneration.

2.4 This Report and the attached draft SoR describe the factors which are relevant to any decision on compulsory purchase, including the applicable planning policy framework for the Scheme, matters relevant to deliverability of the Scheme within a reasonable timeframe, its impact on affected land owners and occupiers and whether the proposals could be achieved by other means. It includes matters for the Mayor's consideration in relation to the Council's public sector equality duty and the implications for the Human Rights of third parties. It addresses the overall question of whether there is a compelling case in the public interest for compulsory acquisition.

2.5 References are made to the draft SoR throughout this Report, but Mayor and Cabinet are referred to the attached draft SoR generally and should read that alongside the content of this Report.

3.0. Policy Context

3.1 The applicable Planning Policy framework for the Scheme is set out in Section 4 of the draft SoR and is discussed further below. Also relevant are the Council's regeneration and community strategies, as well as its Corporate priorities and asset management policies.

3.2 '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 Site 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 Mayor of London's London Plan Consolidated with Alterations Since 2011(March 2016) (**London Plan**).

3.3 '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'.

3.4 Shaping our future' identifies 'Active healthy citizens as a key priority – where the Council are committed to ensuring that people can actively participate in maintaining and improving their health and well-being, supported by high quality health and care services, leisure, culture and recreational activities'.

3.5 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'.

3.6 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.

3.7 The Council's Local Development Framework sets the vision, objectives, strategy and policies that will guide development and regeneration in the Borough up to 2025. The Lewisham Core Strategy, the Lewisham Development Management Local Plan, the Lewisham Site Allocations Local Plan and the Lewisham Town Centre Local Plan, together with the London Plan form the statutory development plan for the Borough.

4.0. Recommendations

4.1 The Mayor is recommended to:

(a) agree that, as set out in this Report at Section 7, the pre-conditions for compulsory purchase set by Mayor & Cabinet on 7th March 2012 have been met.

(b) resolve to make a Compulsory Purchase Order pursuant to powers under Section 226(1)(a) of the Town and Country Planning Act 1990 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 (in accordance with the procedures in the Acquisition of Land Act 1981) for:

i) the acquisition of the land shown coloured pink on the plan attached to this Report at **Appendix 2**, save for the interests of the Council, Renewal and persons with the benefit of rights of light; and

ii) the acquisition of new rights over the land shown coloured blue on the plan attached to this Report at **Appendix 2**

for the purpose of facilitating the comprehensive redevelopment, development and improvement of the Site to provide a mixed use residential-led scheme.

(c) grant delegated authority to the Executive Director for Resources and Regeneration in consultation with the Head of Law:

i) subject to a satisfactory Deposit or satisfactory alternative security being provided by Renewal pursuant to the CPO Indemnity Agreement dated 20 December 2013, to take all necessary and appropriate steps to secure the making, confirmation and implementation of the Compulsory Purchase Order (**CPO**) including the publication and service of all notices and promotion of the Council's case at any Public Inquiry, including but not limited to the steps described below;

ii) to carry out any further or additional land referencing as may be considered appropriate, including service of requisitions for information pursuant to Section 16 of the Local Government (Miscellaneous Provisions) Act 1976 or Section 330 of the Town and Country Planning Act 1990;

iii) to make any amendments, deletions, or additions to the draft Order Map and/or draft Schedules to the CPO so as to include and describe all interests in land and rights required to facilitate the carrying out of the Scheme;

iv) to make such changes as may be considered necessary or appropriate to the draft Statement of Reasons prior to publication;

v) to acquire interests and new rights in the Order Land either by agreement or compulsorily (including pursuant to any blight or purchase notices) and dispose of the same to Renewal;

vi) to negotiate, agree terms and enter into agreements with interested parties, including agreements for the withdrawal of blight or purchase notices and/or objections to the CPO and/or undertakings not to enforce the CPO on specified terms, including where appropriate seeking the exclusion of land or rights from the CPO;

vii) in the event that the Secretary of State notifies the Council that it has been given the power to confirm the CPO to confirm the CPO if the Executive Director for Resources and Regeneration, in consultation with the Head of Law, is satisfied that it is appropriate to do so;

viii) in the event the CPO is confirmed by the Secretary of State (or by the Council if given the power to do so), to complete all necessary statutory procedures and to take steps to implement the CPO, including by way of General Vesting Declaration and/or Notice to Treat/Notice of Entry;

ix) to take all steps in relation to any legal proceedings relating to the CPO, including defending or settling claims referred to the Upper Tribunal (Lands Chamber) and/or applications made to the courts and any appeals;

x) to retain and/or appoint external professional advisers and consultants to assist in facilitating the promotion, confirmation and implementation of the CPO, the settlement of compensation and any other claims or disputes;

xi) to take all such other steps as may be considered necessary or appropriate to acquire all interests and rights required for the Scheme (whether by agreement or CPO) and to dispose of the same to Renewal.

(d) agree the acquisition by the Council for planning purposes pursuant to Section 227 of the Town and Country Planning Act 1990 of Renewal's freehold interest (both its existing freehold and any freehold interest that Renewal may subsequently acquire by private treaty) in land within Phases 1A, 1B, 2 and 3 as shown shaded grey on the plan attached to this Report at **Appendix 3** and the grant of a lease of that land to Renewal (with an option for Renewal to repurchase the freehold interest) on the terms set out in the Heads of Terms attached to this Report at **Appendix 4**, including any variation thereto as the Executive Director for Resources and Regeneration, in consultation with the Head of Law, may consider appropriate;

(e) agree the variation of the CPO Indemnity Agreement of 20th December 2013 to ensure the agreement provides for the Council to be indemnified by Renewal in respect of all compensation and other costs arising in respect of any interference with rights affecting the land acquired by the Council and leased back to Renewal as provided for in recommendation (d) above.

5.0. Background

5.1 Renewal has been assembling the Site since 2004 with a view to its re-development. Renewal promoted the Site through the development plan process leading to the adoption of the Council's Core Strategy in 2011.

5.2 In January 2011, Renewal (through its subsidiary, Renewal New Bermondsey Two Limited) submitted an application for planning permission for comprehensive mixed use residential led re-development of the Site.

5.3 In March 2012, a report was presented to Mayor and Cabinet regarding in principle support for the use of CPO powers to assist with land assembly for the Scheme. The Mayor resolved in principle to use such powers, subject to certain pre-conditions being satisfied which are addressed in this Report.

5.4 On 30 March 2012, the Council granted outline planning permission (Outline Planning Permission) for the comprehensive phased, mixed-use development of the Site. The Outline Planning Permission permits the development of the Site based upon a set of planning parameters that would enable detailed proposals to come forward for the following:

The comprehensive, phased, mixed use development of the site for up to 240,000 square metres (Gross External Area) of development comprising Class A1/A2 (Shops and Financial and Professional Services) up to 3,000 square metres, Class A3/A4 (Cafes/Restaurants and Drinking Establishments) up to 3,000 square metres, Class A5 (Hot Food Takeaways) up to 300 square metres, Class B1 (Business) between 10,000 -15,000 square metres, Class C1 (Hotels) up to 10,000 square metres, Class C3 (Dwelling Houses) between 150,000 - 190,000 square metres (up to 2,400 homes of different sizes and types), Class D1 (Non-residential Institutions) between 400 - 10,000 square metres, Class D2 (Leisure and Assembly) between 4,260 - 15,800 square metres, involving the demolition of all existing buildings on the site with the exception of the Millwall FC Stadium (which is to be retained and its façade upgraded and /or re-clad), Plot Excelsior 2 – Guild House (which is to be retained and extended), and Plot Excelsior 5 – Rollins House (which is to be retained, but not altered or extended as part of the planning application); the demolition and replacement of the existing Millwall FC grounds-person's store of approximately 140 sqm; redevelopment to provide a series of new buildings (including roof top and basement plant); re-profiling of site levels; alterations to Surrey Canal road and the re-alignment of the Bolina Road; new streets and other means of access and circulation, including pedestrian/cycle paths, carriageways and servicing areas; areas for parking for emergency services vehicles and outside broadcast units; external areas of land and soft landscaping and publicly accessible open space; car and coach parking areas and accesses to them; cycle storage; and, supporting infrastructure works and facilities including sub-stations, energy centre(s), District Heating Network (DHN) connections to and between each plot, the proposed energy centre and the adjoining South East London Combined Heat and Power (SELCHP) plant (to the extent to which they lie within the Planning Application Boundary) and an ENVAC waste storage and handling system (including DNH and ENVAC connections to plots south of Surrey Canal Road under the carriageway of Surrey Canal Road, as altered). Further details of the March 2012 outline consent are contained within Section 4 of the draft SoR.

5.5 The parameter plans approved for the purpose of the Outline Planning Permission provide for an increase in the crowd capacity of The Den from 20,146 to 26,500 should MFC secure promotion to the Premier League and require a larger

Stadium. The Outline Planning Permission was also subject to a Section 106 Agreement entered into on the same date and making provision as follows:

- Re-cladding of the MFC Stadium
- Provision of car parking spaces to be used by MFC both on event and non-event days
- Relocation of Millwall FC memorial garden and grounds keeps store
- Relocation of Millwall Community Scheme to a replacement facility
- Re-provision of coach parking spaces to be used by MFC on event days
- An increase sustainable accessibility to the Stadium by providing the proposed pedestrian link to South Bermondsey Station,
- Facilitation of the provision of a new Surrey Canal Road Station
- Improved connectivity with the surrounding area for pedestrians and cyclists
- Provision of a new bus terminus
- Delivery of new sports facilities
- Delivery of a multi faith centre
- Provision of not less than 12% affordable housing (by habitable room)
- Entering into of a CPO Indemnity Agreement with the Council
- Contribution towards the provision of additional school places in the area
- Contribution to improvements to Bridge House Meadows
- Provision of a creative industries hub
- Installation of ENVAC waste system

5.6 In October 2013, Renewal submitted an application pursuant to Section 73 of the 1990 Act to vary conditions on the Outline Planning Permission to reconfigure some of the uses within the Scheme, but the overall quantum of floorspace across the Site as a whole remained the same and the Section 73 application did not fundamentally change the nature or scale of the previously consented development. The revised proposals include providing the bulk of the sports facilities in a single building on Timber Wharf (Phase 2).

5.7 On 18 December 2015, the Council granted permission pursuant to the Section 73 application (**S73 Permission**). The S73 Permission is subject to a Section 106 Agreement which was completed on the same date and which includes (with appropriate variations) similar obligations to those contained in the S106 Agreement of 2012 and applies those obligations to the development under the S73 Permission.

5.8 On 20 December 2013, the Council entered into a conditional land sale agreement with Renewal relating to the disposal of the Council's freehold interest in the land leased to Millwall Football Club (**MFC**) (excluding the Stadium itself) and in the Lion's Centre, the latter being leased to Millwall Community Scheme (**MCS**). Further details of the agreement are provided below. On the same date, the Council entered into a CPO Indemnity Agreement which addresses the land assembly required for the Scheme and provides for Renewal to cover the costs of the process (including by way of CPO, should the Council decide to exercise its powers – it is under no obligation to do so).

5.9 Within the boundary of the land encompassed by the Outline Planning Permission and the S73 Permission is a property known as Rollins House. 'Rollins House' includes Rollins House itself and Unit 12 Excelsior Works. Both planning permissions refer to Rollins House being retained unaltered. In July 2014, Renewal submitted an application to redevelop the Rollins House site as part of the wider Scheme. A decision on that application was deferred twice by Strategic Planning Committee (SPC). In the event, the application was withdrawn by Renewal in June this year and the land forming the Rollins House site does not form part of this Report.

Scheme progress since March 2012

5.10 Following the grant of the Outline Planning Permission, in addition to continuing its efforts to assemble the Site, Renewal has focused on securing occupiers for the commercial spaces in the first three phases of development - Phases 1A, 2 and 1B.

(a) Phase 1A: Hillsong church is currently in detailed discussions with Renewal over the terms for delivery and occupation of the permanent faith building within this phase. As part of their commitment to being in the Scheme, in 2013 Hillsong created a 3,000 sq m temporary home in a warehouse on the Site at Stockholm Road and have established a 2,600 person monthly congregation amongst the local community. It is envisaged that detailed design work for the permanent faith building and the remainder of Phase 1A will commence in quarter 1 2017 and estimated that construction work will start in quarter 2 2018 and will be completed by quarter 1 2020. The Scheme will not be progressed unless the land assembly is complete and this timetable assumes a confirmed CPO is in place by the end of 2017.

(b) Phase 2: The re-development proposals include a 15,000 sq m sports facility, called Energize, which will be the largest indoor community multi sports complex in London since Crystal Palace was built in the 1960s. The Surrey Canal Sports Foundation Ltd (SCSF) was established in 2010 as a charitable trust, independent of Renewal, to oversee the fund raising of the required £40m for delivery of Energize and to ensure its long-term availability to the community at local authority rates.

So far the SCSF has received a pledge of the land from Renewal, valued at £10 million (as at 2011), along with in principle pledges of £2 m from Sport England and £500,000 from the Council. In July 2014, the SCSF formed a partnership with OnSide, a charity which has created a network of youth centres primarily in northwest England at a cost of £5 - £6 million each. OnSide is seeking to open several Youth Zones in London and would like to incorporate a Youth Zone within the fabric of Energize. The SCSF is also in the early stages of similar discussions with Greenhouse Sports who provide sports coaching in deprived areas, with a view to them having a permanent home in Energize. Both of these organisations would make capital contributions to the building and whilst the amount of space they require is still being finalised, their involvement would bring the pledges for Energize up to the region of £23.5m. Once confirmed, this amount would be enough to trigger detailed designs for the building and a reserved

matters planning application, which in turn would aid the fundraising of the remaining capital.

In order to facilitate sport in the local community today, in 2013 the SCSF leased 2,200 sq m on-site at Stockholm Road to London Thunder Basketball Club (formerly known as Lewisham Thunder Basketball Club) and Fusion Table Tennis Clubs in which they have created a new home complete with two basketball courts, 16 table tennis tables, changing and classroom space and spectator seating. Renewal advise that this sports facility currently attracts c. 2,800 visits a month.

It is envisaged that detailed design work for Phase 2 will commence in quarter 1 2017 and estimated that construction work will start in quarter 2 2018 and that Phase 2 will be completed by 2020. Again, this timetable assumes a confirmed CPO is required in order to complete the land assembly and that this is achieved by the end of 2017.

(c) Phase 1B: With its close proximity to the new Overground station which will allow quick travel times between the creative hubs around Old Street and Shoreditch, Phase 1B is proposed for a mix of creative industries centred around a significant public square. As with the other phases, Renewal is looking for an established occupier to operate this phase and preliminary discussions have commenced with a number of established creative organisations. Renewal remains confident of securing a significant creative business to this phase once New Bermondsey station is formally announced by Transport for London.

5.11 On 20th February 2015, the Mayor of London and the Chancellor of the Exchequer announced that the Site had been designated as one of the first of the Mayor of London's Housing Zones. Housing Zone status has been awarded to areas identified as key opportunity sites, to maximise development, fast track homes and deliver much-needed infrastructure to boost development. As one of the first Housing Zones, the Site is recognised as a key development in London and is one of the few regeneration projects that has the capacity to deliver homes for Londoners faster by accelerating the development programme.

5.12 Following the Housing Zone designation, the GLA has allocated in principle funding of £20 million towards delivery of key infrastructure associated with the Scheme, including the new Overground Station at Surrey Canal Road. The GLA initially proposed that the allocated sum would be advanced to Renewal as loan funding. In a revised approach, however, the GLA now proposes that a grant agreement (known as a Borough Intervention Agreement) is entered into between the Council and the GLA whereby the GLA will provide grant funding of c. £12 million which will be passed by the Council to TfL with a requirement that TfL deliver the new Overground Station at Surrey Canal Road and open it within a set period. The balance of the £20 million allocation will remain available for Renewal to take up through a second intervention, following due diligence and subject to contract (and therefore the current financial modelling does not take this into account at this stage). A clear benefit of this approach is that as the new station will now be grant funded, this enables the sum which would otherwise be paid by Renewal towards the new station to be applied to the provision of additional affordable housing within the Scheme. Thus, not only will the GLA's current funding approach allow early delivery of the station and development of the first

two phases of the Scheme (Phases 1A and 2) to proceed ahead of schedule delivering 532 new homes, it will also secure delivery of more additional affordable homes than were originally to be provided within the Scheme.

5.13 A programme of regular monitoring meetings will be agreed between the GLA, Renewal and the Council to focus on accelerated delivery and delivery of the new station and additional affordable housing.

6.0. Land and rights to be included in the Compulsory Purchase Order

6.1 The boundary of the proposed Order Land is shown outlined red on the plan attached to this Report at **Appendix 2 (CPO Resolution Plan)**, with the land to be acquired shaded pink and the land in respect of which new rights are to be acquired shaded blue.

6.2 It should be noted that whilst much of the Site is shaded pink on the CPO Resolution Plan, this area includes interests already held/controlled by Renewal and the Council and the CPO would not include those interests. It would also exclude any rights of light which it is proposed should be addressed in the manner set out in Section 8 of this Report.

6.3 The land already owned/controlled by Renewal is identified on the plan attached to this Report at **Appendix 5**. The Council owns the freehold interest in the Millwall FC Stadium which is leased to MFC and the Lion's Centre which is leased to MCS, together with other small surplus areas of land transferred back to the Council by Rail for London (**RfL**) following completion of the East London Line extension. The land around the Stadium, MCS's interest and the RfL surplus areas are subject to the conditional Land Sale Agreement entered into between the Council and Renewal in December 2013 providing for disposal to Renewal of the Council's freehold interest.

6.4 The freehold and leasehold interests proposed to be included in the CPO are listed in the Table attached to this Report at **Appendix 6**. Column 1 within the Table includes a plan reference and the relevant plans are included within Appendix 6. Also included within Appendix 6 is a plan identifying the third party interests to be acquired. As indicated in the Table at Appendix 6, as at the time of preparing this Report, 22 freehold and leasehold interests remain to be acquired as follows:

- **Phase 1A**: Four interests are outstanding comprising one freehold and three leasehold interests, all in respect of industrial units. Three of the four outstanding interests are minor interests where Renewal already owns a substantive long leasehold interest.

- **Phase 1B**: Five interests are outstanding, all of which are freehold interests. Three of the five interests are industrial units and two are live-work units, of which only one (Unit 17 Excelsior Works) is currently occupied; the other (Unit 18 Excelsior Works) is understood to be currently unoccupied.

- **Phase 4**: One leasehold interest is outstanding, comprising the Millwall Football Club car park and Stadium surrounds.

- **Phase 5**: Nine interests are outstanding comprising seven freehold and two leasehold interests, all in respect of industrial units.

- **Phase 5A**: Two leasehold interests are outstanding, comprising the Millwall Community Scheme sports complex, together with the apparatus of a telecommunications operator.

In addition to the above, freehold parcels of land are to be acquired from Network Rail in Phases 2, 3, 4 & 5. The above summary also excludes highways plots, interests of utility providers, interests of occupational tenants of Renewal where Renewal expects to gain possession without the need for CPO (e.g. by exercise of a break clause), land which is under contract with Renewal and any business tenancies of land not in the ownership of Renewal. The CPO will include these interests in land to ensure the Scheme can be delivered.

6.5 The following are also proposed to be included in the Order:

(a) mines and minerals which have been reserved out of titles where the areas concerned are likely to be impacted by piling/foundations required for the Scheme;

(b) highways plots (sub-soil interests);

(c) four substations that are on land to be redeveloped, plus existing rights of statutory undertakers with service connections within the Site which are likely to require removal or relocation to facilitate the Scheme. The existing services are shown on the Utility Services plan attached to this Report at **Appendix 7**;

(d) existing rights of way in favour of Network Rail providing access to railway embankments etc and which are likely to be interfered with as a result of the Scheme.

6.6 New rights are also required to fulfil certain requirements of the Section 106 Agreement. These affect land owned by Network Rail, London Underground Limited and MFC. The rights include in summary (and subject to detailed drafting):

(a) The right to construct, use (in common with others) and maintain a pedestrian and cycle access route from the north west corner of the Site to South Bermondsey Railway Station;

(b) The right to carry out works to upgrade railway arches and underpasses at South Bermondsey Station, Zampa Road, Stockholm Road, Rollins Street, Bolina Road and the route to Surrey Quays and thereafter maintain the works;

(c) The right to carry out works to landscape and thereafter maintain railway embankments adjoining the Site and to carry out habitat creation works on the said land;

(d) The right to install and maintain conducting media under the railway arch between the South East London Combined Heat and Power facility and the Site to the extent it is required for the installation of the proposed district heating network that is to provide heat and power to the Scheme;

(e) The right to carrying out and complete works to replace and improve the existing façade of the MFC Stadium, as required by the S106 Agreement.

6.7 The position regarding negotiations with landowners is considered in more detail in Section 7 of this Report. Renewal will continue, with the support of Officers, to seek to acquire the outstanding interests by agreement. Officers have also written a number of times to the remaining landowners encouraging them to engage with Renewal and offering to engage directly with the landowners, should they be unwilling for any reason to deal with Renewal. The most recent letter was sent to landowners by the Executive Director for Resources and Regeneration on 8 August 2016 notifying them of the intention to present this Report to Mayor and Cabinet. As at the date of publication of this Report, seven responses have been received to these letters. Renewal and G L Hearn are following up on each of these responses.

6.8 If the CPO is made, it will include a Schedule of the interests, including new rights, to be acquired, as well as those who have interests over the land to be acquired (e.g. rights of way etc) which may be affected by the development works. The Order Map required to accompany the CPO will identify the land and new rights to be acquired. Terraquest, experienced land-referencing agents, have been appointed by Renewal to carry out the necessary referencing and preparation of the CPO Map. Further requisitions for information relating to ownership will be served as necessary before the Order Map and Schedule are finalised. Final versions of the Map and Schedule will be published with the CPO when made.

6.9 If the CPO resolution is made, this will be recorded in the Local Land Charges Register and disclosed on searches so that any potential purchasers will be aware that the land is subject to compulsory purchase.

7.0. Pre-conditions to CPO Resolution

7.1 As already referred to, on the 7th March 2012, the Mayor resolved 'in principle' to use CPO powers to support the land assembly required for the Scheme, subject to the following pre-conditions:

i) the Mayor being satisfied that Renewal has used its reasonable endeavours to complete the assembly of the Site by agreement/private treaty and that the redevelopment proposals cannot otherwise be delivered;

ii) the requirements of Section 122 of the Local Government Act 1972 and Sections 226, and 237 of the Town and Country Planning Act 1990 (now Section 203 of the Housing and Planning Act 2016) being met;

iii) the Mayor being satisfied that there is a compelling case in the public interest to make a Compulsory Purchase Order;

iv) the Mayor being satisfied that there is a delivery mechanism with Renewal and/or others in place, which ensures that there is a comprehensive redevelopment of the whole Site and that the new development will be built and completed within a reasonable time period;

v) the Mayor being satisfied that Renewal has a viable business plan and funding strategy to deliver a comprehensive regeneration scheme, together with a full and sufficient indemnity agreement(s) and appropriate financial bond covering the costs of making and confirming any such CPO/appropriation for the purposes of Section 237 (now Section 203 of the Housing and Planning Act 2016); and

vi) consideration of any issues raised by the Equalities Impact Assessment on the potential impact of the CPO.

7.2 Officers consider that these pre-conditions have now been met, as discussed below under the relevant headings.

(i) Negotiations with landowners

7.3 GL Hearn have been jointly appointed by the Council and Renewal as CPO valuers to advise on property cost estimates for the compulsory acquisition of interests and to negotiate agreements with landowners and others with an interest in the proposed Order Land.

7.4 As referred to above, Renewal owns a significant proportion of the Site required for the Scheme, having actively been acquiring property by private treaty since 2004. 22 identified land interests remain outside of Renewal's ownership (or control if not formally conveyed) which are required in order to complete land assembly to bring forward the Scheme in its entirety. These exclude highways plots, interests of occupational tenants of Renewal where Renewal expects to gain possession without the need for CPO, utilities interests, land under contract to Renewal and any business tenancies of land not in the ownership of Renewal. The 22 outstanding interests comprise mainly freehold or long leasehold interests in the industrial estates within the Site. They also include two live/work units at 17 and 18 Excelsior, the former being occupied by an artist/sculptor, the latter being understood to be currently unoccupied. Certain interests are also required from Network Rail for which agreement has been reached in principle and Renewal is confident a formal agreement will be concluded in due course. In terms of utilities interests, these relate to telecommunications equipment and substations. Discussions have taken place with the providers, although concluding any agreement will be subject to the CPO being progressed.

7.5 Additionally, new rights will be required as set out in paragraph 6.6 above.

7.6 Renewal has provided the Council with details, including copy correspondence, of the extent of and current position on negotiations with landowners undertaken by both Renewal and GL Hearn. Officers have examined the material provided and are satisfied that Renewal has used reasonable endeavours over a substantial

period to acquire the outstanding interests by negotiation. It is continuing and will continue to try and move those negotiations forward with the support of Officers. Renewal has also submitted a relocation strategy which has been approved by the Council under the Section 106 requirements setting out its intentions with regard to continued occupation of the Site by tenants until possession is required and steps taken regarding assistance with relocation. A copy of the relocation strategy is included at Appendix J to the draft SoR.

7.7 In negotiations with the landowners, Renewal has also provided contact details for Council officers and encouraged landowners to contact the Council if they would prefer to deal with the Council, rather than Renewal. The Council has also written to the landowners encouraging them to negotiate with Renewal and offering to treat with them and to provide formal valuations if they are unable or unwilling to reach agreement with Renewal. The most recent letters to remaining owners/occupiers were sent on 11 December 2015, 19 January 2016 and most recently on 8 August 2016 notifying them of the intention to present this Report to Mayor and Cabinet.

7.8 Renewal continue to make progress with land acquisitions by private treaty. Since the previous Report to Mayor and Cabinet was withdrawn in February 2016, Renewal has acquired the freehold with vacant possession of Bridge House, Excelsior Works (previously a House in Multiple Occupation, but currently vacant), as well as the leasehold interest in Unit 4 and part of Units 5 & 6 of the Yard, Orion Business Centre.

7.9 Notwithstanding the efforts made, however, attempts to acquire all the outstanding interests by agreement have to-date not been successful. Prior to the Mayor and Cabinet meeting on 17 February 2016, representations were received by solicitors acting on behalf of four owner/occupiers that the impact on a CPO on the owners affected had not been properly assessed and that the necessary human rights balancing/proportionality exercise had not been properly carried out. The units in question are three industrial units on the Bolina Estate (a furniture and cabinet maker and a car repair and MOT business) and a live/work unit at Excelsior Works currently occupied by an artist/sculptor. The position regarding human rights is considered in paragraphs 7.38 to 7.44 below and Section 12 under the heading ‘Human Rights’.

7.10 In terms of negotiations with the four owner/occupiers concerned, the information provided by Renewal is as follows:

- Unit 17 Excelsior Works: Negotiations have taken place with the owner/occupier, GL Hearn’s valuation has been provided and an offer made by Renewal for the purchase of the unit, although the valuation has been carried out without inspection as access has not been afforded. Renewal has paid for the owner/occupier to receive independent valuation advice, although the owner/occupier has declined to share the valuation report with Renewal/GL Hearn. The parties remain some way apart on valuation. The owner/occupier has been in touch with Kalmars but has advised Renewal there are no suitable alternative properties available for her. Discussions, are

ongoing and a meeting is due to take place in September at which the parties have also agreed to discuss relocation opportunities.

- Unit 35 Bolina Industrial Estate: Negotiations have taken place with the owner/occupier, GL Hearn's valuation has been provided following an internal inspection and an offer made by Renewal for the purchase of the unit. The owner/occupier has received independent valuation advice, and whilst his agent has said the difference in valuation is significant, the owner/occupier has not shared the valuation with Renewal/GL Hearn. Possible relocation properties have been provided to the owner/occupier, but he maintains a direct replacement unit should be purchased for him. GL Hearn have explained the compensation process which is based on the value of the existing unit. The owner/occupier has been in touch with Kalmars but has advised Renewal that there are no suitable alternative properties available. GL Hearn and Renewal remain in contact with the owner/occupier.

- Units 31 & 32 Bolina Industrial Estate: The owner/occupiers have not responded to Renewal/GL Hearn regarding correspondence in relation to relocation/ negotiation. GL Hearn's valuation has been provided and an offer made for the purchase of the unit, although the valuation has been carried out without inspection as access has not been afforded. Renewal met with the owner/occupiers some months ago to explain likely timescales and the prospective CPO process, but received no further response. The owner/occupiers have written to the Council maintaining that Renewal's offer is too low and it is unrealistic to find alternative premises. Renewal is continuing to try and engage with the owner/occupiers and has provided Kalmars contact details to assist them with finding a suitable alternative property and has also offered to pay for independent valuation advice.

7.11 In other cases, negotiations appear to have stalled with landowners unwilling to negotiate until the Council has made a decision regarding compulsory acquisition.

MFC and MCS

7.12 The largest remaining interests by area yet to be acquired are those vested in MFC and MCS.

MFC

7.13 MFC's land is required in order to deliver the wider scheme for which planning permission has been granted and which accords with the Council's regeneration objectives as set out in the Core Strategy which seeks comprehensive redevelopment of the Site as set out in Sections 3 and 11 of this Report. The Core Strategy recognises the importance of MFC and the Stadium to the Borough and it has been made clear to MFC that the Council considers it essential that MFC should be able to continue to operate the Stadium and that appropriate rights will

be granted in favour of MFC to ensure that this will happen. MFC has provided information to the Council and Renewal regarding the rights it will require over the land around the Stadium in the event the land is acquired by CPO and discussions have taken place in relation to the grant of those rights. The Council and Renewal will pursue negotiations with MFC regarding agreement in respect of the rights required.

7.14 Discussions have also taken place between Renewal, MFC and the Council over a number of years in relation to the acquisition of MFC's leasehold interest in the land around the Stadium. Renewal have submitted a formal offer to MFC for that interest, but MFC has so far remained unwilling to negotiate any agreement for the surrender of its interest, maintaining that its wishes to itself redevelop the land around the Stadium (**MFC Land**) and the land leased to MCS (**MCS Land**) in a manner consistent with Renewal's proposals.

7.15 MFC has asserted that the Council has refused to consider its development proposals for the MFC Land and the MCS Land. That is not correct. Correspondence and discussions have taken place over a lengthy period in which MFC stated its intention to bring forward proposals of its own and in which Officers repeatedly stressed that in order for the Council to be able to give proper consideration to any proposals, it would require detailed drawings and other information including a business case and funding strategy and the delivery mechanism to ensure comprehensive delivery of the wider site consistent with the Council's key regeneration/policy objectives. Despite being advised what is required and being given ample opportunity to provide it, no detailed plans or any planning application, nor any of the other required information has been submitted by MFC. In August 2013, MFC submitted some high level proposals in a document prepared by McKay and Partners entitled 'Millwall Masterplan 22 August 2013' (**MFC Proposals**). This document is considered further at paragraphs 7.21 to 7.27 below under the heading 'Could the CPO purpose be achieved by other means?' At the time of this report going to print, information was received regarding some revisions to the MFC Proposals. This information is being reviewed and an update will be provided in due course.

7.16 As mentioned above, at the Mayor and Cabinet meeting on 17 February 2016, Councillor Best encouraged Renewal and MFC to meet to see if they could resolve their differences in relation to the development. To facilitate this, the Council appointed Strutt & Parker to act as an intermediary with the aim of bringing the parties together to see if an agreed position could be reached which would ensure comprehensive regeneration of the Site. Strutt & Parker corresponded and met separately with the parties to encourage an all-party meeting to discuss whether and how the regeneration of the Site could be progressed in a spirit of cooperation. Discussions have been held between MFC and Renewal during which MFC confirmed that its aim in seeking to develop the MFC Land and the MCS Land is to secure an ongoing revenue stream to support the operation of the football club. To-date, however, no agreement has been reached between the parties with a view to achieving that aim.

7.17 More broadly, Renewal has made its position clear to MFC via Strutt & Parker that

- It does not consider there is a realistic prospect of MFC bringing forward its own proposals on the MFC Land and the MCS Land;

- It should lead on the development having made considerable investment in the Site over the last 12 years, demonstrated its commitment to the Scheme and being the only party in a position to deliver on a reasonable timescale;

- It is not prepared to contemplate any joint venture with MFC, having concluded after 9 years of dealings that the respective organisations' vision, objectives and philosophy are not compatible.

7.18 Renewal has, however, committed to working with MFC to find a financial solution and believes that progress could be made if MFC engage with Renewal regarding a surrender of the lease of the MFC Land and if MFC quantifies the level of an on-going revenue stream it requires. Officers will continue to assist with efforts to progress discussions between the parties.

MCS

7.19 With regard to MCS's interest, the Council and Renewal have engaged in detailed negotiations with MCS regarding the Heads of Terms for the surrender of their leasehold interest in the Lion's Centre and subsequent relocation to the new sports facilities (Energize) within Phase 2 of the Scheme. A series of meetings has taken place between the Council, Renewal and a representative from the MCS Board of Trustees to discuss surrender of their lease and the relocation of MCS. The Council has also funded legal advice to enable MCS to conclude negotiations. Agreement has previously been reached on Heads of Terms, subject to agreement as to the level of compensation, the management model of Energize to which MCS would relocate and the costs to rent the office and storage space within that new facility. Following a pause in negotiations, Renewal and MCS are again in dialogue.

7.20 Making a CPO will not mean that attempts to acquire by agreement will cease. The CPO Guidance makes clear that compulsory purchase is intended as a last resort in the event that efforts to acquire by agreement fail. However, the CPO Guidance also recognises that valuable time might be lost if an authority waits until negotiations do fail before making a CPO. Authorities are advised that it may often be sensible to plan a compulsory purchase timetable as a contingency measure and initiate formal procedures. The CPO Guidance notes that this will also help to make the seriousness of the authority's intentions clear which might in turn encourage those affected to enter more readily into meaningful negotiations. Efforts will continue by Renewal, supported by the Council, to acquire the remaining interests by agreement and any interests acquired by private treaty will not be included in the CPO or (where acquisition is achieved after the CPO is made) a request made that the CPO be not confirmed in respect of such interest, as appropriate.

Could the Order purpose be achieved by other means?

7.21 The Site is allocated as a strategic site within the Council's Core Strategy. A key requirement of the Core Strategy is that the Site is brought forward for comprehensive development in accordance with a Masterplan. The purpose for which land and rights are proposed to be acquired is to enable comprehensive redevelopment of the Order Land in accordance with the adopted planning policy framework. The Outline Planning Permission and the S73 Permissions encompass comprehensive redevelopment in accordance with those policies.

7.22 The CPO Guidance advises that in deciding whether to confirm an order made under Section 222(1)(a) of the 1990 Act, as is proposed here, one of the factors the Secretary of State can be expected to consider is whether the purpose for which the order is being made could be achieved by any other means. This may include the appropriateness of alternative proposals put forward by owners of the land, or any other persons, for its reuse, as well as examining the suitability of any alternative locations for the purpose for which the land is being acquired.

7.23 In addition to seeking to bring the parties together, as part of their appointment, Strutt & Parker were asked to advise on the MFC Proposals in terms of their viability, deliverability and overall fit within the Council's Core Strategy and regeneration objectives for the area. This is not a case where any scheme on the MCS land and the land around the Stadium could simply be 'dropped in' to the wider Scheme and the Strutt & Parker report highlights that there are a number of significant delivery constraints and other implications for the wider Scheme as discussed below. Moreover, Strutt & Parker have considered the viability of the MFC Proposals and advise that they are unlikely to be viable in isolation.

7.24 GL Hearn have also reported on the deliverability implications for the wider Scheme if the MCS Land and the MFC Land were to be excluded. They conclude that not only would removal of the MCS Land and the MFC Land cause a significant negative impact on financial viability, it would also result in a significant level of delivery uncertainty relating to land ownership, planning, deliverability and place-making. In those circumstances, GL Hearn conclude that no developer (including Renewal) would be likely to implement the Scheme. Officers accept that conclusion.

7.25 The principal deliverability constraints are:

- MFC does not have control of the land required for the MFC Proposals. The proposals require the MCS Land but MFC has no legal interest in the MCS land and in any event the various restrictions under the leases to MFC and MCS and the duration of those leases, do not enable the re-development of the landholdings.

- The Council has contracted to sell its freehold interest in the MCS Land and the land around the Stadium to Renewal and is not in a position to deal with that interest. It is worth noting that MFC has complained it was not allowed to bid for the Council's freehold interest. This is not correct. It was open to MFC to put in a bid for the Council's freehold interest at any time. Indeed, in November 2013 and prior to the Land Sale Agreement with Renewal in December 2013, MFC's consultants expressed an interest

on behalf of MFC in making a bid and the Council advised it was a matter for MFC whether to do so. No bid was received;

- The MFC Proposals do not accord with the existing consents which would need to be varied to accommodate the proposals. The Core Strategy requires a comprehensive approach across the whole site in accordance with an approved Masterplan and a Delivery Strategy which demonstrates how comprehensive development will be achieved. A standalone piecemeal proposal would be contrary to adopted policy and would not provide the transformational development the Council's regeneration objectives require;

- The surrounding land remains in the ownership/control of Renewal. Delivery of key infrastructure and access routes to the edge of the land would be required with associated rights/easements. No information has been provided by MFC either to Renewal or the Council as to the infrastructure and rights it requires for the MFC Proposals and there is no assurance that the MFC Proposals would be brought forward on a timescale which is compatible with the wider Scheme. Infrastructure provision across the wider Site will require phasing, particularly in respect of the ENVAC and SELCHP connections and these will not be able to be delivered by MFC at a later stage in isolation;

- A joint venture arrangement/development agreement or similar agreement would be required between Renewal and MFC. The negotiation of any terms would be extremely complex and time consuming with an uncertain outcome. Leaving aside the key issue of viability, significant issues around key infrastructure and rights, phasing requirements, apportionment of planning obligations and other planning requirements and landowner equalisation arrangements would need to be resolved, creating significant uncertainty and delay and threatening delivery of key regeneration objectives for the Borough;

- As is typical of comprehensive schemes of this nature, profit is not realised until later phases and so such schemes rely on the whole site to be developed to achieve an acceptable level of viability. The viability of the wider Scheme is dependent on the place-making uplift applied to later phases and as such relies on it coming forward as a whole.

7.26 Given that it owns or controls the majority of the interests in the Site, Renewal is the obvious partner to bring forward the Scheme. Not only would removal of separate parcels of land from the currently consented wider scheme render it unviable from a financial and delivery perspective, the separate development of other parcels would be likely to result in piecemeal development, risk the non-achievement of comprehensive development of the Site and thus the regeneration objectives for the Site and surrounding area not being realised. At best it could lead to substantial delays in the regeneration coming forward. To ensure comprehensive re-development, a significant degree of co-operation would be required between the current owners, even assuming satisfactory terms could be reached, which to-date there has not been. In all the circumstances, Officers do

not consider that the MFC Proposals provide an appropriate means by which the purpose of the Order might be achieved within a reasonable timeframe.

7.27 Nor are there any other alternative, credible development proposals currently proposed or likely to be capable of coming forward and implemented to secure the comprehensive development of the Site within a reasonable timescale without the need for CPO. The Site is unique in terms of size, scale and location of development. The Site is almost assembled, ready for implementation. Officers consider the planning objectives cannot be achieved from pursuing any alternative site for this scale of major regeneration - there is no comparable area available for this scale of development, even if the Council had the resources to assemble a similar site in a reasonable timescale.

7.28 A continuing dialogue between Renewal and MFC and efforts to reach agreement must continue to be encouraged and supported. Given the anticipated development programme, however, if the regeneration proposals are to move towards realisation, Officers consider that formal CPO procedures should commence so that delivery of the necessary land assembly can be secured. Negotiations with Renewal, MFC and all other landowners will continue in parallel with the CPO process with every effort being made to try and conclude the remaining acquisitions by agreement ahead of confirmation of the CPO.

7.29 **Officers consider pre-condition (i) has been met.**

(ii) **Statutory powers, CPO Guidance**

7.30 Section 226(1)(a) of the Town and Country Planning Act 1990 (**1990 Act**) empowers the Council, on being authorised by the Secretary of State, to acquire compulsorily land in its area if it thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. The Council must not, however, use this power unless it also thinks that the development, redevelopment or improvement is likely to contribute to the achievement of any one or more of the following objects:

(a) the promotion or improvement of the economic well-being of the Council's area;
(b) the promotion or improvement of the social well-being of the Council's area;
(c) the promotion or improvement of the environmental well-being of the Council's area.

(Section 226(1A) of the 1990 Act).

7.31 The Mayor is directed to Section 3 of the draft SoR which sets out how the proposed compulsory acquisition is considered to fall within the provisions of Section 226 and delivers the well-being objectives required by Section 226(1A).

7.32 In some circumstances, only new rights over land might be required, such as a new right of access. This being the case, it is usually not necessary to acquire the freehold or leasehold interest. Instead, section 13 of the Local Government (Miscellaneous Provisions) Act 1976 enables the Council, subject to authorisation by the Secretary of State, to create and acquire new rights over land. That is

proposed here where only a right is required and not the entire land interest, the new rights proposed being referred to in paragraph 6.6 of this Report.

7.33 Section 227 of the 1990 Act provides an equivalent power for the Council to acquire land (including rights over land) by agreement (as opposed to compulsorily) for the purposes described in paragraph 7.30. As set out in this Report and as is reflected in the CPO Guidance, it is intended that efforts to acquire the necessary land and rights by agreement will continue in tandem with the CPO process.

7.34 As indicated above, the Council and Renewal has entered into a CPO indemnity Agreement which governs the process of land assembly. The Council has power under Section 233 of the 1990 Act, subject to the requirements of that Section, to dispose of any land acquired for planning purposes. It is intended that land acquired pursuant to the terms of the CPO Indemnity Agreement will be disposed of to Renewal pursuant to Section 233.

7.35 Upon completion of any compulsory acquisition, Section 236 of the 1990 Act provides that any rights of way or rights to apparatus are automatically extinguished (save those of statutory undertakers etc which are subject to separate procedures). In addition, where land is acquired or appropriated by a local authority for planning purposes (whether by CPO or private treaty), Section 203 of the Housing and Planning Act 2016 (**2016 Act**) makes provision for certain third party rights to be overridden when the land is developed in accordance with planning permission. Development and use of such land in accordance with planning permission, either by the local authority or by a person deriving title under the authority, will be authorised, even though it interferes with a third party right, such as an easement, or it breaches a restrictive covenant on the use of the land. Any third party whose rights are overridden in consequence of Section 203 is entitled to statutory compensation, assessed in accordance with provisions in Section 204 of the 2016 Act regarding compensation.

7.36 In terms of the Stadium land, it is proposed that the CPO includes the acquisition of MFC's leasehold interest in the land surrounding the Stadium and also new rights over the Stadium land to enable the carrying out of the works to the Stadium façade. The Council will retain the freehold interest in the Stadium itself. As referred to above, the freehold interest in the land around the Stadium is subject to the Land Sale Agreement entered into with Renewal in December 2013.

7.37 **Officers consider pre-condition (ii) has been met.**

(iii) Compelling case in the public interest

7.38 The relevant considerations for the purposes of any resolution to use compulsory purchase powers are set out in this Report and the attached draft SoR. The CPO Guidance also sets out the considerations to be applied when making a resolution to exercise such powers and the factors which will weigh with the Secretary of State when deciding whether to confirm a CPO. These factors include what might be described as the overarching consideration as follows:

"A compulsory purchase Order should only be made where there is a compelling case in the public interest. An acquiring authority should be sure that the purposes for which the compulsory purchase order is made justify interfering with the human rights of those with an interest in the land affected. Particular consideration should be given to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and, in the case of a dwelling, Article 8 of the Convention."

7.39 Human Rights considerations are addressed further in Section 10 of the draft SoR and in Section 12 of this Report. As set out in Section 12 of this Report, Article 8 of the Convention provides that everyone has the right to respect for his private and family life, his home and his correspondence and that there should be no interference with the existence of the right except in accordance with the law and as necessary in a democratic society in the interest of the economic well-being of the country, protection of health and the protection of the rights and freedoms of others. Article 1 of Protocol 1 provides that no-one shall be deprived of their possessions except in the public interest and subject to the conditions provided for by law.

7.40 Article 1 of the First Protocol and Article 8 of the Convention are qualified rights and as such interference within them is permissible only in accordance with the law and the pursuit of the permissible aims set out in those Articles. Further, any interference must achieve a fair balance between the general interests of the community and the protection of individual rights – there must be reasonable proportionality between the means employed and the aim pursued. Case law has determined that there is no requirement to set out in any formulaic way the extent to which specific human rights are interfered with and that the necessary human rights balancing exercise has been held to be encompassed by the test of a compelling case in the public interest required in CPO cases. The availability of compensation to affected persons is also relevant in assessing whether a fair balance has been struck.

7.41 Where it has acquired units within the Site, Renewal has, where possible, kept existing tenants in the unit and amended tenancy agreements to include break clauses of 3 to 6 months to ensure it can achieve vacant possession as and when required. Renewal intends to continue with that strategy of only requiring units to be vacated as and when required for the development. The Convention rights of persons occupying the Site will, however, be interfered with through a confirmed CPO and they will ultimately be displaced from their properties. Those whose properties are acquired under the CPO will be entitled to compensation.

7.42 Officers consider that the degree of interference is necessary in the interests of the economic well-being of the country (in the terms set out in Article 8), is in the public interest (in the terms set out in Article 1, Protocol 1 rights) and is proportionate when weighed against the significant benefits which will be delivered by the Scheme for the Borough and the wider community as set out in this Report and the draft SoR. In summary, these benefits entail:

- Approximately 1,500 new permanent jobs and 470 temporary construction jobs;

- Approximately 2,400 new homes, including affordable housing;
- A new station on the East London Line;
- 2 new bus routes linking the Site to Lewisham and Central London;
- Energize, a £40m state-of-the-art regional sports complex;
- New cycling and pedestrian routes linking the Site to the wider area;
- A new faith and community centre;
- A new multi-faith and multicultural resources centre;
- A 150 bed hotel and conferencing centre;
- New GP facilities with other health services, which may include specialisms in sports injury;
- The refurbishment of the park at Bridgehouse Meadows;
- A creative/digital quarter;
- A new and improved setting for The Den and Millwall Football Club and allowing for an increase in capacity of the Stadium from 20,146 to 26,500;
- A new home for the Millwall Community Scheme;
- 5 new public squares and private gardens for residents;
- Improvements to 14 surrounding railway arches and underpasses creating links into the surrounding areas;
- Surrounding junction improvements;
- Enhanced security and safety across the Site and surrounding areas

7.43 Mayor and Cabinet are referred to Section 9 of the draft SoR which brings together the key aspects of the CPO case. The significant benefits of the Scheme are further amplified in the Regeneration and Equalities Statement at Appendix K to the draft SoR. Social benefits will be provided from the delivery of sustainably constructed new homes that will make a significant contribution to meeting private and affordable housing need in the Borough, as well as new community and leisure facilities. The concentration of development will be better able to access new and existing public transport. By land assembly, rationalising, improving and providing new uses and infrastructure on the Site, there will be significant environmental benefits. The Scheme will give rise to economic benefits in terms of major investment in the Borough, with jobs created from construction, new commercial, community and leisure uses. The new resident and business population will contribute to the local economy. Further details of the compelling case in the public interest are also set out in the draft SoR.

7.44 Officers are satisfied that there is a compelling case in the public interest for the use of CPO powers.

7.45 The CPO Guidance also makes clear that if the acquiring authority is unable to show how the CPO land is to be used and that the necessary resources are likely to be available to achieve the purpose of acquisition within a reasonable timescale, it is unlikely to be able to show the acquisition is justified in the public interest. These aspects, as follows, are discussed elsewhere in this Report and the draft SoR:

- whether the purpose for which the land is being acquired fits in with the adopted planning framework for the area. In addition to this specific requirement, the general requirements of the CPO Guidance states that

any programme of land assembly must be set within a clear strategic framework and that such framework will need to be founded on an appropriate evidence base and to have been subject to consultation processes including those whose property is directly affected (see Section 11 of this Report and Section 4 of the draft SoR);

- the extent to which the proposed purpose of acquisition would contribute to the achievement of the promotion and/or improvement of the economic, social or environmental well-being of the Council's area (see paragraphs 7.42 and 7.43 above and Section 3 of the draft SoR);

- that the necessary resources, including funding, are likely to be available to achieve the purpose of the CPO within a reasonable timescale (see paragraphs 7.50 to 7.71 of this Report and Section 6 of the draft SoR);

- that the scheme is unlikely to be blocked by physical or legal impediments (see elsewhere in this Section 7 and Section 8 of this Report and Section 6 of the draft SoR);

- whether the purposes for which the land is to be acquired could be achieved by any other means. This can include considering the appropriateness of any alternative proposals put forward by the owners of the land or others, or examining the suitability of alternative locations for the purpose for which the land is being acquired (see paragraphs 7.21 to 7.28 of this Report and Section 6 of the draft SoR).

7.46 **Officers consider pre-condition (iii) has been met.**

(iv) Viability/delivery mechanism

7.47 As explained above, the CPO Guidance makes clear that if a CPO is to be confirmed, there must be a compelling case in the public interest and the purpose for which the CPO is made must justify interfering with the human rights of those affected. If the acquiring authority is unable to show how the CPO land is to be used and that the necessary resources are likely to be available to achieve the purpose of acquisition within a reasonable timescale, it is unlikely to be able to show the acquisition is justified in the public interest. When preparing its justification, the acquiring authority further needs to show the scheme is unlikely to be blocked by any physical or legal impediments to implementation. The acquiring authority is also required to provide substantive information regarding sources of funding, including as to how potential shortfalls may be met if funding has not yet been finalised.

7.48 The Site is one of five strategic sites identified within, and considered key to, the delivery of the Council's Core Strategy. The Core Strategy sets out the ambition to transform the physical environment and achieve place-making objectives by delivering a comprehensive range of regeneration outcomes in the Borough. In conjunction with the Council, Renewal has spent almost 12 years shaping and facilitating the comprehensive regeneration of the Site. During this time Renewal has acquired by private treaty the vast majority of property interests required to

assemble the Site and has secured the Outline Planning Permission and the S73 Permission for the scheme which will deliver significant and comprehensive regeneration to this deprived area. In doing so, Renewal has incurred significant capital expenditure in acquisition, design, planning and consultants'/advisors' costs. There can be little doubt that Renewal has made a significant financial commitment and has demonstrated a long term outlook and how serious it is about ensuring that this comprehensive Scheme is brought forward.

7.49 That of itself this is not enough, however, and the Council needs to be satisfied that if it proceeds with a CPO to assemble the remaining interests, the necessary resources are likely to be in place to achieve the purpose of the acquisition within a reasonable timescale. As such, it needs to be satisfied the scheme is viable, deliverable and fundable.

7.50 In April 2014, GL Hearn (a leading property consultancy) reported on the viability of the Scheme on behalf of the Council. They concluded that the Scheme was financially viable on the basis of delivery of all aspects of the Scheme by a single developer. At the request of the Council, in June 2015 Renewal appointed GL Hearn to take their evaluation a step further by bringing together the detailed information regarding viability and the approach to funding into a single report and then reviewing and assessing the proposed delivery strategy. The Council appointed PriceWaterhouseCoopers LLP (**PwC**) to provide financial and real estate due diligence and to review the GL Hearn report and updates to it. The costs, values and other information included in the GL Hearn report has been updated to reflect the cost and values as at August 2016 and the revised approach to Housing Zone funding, and also to include commentary on market sentiment following the EU Referendum vote. The additional information provided by Renewal/GL Hearn has been reviewed by PwC's and PwC's key conclusions/considerations, which Officers accept, are set out below.

7.51 GL Hearn have developed detailed, bottom up, appraisals using industry standard software to assess the viability and deliverability of Renewal's intended delivery strategy using current planning permission and market cost and revenue assumptions. PwC consider those cost and revenue inputs to be reasonable and supported by market benchmarks. Furthermore, following a review of the outputs and funding assumptions made, PwC conclude that Renewal's intended delivery strategy is appropriate and capable of delivering a commercial return and therefore would have a reasonable chance of being delivered in line with Renewal's proposals.

7.52 Renewal has established that the most appropriate strategy for delivering the comprehensive redevelopment is a Master Developer Strategy (MDS). Under the MDS, Renewal will enter into development agreements and grant long leasehold interests to house builders/sub-developers in respect of individual development plots/phases in an ordered manner over the development period. Under this arrangement, Renewal will retain the freehold interest in the plots/phases, with sub-developers developing out and receiving a long lease of the residential elements with the commercial units being handed back to Renewal at nil premium to be held as investments to drive long term revenue or sold. There is strong developer demand for residential development opportunities in this part of London,

particularly of the size of development that each phase represents and the assumed price point of the residential units.

7.53 Under the proposed strategy, Renewal will maintain responsibility for the delivery of the Community Sports Facility (Energize) in Phase 2, the transport interchange and the urban/public realm. In addition, Renewal will retain design control across the whole development and retain the commercial property in each phase. The Housing Zone proposals mean the new Overground Station will be delivered through grant funding, enabling additional funds to be applied to more affordable housing in the Scheme.

7.54 The MDS approach will allow Renewal to offset much of the delivery risk but at the same time retain overall control to ensure that a comprehensive scheme and quality shared places/public realm can be delivered. All are important public benefits that underpin the case for the CPO and facilitate the much-needed housing and policy ambition for comprehensive redevelopment in the area.

7.55 PwC have confirmed that a MDS approach is a recognised commercial approach for large, complex, multifaceted schemes. There are a number of examples of this delivery route being employed elsewhere, including the Olympic Park in Stratford. PwC also note that the transfer of construction and residential market risk to a specialist sub-developer helps to dissipate the delivery risk borne by the master developer.

7.56 As noted above, the GL Hearn appraisal model uses current market assumptions about a range of variable factors to evaluate the attractiveness of the MDS approach and potential returns. Within their appraisal, GL Hearn set out their assumptions regarding the absorption rate of residential sales into the market place, build costs and sales receipts. Renewal/GL Hearn have appointed DBK (a recognised project management, cost management and building consultancy with experience of large scale developments) to provide the build cost advice whilst sales values are based on GL Hearn's own research.

7.57 PwC have reviewed the modelling developed by GL Hearn and conclude:

- The profit on cost and IRR (internal rate of return) assumed to be achieved are likely to be acceptable returns to a commercial developer for taking a Master Developer role and initiating a complex development such as the Scheme.

- The assumed profit allowance of the sub-developers would be acceptable to commercial housebuilders in the current market, immediately post-Brexit, for serviced plots in Greater London with the benefit of outline planning consent.

- Build costs and sales values, at Aug 2016 on a unit basis, are considered broadly reasonable

7.58 Officers consider that the information provided and the review supports the premise that the Scheme is viable and that there is an appropriate delivery mechanism in

place. This conclusion is augmented by a number of legal agreements/proposed agreements which Officers consider combine to further support the delivery mechanism for the Scheme in support of the potential CPO, these are;

- The Conditional Land Sale Agreement between the Council and Renewal dated 20th December 2013 relating to the Council's freehold interest in the land around the Stadium and the Lions Centre. The sale is conditional upon Renewal entering into agreements with MFC and MCS or the interests being acquired by CPO if a private treaty agreement cannot be reached. The Agreement also includes provision for the transfer of the land back to the Council if the comprehensive scheme has not been commenced within 4 years of the transfer of the Council's interest to Renewal. There is therefore an incentive on Renewal to commence the Scheme as soon as is reasonably practicable within the 4 year period.

- The Section 106 Agreements entered into in March 2012 and December 2015. The requirements of the Agreements are summarised elsewhere in this Report, but it is noteworthy that financial commitments early on in the Scheme incentivise the development of later phases if returns are to be realised. Given the upfront costs of the development, including major Section 106 contributions, the returns on the Scheme do not start to be realised until Phase 3 of the development which also supports the comprehensive development.

- The Borough Intervention Agreement to be entered into with the GLA in connection with the Housing Zone status of the Site which will accelerate delivery of the new Overground Station on the East London Line and enable development of the first two phases of development (1A and 2) to proceed ahead of schedule delivering 532 homes earlier. The balance of the £20 million funding is expected to be available towards further infrastructure requirements in relation to the Scheme, following due diligence and subject to contract (and therefore as already noted, the current financial modelling does not take this into account at this stage). A separate report on the Housing Zone funding aspects will be presented to Mayor and Cabinet in due course.

7.59 Those opposed to the Scheme have referred to Renewal's lack of a track record in regeneration schemes of this nature and the absence of any development obligations with the Council. There is no policy requirement for a development agreement to be in place or to demonstrate *certainty* of delivery. Objectors have complained that Renewal will profit from any CPO, but developers reasonably require a profit if they are to bear the cost and risk of bringing forward development. It has been alleged that the Mayor and Cabinet report in February 2016 confirmed that Renewal intends to simply sell plots and seek to make an immediate profit. It is not clear whether this is a misunderstanding of the MDS approach which is clarified above, but Renewal has confirmed that at no stage has it or its shareholders sought to dispose of its interest in the Scheme nor does it intend to. Further, Renewal and its shareholders will only achieve positive cash flows in the later phases and will therefore be incentivised to continue with the Scheme once started.

7.60 Whilst the Council does not have a directly enforceable obligation from Renewal to deliver the whole of the scheme, any such obligation would not in any event guarantee delivery. Officers remain of the opinion that the necessary resources will be available and that the Scheme will provide a sufficient return to Renewal (or another developer/developers), such that the Council can be confident that if the CPO is confirmed, Renewal will wish to proceed with the Scheme (for the reasons given above), and the Scheme will be delivered.

7.61 **in all the circumstances, Officers consider that the scheme has been independently verified as viable with appropriate delivery mechanisms in place and that pre-condition IV has been met**

(v) Business Plan / Funding Strategy

7.62 Renewal's intended MDS approach will significantly reduce the level of funding which would otherwise be required, as the majority of costs and risks for the development of individual plots/phases will be passed to sub-developers who are likely to be national house builders.

7.63 GL Hearn have modelled the programme cash flows and these indicate that regardless of whether or not sunk costs are included, the peak debt funding requirement is reached in year 3 with the scheme only in surplus from year 7 onwards.

7.64 PWC have confirmed that they consider that the appraisals presented by GL Hearn have been properly considered and reflect Renewal's development intentions.

7.65 The other more immediate funding need and of direct focus to the Council is the ability for Renewal to fund the remaining acquisitions and support any CPO costs and expenses that arise. In the event the Council resolves to proceed with a CPO, the CPO Indemnity Agreement provides for a cash deposit or satisfactory alternative security to be in place before the Council proceeds to make a CPO. Renewal have offered a performance bond from RBS to cover the liabilities under the CPO Indemnity Agreement to the value of approximately 175% of the estimate total costs, thereby providing a significant surplus. This is an 'on-demand' bond enabling the Council to require payment from RBS if Renewal fail to pay under the CPO Indemnity Agreement. Officers consider this is an acceptable form of security for the Council. It is noteworthy that the performance bond is to be given by RBS which is still in majority Government ownership. RBS will have independently assessed Renewal's ability to cover these costs prior to it agreeing to provide such bond, which further confirms the security. The bond is further referred to in Section 8 of this Report.

7.66 Renewal has set up a project company/special purpose vehicle as the delivery vehicle for the Scheme – this is a widely recognised approach to large scale project/programme delivery. The project company is not established with sufficient resources to deliver the scheme utilising its own funds. It has always been represented that the funding for the project would be provided by the shareholders of Renewal who are Incorporated Holdings Ltd and Independent Advisors

Incorporated. The Renewal Group Ltd (registered in the Isle of Man) is a 100% subsidiary of Renewal Holdings Ltd (registered in the Isle of Man) which in turn is owned on a 50/50 basis by Incorporated Holdings Ltd (IHL) (registered in the Isle of Man) and Independent Advisors Incorporated (registered in the British Virgin Isles).

7.67 PwC have confirmed that the delivery structure and funding mechanism adopted is not unusual and is common place in the delivery of large and complex developments. PwC have also reviewed the audited accounts of Renewal as at 31 December 2015 and whilst there are no audited accounts for the parent shareholders (by reason of them not being based in the UK) the financial information provided by the shareholders indicates significant net assets. On the basis of this information PwC suggest that IHL has the potential to utilise or leverage its balance sheet to cover both the initial funding and the peak debt (excluding sunk costs) finance required by the project. Furthermore, whilst Renewal has stated the intention that future funding from shareholders will be 100% shareholder debt in nature, the option to raise further bank debt exists and may be utilised. However, if for any reason the shareholders failed to do this then there are alternative funding strategies for the project to proceed as set out in paragraphs 7.69 and 7.70 below.

7.68 There is perhaps natural caution about reliance on offshore funding but it is considered that a number of factors should be taken into consideration in this regard, as follows:

- Funding for the project to date has been provided almost entirely by shareholders, with only circa 18% funded by bank debt provided by RBS The debt provided by the shareholders is unsecured with no fixed repayment date and has 10% annual interest charges applied to the debt – the interest charges are included in the appraisal modelling. The implication therefore is that the shareholders will only see their principal investment and interest returned as the scheme is delivered.

- Therefore, PWC note that whilst there is no absolute binding commitment on behalf of the shareholders to further fund the project they have significant investment in the project already which suggest that commercially further investment is highly likely.

- PwC also note that, as is the norm at this stage of a project of this nature, Renewal has supplied a Development Agreement between themselves and its shareholders which covenants the shareholders to provide future cash flow requirements for the project. Whilst this is subject to the shareholders having the funds and the appraisal at the time being able to demonstrate a 10% development profit the sensitivity analysis carried out by GL Hearn shows that property prices would need to fall substantially below those assumed for Phases 1A and 2 of the Scheme for a 10% development profit not to be achieved. Whilst they note that such a fall in house prices is not unprecedented, PwC agree that even taking account of the uncertainties created by the Brexit vote, it is more likely there will be a gradual reduction in house prices and not a fall of that magnitude.

- PwC also note that a collapse in the housing market would not occur in isolation and that the impact on any appraisal would be mitigated by other market adjustments such as a fall in build costs which they would anticipate during a property recession. Renewal, in common with other master developers, would have the option to pause the development until such time as house prices recovered.

- The GLA has designated the whole Scheme as one of the first Housing Zones and has agreed in principle to provide £20m of funding towards the Scheme.

7.69 There are a number of other factors which also need to be taken into consideration when assessing the business plan/funding strategy and the justification for the use of CPO powers. With

- an assembled site;

- Outline Planning Permission/S73 Permission for the comprehensive scheme, and

- the MDS delivery approach

the Scheme is generally considered bankable/fundable. If for any reason Renewal's shareholders decide not to fund the scheme, it would be expected in those circumstances that traditional debt funding would be available to a developer to meet the maximum deficit arising during the course of the project. Given the residual value of the Site post completion of the land assembly exercise, such debt funding could be secured at favourable rates. Therefore assessing the Scheme on a non-developer specific basis, it is likely that the maximum deficit could be funded by another developer.

7.70 PwC have also commented that based on the viability of the Scheme and the assumed returns, if Renewal were not to proceed with the intended development the opportunity would exist for an alternative commercial developer to come forward. This of course pre-supposes that the Site assembly was complete and that Renewal wished to dispose or needed to dispose of the assembled Site.

7.71 It is Officers' opinion that, if the Council wishes to see the comprehensive redevelopment come forward, this is only likely to occur if the Site (against which the Outline Planning Permission/S73 Permission has been granted) is assembled and that the regeneration scheme will only be achieved in a reasonable time period if the Council assist the land assembly by the exercise of its CPO powers.

7.72 The Indemnity aspects are covered in the financial implications at Section 9 below.

7.73 In all the circumstances, Officers' are of the view that the Scheme is viable and deliverable, and has a reasonable prospect of coming forward in a reasonable timescale in the event the Council secures compulsory purchase powers to complete the land assembly exercise.

7.74 **Based on the above considerations, Officers believe that a suitable business plan and funding strategy exists to ensure that the Scheme can be brought forward in a reasonable timescale and that pre-condition V has been met.**

(vi) Equalities Impact

7.75 The Council's statutory duty pursuant to the Equality Act is summarised in Section 12 of this Report. A Regeneration and Equalities Statement has been completed in respect of the proposed Compulsory Purchase Order.

7.76 A summary of the Regeneration and Equalities Statement is included within Section 11 of the draft SoR.

7.77 **Officers consider pre-condition (vi) has been met.**

8.0. Acquisition of land currently owned by Renewal

8.1 As indicated above, Renewal already own a significant proportion of the land required for the development. Renewal has analysed the position regarding third party rights over the land it already owns (and land to be acquired) which may affect its ability to implement the scheme. Renewal has appointed Bilfinger GVA (GVA) to provide specialist input on rights of light.

8.2 GVA have been provided with the parameter plans for the permitted Scheme which detail the maximum and minimum heights of the various buildings. Using accepted methods of assessment, including computer modelling, land registry documents and any information that they can source regarding the internal layout of buildings, GVA have undertaken an assessment to identify the level of impact on rights of light of neighbouring properties. In identifying properties that would be 'injured' by the proposed development, an assessment is taken to identify whether the level of light entering through a window will change as a result of the construction of a new development. This is evaluated by assessing the amount of sky visibility (at 0.2%) available on the working plane, which is defined as the top of a table 850mm from the floor, on a 'before development' and 'after development' basis.

8.3 Based on case law, GVA have classified that a property is injured where the extent of a room that is lit at the 0.2% sky visibility level reduces to a level below 50%. Where a room already is lit to a level of below 50% of its area, then any further reduction, regardless of extent, will constitute an injury. The conclusion that a property has had an injury in respect to its right of light does not suggest that a room no longer receives any light (although in extreme cases this may be the case), just that the new development will result in an interference which results in the lit area of the room falling below 50%.

8.4 GVA conclude that an actionable level of interference will be caused to 54 properties as a result of the proposed development. Of these, 21 are held by the Council in a single freehold title, 32 are private residential units and the other interest affected is the MFC Stadium. A plan is attached to this Report at Appendix 8, which shows the residential properties affected and the buildings which will interfere with the rights of light. These comprise flats and maisonettes within the

apartment blocks at Bridge Meadows, Chilham House, and Reculver House (which are occupied by a mix of secure tenants and long leaseholders who have exercised the right to buy) and also by the MFC Stadium. The Council owns the freehold interest in Chilham House and Reculver House and the right of light attaching to the Council's interest will also be interfered with. The impact on rights of light vary between minor, moderate, significant or severe.

8.5 A further plan is attached at Appendix 8 which shows the cutbacks in the development which would be required to avoid the interference. Avoiding such interference is, however, unworkable in that it is not a matter of simply moving or re-orientating buildings to avoid an interference with rights of light; a significant number of buildings would have to reduce in size considerably. Four of the towers (one in phase 1A one in phase 1B and two in phase 3) would be reduced to the height of the podiums they sit upon reflecting a cumulative loss of over 60 storeys of residential accommodation alone, 3 other buildings are lost completely (over 20 storeys of development) and 12 other structures, including the sports centre, would need to reduce in height. The accommodation to be provided in these buildings could not be replaced elsewhere on the Site given the design already maximises the potential of other blocks.

8.6 To avoid interfering with rights of light would mean the number of units delivered on the Site would have to be significantly reduced. The impact on the level of residential accommodation which could be delivered on the Site would be substantial and would result in the development opportunity not being maximised. A portion of the new sports facility would also be lost. GL Hearn has advised that the loss of the residential accommodation would have a significant impact on the development's viability, likely prejudicing the delivery of other aspects of the Scheme and the public benefits of the wider development being realised.

8.7 In terms of assessing whether it is necessary to interfere with the rights in question, this involves both consideration not only as to whether the interference is physically necessary, but also as to whether agreement might be reached with those with the benefit of the right for release of the right. GL Hearn or the Council has approached those with the benefit of the rights to light with a view to reaching agreement regarding release of the rights, subject to payment of consideration. Those affected have been notified of the potential impact and offered an opportunity to meet to discuss the matter further and undertake a survey of their property in order to accurately assess any impact. To date only one response has been received, with the respondent requesting a survey. This has now been carried out and Renewal are in the process of instructing GVA to assess the impact.

8.8 Unless the rights of light are released or overridden, those with the benefit of the rights could seek to prevent the re-development scheme proceeding so far as it interferes with their rights. Section 203 of the 2016 Act authorises interference with third party rights such as easements, restrictive covenants etc in respect of land acquired (by agreement or compulsorily) or appropriated by a local authority for planning purposes, where the interference results from development in accordance with planning permission. Rights of light are considered to be rights encompassed by Section 203 of the 2016 Act. Note that an authority can only appropriate land it already owns, so appropriation is not relevant for present purposes.

8.9 Note also that if and to the extent the land affected by the rights of light might be acquired by the Council through CPO, then as that would be an acquisition for planning purposes under Section 226 of the 1990 Act, by virtue of Section 203, Section 203 will be engaged through that process. We are therefore only dealing here with land already owned by Renewal or which might be acquired by Renewal by private treaty.

8.10 The protection in Section 203 applies not only to the local authority, but also to anyone deriving title from it. Where Section 203 is engaged, any interference with a third party right is converted to an entitlement to compensation based on the reduction in value of the third party's land attributable to the interference with the rights attaching to it.

8.11 As indicated above, Section 203 is engaged by an acquisition by a local authority for planning purposes. The power to acquire land for planning purposes is contained in Sections 226 (compulsory acquisition) and 227 (acquisition by agreement) of the 1990 Act. Under Section 227, a local authority can acquire land for the purposes for which they might be authorised to acquire it compulsorily under Section 226. Thus, when acquiring by agreement, the local authority must be satisfied the acquisition fulfils the same tests as apply to power of compulsory acquisition under Section 226. The Section 226 tests are set out in paragraph 7.29 of this report which cross refers to the relevant section of the draft SoR.

8.12 Officers consider that the acquisition of Renewal's land for planning purposes, with the consequence that this will engage Section 203 of the 2016 Act, will facilitate the carrying out of the development, re-development or improvement of the Site. It will enable the development to be constructed pursuant to the planning permissions which have been granted notwithstanding it involves interference with third party rights which might otherwise impede the development.

8.13 Officers propose that the land owned by Renewal (including land shown on the Acquisition Plan which may subsequently be acquired by Renewal by private treaty) upon which the construction of the consented buildings will interfere with rights should be acquired by the Council and disposed back to Renewal, thus engaging Section 203 of the 2016 Act. It is considered that this will facilitate the development by ensuring the third party rights do not prejudice delivery of the Scheme. It will also contribute to delivery of the well-being benefits in the greater public interest, as identified in Section 3 of the SoR.

8.14 The arrangement will enable third party rights to be interfered with and in considering whether to proceed, consideration should be given to the protections under Human Rights legislation. Section 12 addresses the application of Article 8 of the Convention (of relevance to residential occupiers) and Article 1 of the First Protocol applies to both individuals and other legal persons and so is also of application to the rights held by corporate entities for example.

8.15 In considering the approach, the action must be proportionate and represent a fair balance between public interest and private rights: Is it proportionate? Having regard to the significant regenerative, well-being and other public and economic

benefits to be delivered through the re-development proposals, it is considered that the degree of interference is necessary in the interests of the economic well-being of the country (in the terms set out in Article 8), is in the public interest (in the terms set out in Article 1, Protocol 1 rights) and is proportionate in each case. As referred to above, any third party interference with third party rights will carry a right to compensation in respect of any diminution in value caused to the third parties' property as a result of the interference.

8.16 Once acquired, Section 233 of the 1990 Act authorises the Council to dispose of any land held for planning purposes, in such manner and subject to such conditions as appear to the local authority to be expedient to secure the best use of that land/buildings or works which have been, or are to be, erected, constructed or carried out on the land or to secure the erection, construction or carrying out of buildings or works appearing to them to be needed for the proper planning of their area. Section 233 requires Secretary of State consent to any disposal which is for a consideration less than that reasonably obtainable and is not a disposal/assignment of a lease of 7 years or less. The Council has been advised by GL Hearn in respect of valuation matters concerning the Section 203 transaction, including certifying that the disposal under such transaction satisfies the requirements of Section 233 of the 1990 Act. The Council has also been advised that the proposed structure gives rise to minimal SDLT liabilities which in any event will be Renewal's responsibility.

8.17 Heads of terms for the proposed transaction have been agreed, subject to Mayor and Cabinet approval, between Officers and Renewal. These are attached at Appendix 4.

8.18 Renewal as developer will be primarily responsible for any compensation payable under Section 204 of the 2016 Act. The Council will, however, retain residual liability in the event Renewal fails to discharge its liability. It is therefore appropriate that Renewal should indemnify the Council in respect of such residual liability. Officers recommend that the CPO Indemnity Agreement should be varied to encompass any such liability, thus ensuring the performance bond to be given by RBS also provides security for this potential additional liability

8.19 Members are asked to approve the acquisition and disposal and the variation to the CPO Indemnity Agreement for the reasons set out in this report.

9.0. Financial implications

9.1 As provided for in the CPO Indemnity Agreement, all costs incurred by the Council in connection with the acquisition process are to be met by Renewal, including, by way of summary:

- administrative costs of the CPO, including time spent by Council staff and fees incurred on consultants in advising on land acquisition/CPO aspects and progressing the CPO and land referencing aspects;

- legal costs (including in respect of time incurred by the Council's legal section and also fees incurred by the external legal advisers and in engaging Counsel);

- other CPO related expenses, including all costs, fees and expenses relating to any public inquiry (if there is one) in respect of the CPO, any costs related to purchase or blight notices etc;

  (The above costs are subject to interim invoicing to Renewal under the terms of the CPO Indemnity Agreement).

- Land acquisition and compensation costs (including land value, acquisition costs and disturbance payments to all affected landowners, lessees or tenants which arise from the acquisition of their interest;

- Any compensation payments payable (in addition to those arising from acquisition), including for example, statutory disturbance payments, payments in respect of injurious affection, interference with third party rights etc, in consequence of the Scheme.

9.2 As set out in Section 8 of this Report, it is proposed that the CPO Indemnity Agreement is varied to ensure it covers the compensation and other costs which the Council may incur in consequence of the proposed acquisition of Renewal's freehold interest (both the existing freehold and any freehold interest which may subsequently be acquired by Renewal by private treaty) in land within Phase 1A, 1B, 2 and 3 as identified on the Acquisition Plan, and the lease back of the relevant land on the terms set out in Appendix 8. The comments on the CPO Indemnity Agreement apply equally to the agreement as proposed to be varied.

9.3 As explained elsewhere in this Report, the CPO Indemnity Agreement provides for a cash deposit or alternative security to be put in place following a CPO Resolution to cover the costs secured under the CPO Indemnity Agreement. Renewal proposes to provide an on-demand performance bond from RBS in respect of all costs and expenses payable under the CPO Indemnity Agreement. In the event that Renewal does not provide the bond then the Council is not obliged to proceed with the CPO or to undertake any other steps under the CPO Indemnity Agreement until security for the costs is in place. Officers advise that the Council should not proceed to make the CPO unless a satisfactory Deposit or alternative security is in place.

9.4 In terms of project management, the CPO project is being led by the Council's Executive Director for Resources and Regeneration, with support from the Head of Planning and Head of Law. Joint working has taken place with Renewal and their professional advisors on the preparation and making of the CPO and will continue in its progress through to confirmation and implementation.

9.5 In terms of risk management, Renewal will continue to negotiate with landowners and wherever possible acquire all necessary land and rights by agreement during the preparation and making of the CPO and thereafter, and until such time as the

Council considers it reasonable to take over the negotiations and/or acquire the land compulsorily.

9.6 The Council's costs which include internal and external costs (e.g. legal input and other consultants) and costs incurred on land acquisition matters, including compensation matters, are rechargeable to Renewal under the CPO Indemnity Agreement. Any financial exposure of the Council is currently minimised as costs are billed regularly to Renewal. Any failure to pay entitles the Council to 'down tools' under the CPO Indemnity Agreement. Once a CPO resolution is made, as explained above, provisions are in place for a cash deposit or alternative security to be provided. Officers consider the proposed RBS on-demand performance bond to provide appropriate security.

9.7 Once the CPO process gets underway, the Council may be legally obliged to take steps at certain stages which will result in expense. With the performance bond in place, however, any financial exposure to the Council is mitigated. Any risk of the performance bond being insufficient to cover the costs of the CPO has also been mitigated by the amount of the bond being substantially higher than the amount currently estimated as being required to cover the costs of the CPO, including any rights of light claims. Should it transpire at any time that the bond is considered insufficient to cover the likely costs, then the CPO Indemnity Agreement provides a process for increasing the amount under the security with the Council not being obliged to take further steps until the amount has been increased.

9.8 Throughout the process Officers would seek to ensure that the security is adequate to cover the Council's exposure through full monitoring and anticipation of costs and ensuring, should it become necessary, additional sums are secured under the security.

9.9 In terms of holding any land acquired under the CPO, the intention is to transfer all interests to Renewal as soon as practicable. In order to minimise this risk the transfer will be made as soon as possible after the land has been acquired, and mechanisms such as holding irrevocable deeds of transfer to Renewal will be explored so that the risk (if any) only lasts for the minimum possible time.

9.10 Officers are satisfied that the arrangements outlined above mean that any financial exposure to the Council in relation to the CPO process can be mitigated to avoid material exposure. The CPO Indemnity Agreement has been drafted to minimise the risk to the Council, and Renewal has a strong and proven track record of meeting the Council's costs to date.

9.11 In relation to the acquisition under Section 227 and disposal to Renewal, the Council has been advised by GL Hearn that in terms of compliance with Section 233 Town and Country Planning Act 1990 there are no issues and following the CPO order the Council has been advised that the initial acquisition by the Council of a third party land interest will be SDLT exempt and only Renewal will incur SDLT on the transfer to them (which will be its responsibility).

Financial due diligence (linked to pre-conditions (iv & v)

9.12 In September 2013, at the point of recommending to the Mayor that the Council enter into the Conditional Land Sale Agreement, Officers noted that the recommendation for the CPO resolution would not be brought forward until such time as "full financial due diligence has been undertaken and officers are satisfied that Renewal Group Limited has a viable business plan and funding strategy to deliver the scheme."

9.13 To this end the Council commissioned independent advice from PwC to undertake a due diligence review of Renewal's overall ability to deliver the New Bermondsey development scheme and its financial standing. PwC's review is based in large part on their assessment of the GL Hearn report commissioned by Renewal and which included a review of the viability of the Scheme. The key conclusions of both the PwC report and GL Hearn report are as set out in Section 7 of this Report.

9.14 Overall the conclusions are that the scheme is viable, that the costs of the CPO will be covered by the on-demand performance bond (once signed) and that the Scheme can either be financed by Renewal's shareholder companies (though it should be noted that financial information provided by the shareholders is unaudited as the shareholders are based offshore) or potentially through debt finance or on the basis the assembled Scheme would be attractive to another developer.

9.15 Renewal Group Limited (registered in the Isle of Man) is a 100% subsidiary of Renewal Holdings Limited (also registered in the Isle of Man) which in turn is owned on a 50/50 basis by Incorporated Holdings Ltd (IHL) (registered in the Isle of Man) and Independent Advisors Incorporated (IAA) (registered in the British Virgin Isles). Renewal has confirmed that IAI is ultimately controlled by a family trust and that IHL is ultimately controlled by a charitable trust. The Council should note that the nature of the unaudited information provided including ownership means that it has not been independently verified.

9.16 In relation to the RBS performance bond, paragraphs 9.1 – 9.8 above set out the Council's rights under the CPO Indemnity Agreement and this is considered to mitigate material financial exposure to the Council The bond must be in place before the Council proceeds with any CPO.

10.0. Risk Assessment

10.1 A risk register has been prepared for this project and a Project Implementation Document (PID) has been prepared and will be monitored by the Council's SCT Proposed CPO Board. The CPO Indemnity Agreement of December 2013 is considered to provide the Council with a robust mitigation mechanism for all the protection it needs to avoid almost all financial risks, and Section 9 discusses any financial risk to the Council.

11.0. Comments from the Head of Planning

11.1 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 Development Management Local Plan and 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 New Bermondsey under its former name of the Surrey Canal Triangle (Core Strategy Strategic Site Allocation 3, SSA3).

11.2 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.

11.3 The Scheme represents an opportunity to transform the environment and infrastructure and create a new destination around the Borough's premier sporting destination (the MFC Stadium) which currently is not enhanced or improved by the surrounding industrial estates.

11.4 The Core Strategy policy (SSA3) allocates the Site for mixed use development and requires a comprehensive phased approach to redevelopment in line with an approved Masterplan. For the purposes of this Site, the outline planning application and supporting documentation which the Council resolved to approve on 13th October 2011, also carried through to the Section 73 application, 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 the MFC 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 2,400 new homes), leisure and community;
- makes provision for a range of infrastructure including the London Overground Station at Surrey Canal Road and substantial improvements to walking and cycling routes, including on-site amenity space;
- ensures high quality design of all new buildings and spaces.

11.5 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 Core Strategy acknowledges that the Council may choose to use its compulsory

purchase powers to achieve the Core Strategy's wider regeneration objectives (paragraph 9.24, Core Strategy).

12.0. Legal implications

12.1 The Mayor is being asked to consider the exercise of the powers under Section 226(1)(a) of the 1990 Act and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 to make a CPO for the acquisition of land and new rights. The legal requirements and appropriate cross-references to the draft SoR are covered within this Report and the draft SoR.

12.2 In exercising the powers, the Council must also have regard to the CPO Guidance. The overarching requirement to demonstrate a compelling case in the public interest is set out in paragraph 7.38 – 7.44 of this Report, together with the additional factors which the Council must have regard to in making its decision.

12.3 The Mayor is also being asked to authorise the acquisition for planning purposes under Section 227 of the 1990 Act of Renewal's current and future freehold interests in land at 1A, 1B, 2, 3 and 4 and the lease back of that land to Renewal (with an option for Renewal to repurchase the freehold interest). The circumstances and implications of this arrangement are set out in Section 8 of this Report.

Section 203

12.4 Land acquired by the Council for the Scheme whether by private treaty or pursuant to CPO will be acquired for planning purposes under Section 226 or 227 of the 1990 Act. The land will be acquired subject to any existing interests and rights belonging to third parties, including rights of light, and the land will be sold subject to any such interests and rights on disposal. However, under Section 203 of the 2016 Act, the development of land which has been acquired or appropriated for planning purposes in accordance with planning permission is authorised, notwithstanding that it would interfere with any interests or rights affecting the land. The benefit of Section 203 passes to persons deriving title from the local authority, provided the interference is caused by development with planning permission and there remains sufficient connection between the development and the original purpose of acquisition. The ability to rely upon Section 203 removes the potential for excessive compensation claims and the ability for owners to obtain injunctions preventing the redevelopment or claim damages.

12.5 Where rights are interfered with, the owners of any such interests are entitled to compensation as provided for in Section 204 of the 2016 Act. The primary responsibility for payment of compensation rests with the developer, but the local authority retains residual liability in the event the developer defaults. The CPO Indemnity Agreement requires Renewal to pay any Section 237 (now Section 203) compensation. This is considered to be in respect of third party land, however, and not any Section 204 compensation which would arise from the acquisition and lease back of Renewal's land as set out in Section 8 of this Report. It is therefore proposed that the CPO Indemnity Agreement is varied to ensure Renewal is responsible for the compensation and costs arising in respect of any interference with rights in respect of the land the subject of that proposed transaction.

Equality Act 2010 Implications

12.6 The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a new public sector equality duty (the equality duty or the duty), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

12.7 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not;
- foster good relations between people who share a protected characteristic and those who do not.

12.8 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have regard to the need to achieve the goals listed at paragraph 12.7 above.

12.9 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

12.10 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice

https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance

12.11 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty;
- Meeting the equality duty in policy and decision-making;
- Engagement and the equality duty: A guide for public authorities;
- Objectives and the equality duty. A guide for public authorities;
- Equality Information and the Equality Duty: A Guide for Public Authorities.

12.12 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/.

12.13 Paragraph 7.75 of this Report refers to the Regeneration and Equalities Statement which has been carried out in this case and cross-refers to the summary of that assessment in Section 11 of the draft SoR.

Human Rights Act 1998 Implications

12.14 The Human Rights Act 1998 effectively incorporates the European Convention on Human Rights into UK law and requires all public authorities to have regard to Convention Rights. In making decisions Members therefore need to have regard to the Convention. The rights that are of particular significance to the Mayor's decision are those contained in Articles 8 (right to home life) and Article 1 of Protocol 1 (peaceful enjoyment of possessions).

12.15 Article 8 provides that everyone has the right to respect for his private and family life, his home and his correspondence. The right is qualified to the effect that there should be no interference with the right except in accordance with the law and as necessary in a democratic society in the interest of the economic well-being of the country, protection of health and the protection of the rights and freedoms of others. Article 1 of Protocol 1 provides that every natural or legal person is entitled to the peaceful enjoyment of his possessions. Again the right is qualified to the effect that no one is to be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. Further, the right does not in any way impair the right of a state to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.

12.16 As qualified rights, interference with the Article 8 and Article 1, First Protocol rights is permissible only if what is done has its basis in law, is done to secure the

permissible aim set out in the relevant Article (for present purposes, economic wellbeing (Article 8) or the public interest (Article 1)) and is necessary in a democratic society. The interference must pursue the legitimate aim and be proportionate to the aim being pursued. In determining the level of permissible interference, the courts have held that any interference must achieve a fair balance between the general interests of the community and the protection of the rights of individuals – there must be reasonable proportionality between the means employed and the aim pursued. The availability of an effective remedy and compensation to affected persons is relevant in assessing whether a fair balance has been struck. Case law in a CPO context has determined that there is no requirement to set out in any formulaic way the extent to which individual human rights are interfered with and that the necessary human rights balancing exercise is encompassed by the test of a compelling case in the public interest.

12.17 If a CPO is made and confirmed, this will result in the taking of property and the rights of persons occupying the Site will be interfered with. The nature of the properties/occupations involved is set out elsewhere in this Report. Officers consider that the degree of interference is necessary in the interests of the economic well-being of the country (in the terms set out in Article 8), is in the public interest (in the terms set out in Article 1, Protocol 1 rights). In making the recommendations in this Report, Officers have carefully considered the balance to be struck between individual rights and the wider public interest and have also had regard to the alternative means of securing the redevelopment of the Order Land and the associated regeneration of the area. Officers have concluded the interference is proportionate when weighed against the significant benefits which will be delivered by the Scheme for the Borough and the wider community as set out in this Report, the draft SoR and the Regeneration and Equalities. Compensation will be payable in accordance with law including compensation for property on the basis of the market value of the interest acquired, together with disturbance, statutory loss payment and where appropriate home loss payments.

13.0. Environmental Implications

13.1 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.

14.0. Crime and disorder implications

14.1 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.

15.0. Conclusion

15.1 Each of the Pre-Conditions to making a CPO set out in the 7th March 2012 Report, have been addressed and considered by Officers.

15.2 On balance, the Mayor is recommended to resolve to make a CPO and to agree the other recommendations set out in Section 4 of this Report.

16.0. Background Papers

16.1 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.

- **Strategic Planning Committee report**
  Land to the North and South of Surrey Canal Road
  Report 13.10.11 -
  http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=194&MId=2067

- **Strategic Planning Committee report**
  Land to the North and South of Surrey Canal Road
  Report 13.12.13 -
  http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=194&MId=3015

- **SCT "in principle" CPO and land appropriation report**
  http://councilmeetings.lewisham.gov.uk/documents/s8486/Surrey%20Canal%20Triangle%20Regeneration.pdf

  http://councilmeetings.lewisham.gov.uk/documents/s8488/Appendix%201%20SurreyCanalRdCPO%20Plan.pdf

  http://councilmeetings.lewisham.gov.uk/documents/s8489/Appendix%202%20SurreyCanal%20Rd%20Land%20Ownership%20Plan.pdf

- **Surrey Canal Triangle Regeneration – Update on Land Assembly and Conditional Land Sale Agreement between LBL and Renewal.**
  http://councilmeetings.lewisham.gov.uk/documents/s24507/Surrey%20Canal%20Triangle%20Regeneration.pdf

Short title of document	**Date**	**File Location**	**Contact Officer**
Strategic Planning Committee Report Land to the North and South of Surrey Canal Road	13.10.11	Laurence House	Michael Forrester
Strategic Planning Committee Report Land to the North and South of Surrey Canal Road	13.12.13	Laurence House	Michael Forrester
SCT "in principle" CPO and land appropriation report	7.3.12	Laurence House	Kplom Lotsu
Surrey Canal Triangle Regeneration – Update on Land Assembly and	13.9.13	Laurence House	Kplom Lotsu

Conditional Land Sale Agreement between LBL and Renewal.			
Regeneration and Equalities Statement – Quod Appendix K of the report	26.08.16	Laurence House	Kplom Lotsu
GL Hearn – Review of Implications of Omission of MFC and MCS Land for Scheme Viability	30.08.16	Laurence House	Kplom Lotsu
GVA Rights of Light Report	December 2016	Laurence House	Kplom Lotsu

If any person would like further information on this report, please contact Kplom Lotsu on 0208 314 9283 or Kplom.Lotsu@lewisham.gov.uk

List of Annexures/Appendices

Site Plan
Appendix 1: Draft Statement of Reasons
Appendix 2: CPO Resolution Plan
Appendix 3: Section 227 Acquisition Plan
Appendix 4: Section 227 Acquisition Heads of Terms
Appendix 5: Plan of Renewal's Existing Ownership
Appendix 6: Table of Freehold and Leasehold Interests to be Acquired, plans of freehold, head leasehold and under leasehold interests, plan showing third party interests to be acquired.
Appendix 7: Utilities Plan
Appendix 8: Rights of Light Plans

All appendices may be viewed at:

http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=4304

and

http://councilmeetings.lewisham.gov.uk/mgAi.aspx?ID=14894#mgDocuments

Millwall Football Club,
The Den, Zampa Road,
London SE16 3LN

Tel: 020 7232 1222
Email: questions@millwallplc.com
Web: www.millwallfc.co.uk

19 September 2016

Dear Councillor Hall,

I understand that on 20 September your committee will review the decision taken by Mayor and Cabinet to use compulsory purchase powers to try and take the land leased by Millwall from Lewisham Council and transfer the freeholds to Renewal. My advisers and representatives attended the Mayor and Cabinet meeting on 7 September and have reported back to me what was said and, perhaps equally importantly, what was not said. At your forthcoming meeting, I hope that you and your fellow committee members will take into consideration the points that I have set out below. They all relate directly to the matters that were addressed during the Mayor and Cabinet meeting. The full background to this unhappy story was set out in the letter I sent to all councillors before the meeting.

- **What was reported at the meeting**: Council officers reported at the start of the meeting that Millwall had notified the Council, through its property advisers, that it wished to bid to buy the freeholds of the land that it leases around its stadium, but so far no bid had been received from Millwall.

- **Millwall facts 1**: the information provided by Council officers was incomplete and omitted two material elements. During 2012, the Council told us that the freeholds of our land would be offered for sale through a tender process. We confirmed our interest. It was recognised that Millwall and Renewal were likely to be the only bidders, but nevertheless the tender process was to be open to any bidder. It never materialised and no explanation was provided to us. By late 2013, it became apparent that Lewisham Council was preparing to sell our land in a closed process to Renewal. On 7 November 2013 Millwall's advisers, CBRE, did indeed formally notify the Council that Millwall wished to be given the opportunity to buy its land and asked for relevant information – including details of the land that was to be sold – in order to formulate a bid. Millwall also asked for any proposed sale to be delayed in order to give the Club a chance to bid. On 13 November, the Council replied and declined to provide the information necessary for a bid to be made and stated that the terms being agreed for the sale of the freeholds to Renewal were confidential. The Council stated: "I can however confirm that we have been independently advised that the deal represents the best consideration reasonably obtainable in all the circumstances." How could the Council know that this was the best consideration? The Council effectively denied Millwall the opportunity to bid and exchanged contracts for the sale of the freeholds to Renewal in December 2013.

- **Millwall facts 2**: in March 2014, a freedom of information request to Lewisham Council on behalf of Millwall asked for details of the proposed sale of the public land around The Den to Renewal. Notably, Millwall asked to know the price at which the freeholds of the land it leases were to be sold. The Council refused to disclose the agreed sale price of that land. Millwall appealed to the Information Commissioner against that refusal and the matter is due to be considered by the General Tribunal in November. There was no open bidding process

The Millwall Football & Athletic Company (1985) PLC
Registered at the above address.
Registered in England No: 1924222
VAT Registration: 697 4851 69

permitted and Millwall considers that it, and the taxpayers of the borough, have the right to know what deal the Council has struck with Renewal for the sale of public land.

- **What was reported at the meeting**: the Chief Executive of the Council reported that between February and August of this year the Council sought to explore opportunities for Millwall to be involved in the urban regeneration project in New Bermondsey. He emphasised that the Council had appointed an independent expert to help with that situation. He said: "The key thing for us was to appoint someone independent from us... so we appointed someone who is an entirely independent expert from Strutt & Parker."

- **Millwall facts 3**: when Millwall's advisers, CBRE, first met with that alleged independent professional, he said that he had previously undertaken work for Lewisham Council! In an email dated 18 July to CBRE asking for information about Millwall's scheme, he said that it was to enable a transfer of information between Renewal and Millwall. He explained: "I should make clear that Strutt and Parkers *(sic)* role in this exercise is as a conduit for the information. Strutt and Parker do not intend to review or engage in discussions on any information received, nor will any such information be disclosed to the Council." However, when the Council published its CPO documents prior to the Mayor and Cabinet meeting on 7 September, it became clear that Strutt & Parker had prepared a report on Millwall's plans. The Council's CPO report prior to the meeting states: "6.41 As part of their appointment, Strutt & Parker were asked to advise on the MFC Proposals in terms of their viability, deliverability and overall fit within the Council's Core Strategy and regeneration objectives for the area. The Strutt & Parker report raises a number of significant delivery constraints in respect of the MFC Proposals and other implications for the wider Scheme as discussed below. Moreover, Strutt & Parker have examined the viability of the MFC Proposals and conclude that they are unlikely to be viable in isolation." We had no knowledge that such a report was being prepared, we were not asked to provide input and we had no opportunity to comment on it before it was placed in the public domain. Not only had a report been submitted without Millwall's knowledge and proper involvement, but that same report relied upon the plans Millwall had prepared in 2013 rather than the updated version that has been prepared over the last six months. We did not discuss in any detail the revised plans that we have been working on this year and which are the subject of a potential planning application because we were not asked to.

- **Millwall facts 4**: Renewal's plans for undertaking the development of New Bermondsey include sub-contracting parcels of the development to third party housebuilders, but Renewal has stated publicly that it will not work with Millwall. The Council's Chief Executive reported: "What we tried to do is bring them together again independently but in five months there's been one meeting and not one proposal from Millwall in relation to what it is they require." We have repeatedly explained in public what we require.

- **Millwall facts 5**: frequently the Council and Renewal have said that the viability of Renewal's plans depend on acquiring Millwall's land. We have never seen any facts or figures to support that claim.

- **What was reported at the meeting**: a Cabinet member declared at the meeting on 7 September that she understood that Millwall did not have the funds necessary to undertake its proposed development. Millwall's representative, Peter Garston, tried to intervene to assure her that this was untrue but was silenced by the Chair of the meeting. The Chair then went on to state: "I'd like to just formally now clarify something in particular around this whole funding thing. We can't comment either way on whether funding *(from Millwall)* is available, that option hasn't been put to us and for us to comment on that we'd have to do proper due diligence, the same way as we had to do with Renewal. So until such time as due diligence has been done it's not in our remit to make a decision on whether that funding's available or not. I know that there

have been comments about a personal ability of the chair to back this but we actually have no evidence of that so we can't take that into account, and that's the situation."

- **Millwall facts 6**: we do not know who briefed the Cabinet member that Millwall did not have the funding. The funds are available and that point has been made clear several times in public. At no stage has the Council requested further information. However, the Chair referred to the due diligence carried out on Renewal. That due diligence was initially contained in a report by PricewaterhouseCoopers (PWC) dated 6 September 2013 and tabled at the meeting of Mayor and Cabinet on 11 September 2013 when the decision was taken to sell the Millwall land to Renewal. A freedom of information question was submitted to the Council asking to see that due diligence report on Renewal. The Council refused to disclose it. Millwall's representatives appealed to the Information Commissioner who upheld the appeal and instructed the Council to disclose the report. The Council has lodged an appeal against that ruling and the matter is due to be heard by the General Tribunal in November. A version of the due diligence report was provided, but it was so heavily redacted as to render it largely useless. The Council has engaged lawyers and a QC to defend its desire to keep the due diligence report and the price of the freeholds confidential. In her evidence for the General Tribunal, the Council's QC has stated that the due diligence report which was relied upon at that key meeting of Mayor and Cabinet was a draft and "...it appears to have approached the issues of Renewal's financial standing more negatively than was warranted..."

- **What was reported at the meeting**: Council officers reported that Renewal would fund the CPO process and that Lewisham's taxpayers' money would not be used.

- **Millwall facts 7**: the officers did not report that taxpayers' funds are being spent by the Council on legal advice, including from the QC mentioned above, to keep information about Renewal, and the Council's dealings with Renewal, out of the public eye.

- **What was reported at the meeting**: prior to the meeting of Mayor and Cabinet on 7 September, Millwall raised a legal objection to Councillor Alan Smith chairing the meeting. He has previously tweeted derogatory and prejudicial remarks about the Millwall Chairman.

- **Millwall facts 8**: the Council rejected that challenge and Cllr Smith chaired the meeting. Millwall formally requested the right to speak at the meeting. We were told that there was no automatic right but that the request would be considered. It was granted. Cllr Smith informed the meeting that three people had asked to speak: local resident Willow Winston, Cllr Brenda Dacres and Millwall fan on the board Peter Garston. However, Cllr Smith then called upon a Director of Renewal to address the meeting more than once. No representative of Renewal had asked to speak and we question why Renewal were invited to defend their position and present new information – particularly relating to the funding of the Millwall Community Trust and the Energize Sports Centre – to the meeting which had not been previously disclosed and which was not properly challenged or tested. As noted above, Cllr Smith refused to allow Peter Garston to speak about Millwall's funding abilities.

I regard the whole tenor of the meeting and the manner in which it was managed as inherently prejudicial to Millwall's interests. By telling the meeting at the outset that we had not bid for our land, and by describing our plans for that land as not viable, all proper discussion of Millwall's position was effectively silenced. Renewal was given the unscheduled right to speak and was presented as the only viable proposition for the urban regeneration project. This directly led to the CPO decision being taken.

Since the Mayor and Cabinet meeting, Councillor Smith has posted further derogatory and incorrect comments about Millwall on twitter questioning our corporate status in the UK and our tax

transparency. We have corrected those inaccuracies via social media and are happy to clarify them further as required.

I would urge you and your committee to give careful consideration to these points and to ask the Mayor and Cabinet to think again about the CPOs and also refer this decision to full Council.

Yours sincerely,

John Berylson
Chairman

CHESTNUT HILL VENTURES LLC

Demos Kouvaris
Chief Operating Officer and
Chief Financial Officer

dkouvaris@gccinv.com

December 3, 2012

Sir Steve Bullock
Mayor
London Borough of Lewisham
steve.bullock@lewisham.gov.uk

Dear Sir Steve

Millwall Football Club

I am sure that you will have seen that Chestnut Hill Ventures (CHV), the Club's majority shareholder, has formally agreed to increase and extend its financial support for the Club until at least July 2015. Having first invested in the Club back in 2006, this is a long-term investment by CHV not only in the Club but also in the regeneration of The Den and the surrounding land and we have really great hopes and aspirations for the future, towards 2015 and beyond. I enclose a press release that went out last week and which has been widely reported in both the local and the national press and other media outlets.

The Board now finds itself in a position to make plans for the longer term but we cannot do so without knowing what is to happen with The Den and the land occupied by the Club's community scheme, The Lion's Centre. I know that this is potentially a difficult issue for the Council but, if you read to the end of this letter, you will see that there may be a solution for both Council and Club. We need to meet when I am next over.

Just to remind you, some time ago, the Club managed to reach 'in principle' agreement for the Council to grant the Club a new long lease of both The Den and The Lion's Centre so that the community scheme would have become the Club's tenants. The terms would have enabled the Club to extend the stadium, to improve immeasurably the facilities available to match day and non match day visitors and to redevelop The Lion's Centre to provide not only state-of-the-art offices and facilities for the community scheme but also flats, offices, medical and leisure facilities for the benefit of both the Club and the local community.

That agreement envisaged a real 'partnership' between the Club and its council whereby, subject, of course, to planning permission, the Club would have carried out all the necessary works at its own expense and then split any 'profit' equally with the Council. As and when the property market improves, that profit could be very substantial.

Despite that agreement foundering last year - when Malcolm Smith withdrew it - the Club has, at great cost in professional fees, supported and contributed to Renewal's planning application and joined in the necessary section 106 agreement so that outline planning permission might be granted. We have drawn up our own plans for the extension of the stadium and the redevelopment of The Lion's Centre - making sure that they fit in fully with Renewal's plans - and have informally presented them to the community scheme trustees and

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others; they have met with great enthusiasm and I look forward to showing them to you and your colleagues in due course.

At the beginning of the year, we were told that the Council had decided to offer the land occupied by The Lion's Centre to the Club and to Renewal and that there was to be a tender process. We have seen and heard nothing since then - although I am told that the trustees of the community scheme not only rejected the draft documentation but have asked to disassociate themselves from the process. I personally am filled with misgivings about the whole thing because I just don't think that a football club can possibly compete with a well-funded developer, either financially or in the professional assistance needed to submit a competitive tender; the process looks fair but actually puts us at a hopeless disadvantage. I wish that it could be dropped or, at the very least, delayed until we have explored the suggestion that I make below.

Given the Club's significance to the Borough - as recognised by Lewisham's own Core Strategy document - and your own personal and public support for all that we are trying to do, I have been thinking about a possible solution.

I recognise that the Council's primary object is to secure the regeneration of the Surrey Canal Triangle site and I can understand why your planning officers might think that Renewal, given all its hard work to date, is more likely to deliver but the new financial resources of the Club must go some way to assuaging any concerns that they may have.

Let's see if we can take a few steps forward together. May I propose that we revisit the agreement that we did reach but introduce in to the lease or the agreement for lease a time limit so that, for instance, it might provide that if the Club hadn't applied for planning permission to carry out its plans by a certain date and/or hadn't commenced work by another certain date (both dates to fit in with Renewal's phase plan), the lease or the agreement for lease could be terminated by the Council? That way we'd get a fair chance to demonstrate our commitment to the regeneration of the Surrey Canal Triangle site but you'd still retain overall control and be able to hand the Lion's Centre over to the developer should the Club fail.

I really think that we should meet when I am next over and I have asked my PA, Helen Godsmark, to make the necessary arrangements.

Yours sincerely,

Demos Kouvaris

Millwall FC aims for 'sustainable success' with new loan facility

Millwall Holdings PLC has agreed an increased loan facility with its majority shareholder Chestnut Hill Ventures amounting to £20m until July 2015 to fund 'sustainable success' at the Championship club.

The facility consolidates current outstanding loans of approximately £11.5m and provides the Company with sufficient working capital to fund day-to-day operations and likely investment in the regeneration of the immediate area surrounding The Den over the next few years.

Chairman John G Berylson, who also runs CHV, commented: "This shows our continued commitment to Millwall FC. We have stated in the past that we see this as a long term plan and I am delighted the Club continues to make progress both on and off the field.

"The regeneration of the surrounding area at The Den and our commitment to the Millwall Community Scheme shows that we are here to stay and want to achieve sustainable success.

"Too many clubs in the past have gone through boom and bust in their attempts to get to The Premiership. Millwall is committed to getting there in a sensible way that doesn't threaten the Club's long-term viability. Developing The Den and our surrounding area will help to future proof our prospects and success.

"The Club is benefiting from a long period of continuity. We have one of the country's longest serving managers in Kenny Jackett who has just marked his 5th year in charge of the team. We are also looking forward to next season when we celebrate 20 years at The Den in Bermondsey."

The Financial Statements of Millwall Holdings PLC for the year ended 30 June 2012 have been sent to shareholders of the Company. The results for the year show an increased loss from operations to £3.95m compared with a £0.60m loss in the previous year. The principal reasons for the increase in the loss are the reduction in profit arising from the transfer of player registrations of £1.48m and the increase in player related costs of £1.90m.

John Berylson added: "The results reflect how difficult it is to compete at Championship level especially in regard to building and financing a squad capable of being successful in a very tough league. We have a sound and competent management team that is both ambitious and responsibly cautious.

"I am delighted at the progress we have made and would like to pay tribute to everyone involved at the Club for the hard work, commitment and support. I look forward to further progress both on the field and in regard to the regeneration of the area surrounding our stadium."

21 November 2012

Ends

Lewisham

Rob Holmans
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Asset Management
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date 29th January 2013
our reference
your reference

Demos Kouvaris
Chief Operating Officer and Chief Finance Officer
Chestnut Hill Ventures LLC
60 William Street, Suite 230
Wellesley MA 02481

Dear Demos,

Re: Surrey Canal Triangle (SCT) Regeneration Scheme

Further to our meeting on 18th January 2013, I set out in this letter the Council's position on the above scheme and the Club's interest.

It is now 10 months since the Section 106 Agreement for the above was completed and outline planning permission was granted in respect of the comprehensive re-development of the SCT Site. The Council is anxious to move things forward and invite the Club to engage in discussions regarding its leasehold interest within the SCT site.

The purpose of this letter is to briefly clarify the Council's position and suggest next steps as follows:

Strategic importance of the site.

1. The SCT site is one of the key regeneration sites in Lewisham. The site is seen by the Council as a major regeneration opportunity and central to the achievement of the Lewisham Spatial Strategy. It has therefore been identified as a 'strategic site' within the Council's recently adopted Core Strategy.

2. It is a clear objective of applicable planning policy that the site should be developed "comprehensively" so as to maximise the regeneration benefits for the area. This key objective has always been underlined in the Council's discussions with the Club and Renewal Ltd during the planning application process and the negotiations on the s106 Agreement. The Council recognises that the assembly of the site/sufficient control in respect of all relevant land interests will be central to the achievement of comprehensive delivery of the wider scheme and thus the Council's regeneration objectives.

3. In recognition of the importance of the strategic sites, the Core Strategy supports the use of compulsory purchase powers where this would achieve the Core Strategy's regeneration objectives. In this regard, as you know, at its meeting on 7th March 2012, the Mayor and Cabinet ('M & C') resolved "in principle" and subject to satisfaction of certain pre-conditions, to support the use of CPO powers, should that be required. Thus, if the acquisition of the remaining interests in the site, including that of the Club, cannot be achieved through reasonable negotiation, then the Council

will consider using its compulsory purchase powers in order to support the re-development of the wider site. That remains the Council's position.

Negotiations by agreement

4. I am aware that Renewal's previous attempts to negotiate with the Club and the Millwall Community Scheme (MCS) have not proved successful.

5. Since the M & C's resolution in March, as you have been aware, the Council has been in discussions with MCS concerning the possible joint tender to both the Club and Renewal Ltd of the land owned by the Council and leased to MCS. MCS have confirmed, however, that they do not wish to participate in any such Tender and the Council has in any event come to the view that the tender exercise should not proceed.

6. Renewal Ltd has already assembled about 85% of the wider site (excluding the land around the Stadium and Lions Centre known as Phase 4 and Phase 5A) and has committed (and continues to commit) considerable financial investment and resources to site assembly and the planning process and to taking the scheme forward. The Council's view is that Renewal Ltd are best placed to deliver the comprehensive scheme across the whole of the SCT site and to this end are working in collaboration with Renewal in order to achieve this.

7. The Council is anxious to get the regeneration scheme moving. We would therefore like at the earliest possible stage to open negotiations with the Club in respect of the acquisition of the land and rights necessary for the re-development comprised within the scheme for the SCT site.

8. At this stage, the Council envisages retaining its freehold interest in respect of the land leased to the Club required for the Renewal scheme, with the Club (subject to what is said below – see under 'Club's Development Proposals') surrendering their lease (or part of it) and the Council granting a new lease over a revised area, coupled with rights necessary to enable the continued operation of the Stadium and its future expansion.

Stadium operation

9. The Council wants to make sure that the development capitalises on the opportunities presented by the Stadium and allows for the long term future of the football club including future requirements for stadium improvement and expansion, so that any new lease will protect the Stadium's operations and grant appropriate rights of access to ensure that can happen.

10. As indicated above, the Council's preference is for the Council to retain the freehold interest in the Stadium land. In terms of the new rights that might be granted, these might be within the new lease or granted separately (subject to contract and consideration of financial issues).

11. The Council would intend that the approach to land-take for the wider scheme (and thus reduced lease area) should allow for the expansion of the Stadium to the 26,500 capacity it might need if it became a Premiership Club. The Council would like to discuss the proposed approach with the Club.

12. The Council would also like to open negotiations with the Club in connection with the works required to the Stadium façade. If the Club is not to carry out these works itself, then the Council would wish to ensure that the necessary rights are granted to

enable the works to be completed as part of the delivery of the comprehensive scheme.

Club's Development Proposals

13. I am aware that the Club has previously been in discussions with the Council regarding the land around the Stadium and that the Club approached the Council with a view to the grant of a new lease and proposals for a development agreement (to include the MCS land) in relation to the development of that land. At that stage no detailed development proposals had been formulated. Those negotiations did not proceed for reasons which were communicated at the time.

14. More recently, I have seen the Club's Annual Report (June 2012) which refers to the Club formulating its plans for the improvement of visitor amenities on both match and non-match days and for the comprehensive redevelopment of the Lion's Centre. It also refers to the Club finalising plans for these sites 'within the overall regeneration scheme'. The Council is willing to discuss any proposals the Club might wish to put forward for the development of its own land, but it will be necessary for the Club to demonstrate that any such proposals accord with and would enable comprehensive delivery of the wider scheme across the whole of the SCT site.

15. Any such proposals by the Club would also need to be supported by a delivery mechanism (for example, a development agreement with Renewal and the Council as appropriate and other necessary arrangements which ensured the proposals would be delivered as part of the comprehensive re-development of the whole of the SCT site), together with a viable business plan including funding arrangements, and also indemnity agreements (where appropriate). Any proposals would have to demonstrate clearly how they would dovetail with Renewal's arrangements in connection with the development of other phases. The Council will not consider any proposals which would prejudice the case for the delivery of the wider site.

16. The Council would emphasise its concern that the Club have so far only contemplated development of their land if the MCS land is included. As you know, the land leased to MCS is owned freehold by the Council. The Club has no legal interest in that land and thus no entitlement to any development value it may have. The Council will expect this position to be fully reflected in any proposals put forward by the Club.

I should be grateful if you could respond to the above within 14 days of the date of this letter. If, however, you need more time to respond, then please let me know.

If you have any queries in the interim please let us know.

Yours faithfully,

Rob Holmans
Interim Director of Regeneration & Asset Management

cc. Abdul Qureshi (Interim Head of Asset Strategy & Development)
cc. John Miller (Head of Planning)
cc. Andy Ambler, Chief Executive, Millwall Holdings PLC, Millwall Football Club, The Den, Zampa Road, London SE16 3LN

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18th February 2013

Dear Sir Steve,

Surrey Canal Triangle Site / Millwall Football Club

It was nice to see you and to meet Kris at the Hull game a couple of weeks ago and, as I said in my subsequent emails, I found our lengthy conversation and ready agreement on the way forward very helpful and encouraging.

Demos sent you the letter dated 29 January 2013 that he received from your Interim Director of Regeneration, Mr Holmans. I am sorry that we have not been able to comply with the 14-day deadline that he set but, given that we are in Boston, USA, that the Club and its executive staff are focused on the Championship and the FA Cup and that our professional team still needs to be fully briefed, I hope that you will understand our position.

Let me make it clear at the outset that the Club does want to have the opportunity of redeveloping and extending both The Den and the surrounding land comprised in the Club's lease and the land occupied by the Millwall Community Scheme and intends to bring forward detailed proposals for so doing in negotiation and close consultation with the Council as the freeholder, the planning authority and local authority. We wish to do so within the existing outline planning permission relating to the Surrey Canal Triangle site, within the Council's desired timescale and, in so far as it is necessary to do so, in co-operation with Renewal.

Using Mr Holmans' headings and numbering, I have a number of comments that I would like to make:

Strategic importance of the Surrey Canal Triangle site

1. Noted and understood.

   I am well aware that the SCT site was identified as having strategic importance within the Council's Core Strategy.

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I am sure that I do not need to remind you that, in that same public document, The Den was referred to as the 'borough's premier sporting destination'.

I quote:-

"Opportunities should be created to ensure that regeneration 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. The Millwall Football Stadium has the potential to form the core of a new location in an area largely devoid of identifiable features such as local shops, community and leisure facilities. Millwall FC has aspirations to expand the capacity of the Stadium, so that the Club can compete successfully in the Premiership. The Council supports this aspiration, in principle, and the Club should therefore be involved in the preparation of a Masterplan for this site."

It follows that the Club, The Den and the adjacent land are also of strategic importance.

2. Noted and understood.

The Club supports and has always supported the comprehensive regeneration of the SCT site. Look at the way in which we fully supported Renewal's application for outline planning permission and expeditiously agreed the s.106 planning agreement so that the CIL deadline could be met.

Not only did we devote considerable management and professional time in doing so but, since the Club was first involved in the regeneration of the SCT site, we have had to pay out over £2.5m in professional fees and expenses in protecting our interests and developing our own proposals, money that the Club could ill-afford and, having not instigated the original planning process, did not expect to have to spend.

We did so because we are very keen to play a full part in the regeneration of the land around The Den. It is good for London, it's good for the community and, of course, it's good for the Club and the Millwall Community Scheme (MCS).

3. Noted and understood.

I understand that councils occasionally need to use compulsory purchase powers to acquire interests in sites where the inability to acquire those interests by other means might prejudice the comprehensive redevelopment of those sites.

But that is surely not the case here.

MCS subsequently informed the Club that it had been asked to tender its leasehold interest jointly with the Council but, on counsel's advice, had decided not to do so.

Now Mr Holmans tells us that the Council has decided to abandon the tender process. May I ask why – and, because it is important, may I ask for his detailed reasoning?

Whilst we may have thought that the tender process was flawed and unfairly favoured Renewal, may I point out that, with Malcolm Smith's withdrawal of the original deal and the abandonment of the tender process, the Council has effectively decided that it will never make the MCS land available to the Club. It appears that the Club now has no opportunity to acquire land adjacent to The Den, which is crucial to our efforts to create non-football revenues, which will help to provide a secure financial future for Millwall. Is this correct?

6. Am I to understand from this that the Council has decided the Club cannot/will not be able to deliver the comprehensive regeneration of its non-stadium land and The Lion's Centre? And/or that that the Council will only work with Renewal? Please confirm. By what criteria has the Council decided that Renewal should be its only partner for the regeneration of the SCT site? When was this decided?

   I assume that the Council has fully investigated Renewal's financial contribution so far and has satisfied itself on its ability to commence, carry out and complete every phase of what, by any standards, is a massive development? I have already demonstrated the ability of Chestnut Hill Ventures to fund the Club's development proposals and our chosen development partner will be of a calibre that its expertise and experience cannot be doubted.

7. The Club is also anxious that the regeneration of the site should commence as soon as possible. What progress has Renewal made with the first phases of the proposed regeneration?

8. I note what the Council envisages but why shouldn't we go back to the deal that was agreed a few years back with Malcolm Smith? That deal envisaged the Council retaining its freehold interest in both The Den and The Lion's Centre, granting a new lease of both to the Club (so that MCS would have become the Club's tenant) and. subject to planning permission, redeveloping the whole in partnership with the Council and the local community and with the Council sharing in the profit as and when the redevelopment/regeneration proceeded. I can quite see that the comprehensive regeneration of the entire SCT site is a priority and Demos has already offered that the overriding lease contain provisions allowing for it to be cancelled in the event that the Club doesn't fulfil its obligations. See below under 'Conclusion' for a repetition of our offer.

Lewisham holds the freehold to both The Den and to The Lion's Centre, the land upon which MCS has its offices and facilities; the former is leased to the Club until 2143, the latter to MCS until 2009; both leases contain strict restrictions on user.

We **want** to redevelop the non-stadium land comprised in the Club's lease and, for the reasons explained below, we **want** to redevelop The Lion's Centre as well. Both are equally important for the future stability and success of the Club.

We are not standing in the way of comprehensive regeneration of the SCT site, quite the reverse. What's more, we not only intend to carry out such redevelopment in strict conformity with the outline planning permission and in consultation with Renewal (or whoever it is that they may have sold to) but we are also happy to surrender such parts of our lease that are needed for the remainder of the regeneration. We fully understand that we will require detailed planning permission to carry out our development (which will entail detailed consultation and negotiation with Lewisham as our landlord and relevant planning authority) and you know that we have the financial wherewithal and, with our development partner, the expertise to do so.

Why, therefore, would Mr Holmans 'threaten' us (because that is how I read it) with compulsorily acquiring the non-stadium land that belongs to us? There is just no need to do so.

Whilst on the subject of compulsory purchase, I believe that Renewal paid £[redacted] or thereabouts for about 1.3 acres of land close to The Den. That acquisition took place in 2007/2008 well before outline planning permission was even granted and I assume that that will be taken into account in any compulsory purchase negotiations.

Negotiations by agreement

4. The Club has, over the years, had several discussions with Renewal about the regeneration of the site and the respective roles that they each might play.

   Although I am sure that Mr Malik will not agree, the Club has always negotiated with Renewal in the utmost good faith and it has been and remains a grave disappointment that nothing has come of these discussions.

   At the lunch you kindly gave Mr Malik and Demos a week or two ago, you will have witnessed how difficult negotiations have become.

   I do not know what discussions/negotiations Renewal has had with MCS.

5. At a meeting at The Den held in early 2012, the Club was told – by Messrs. Gough and Qureshi - that a tender process had been decided upon, that full details would be available within 'a couple of weeks' and that the Council hoped to conclude the process by the end of September 2012.

With respect, Mr Holmans doesn't understand that the future existence of Millwall Football Club at The Den and the stabilisation of its finances requires more than just an increase in the seating capacity of the stadium.

Stadium Operation

9. Noted and thank you but, with respect, again Mr Holmans hasn't understood that the long term future of the Club depends on more than just the improvement and expansion of the stadium.

10. See 8 above.

11. Noted. Thank you.

12. The Club has not made a profit since we assumed ownership and control. We do not have the money to carry out improvements to the façade of the stadium unless we have income from development. If the Council or the developer wishes to give us the money to do so, we would be very happy to discuss this.

Club's Development Proposals

13. See above. I have referred to our previous discussions elsewhere in this letter but I should point out that, contrary to Mr Holmans' claim, we have never been told why Malcolm Smith withdrew from the previous deal.

14. As Demos made clear in his letter to you, we cannot afford to spend more money on architects and other professionals in formulating detailed plans without knowing what the Council intends to do vis-à-vis the non-stadium land owned by the Club and The Lions' Centre. It is our firm intention, however, that our proposals do accord with and will enable comprehensive delivery of the SCT regeneration scheme as a whole.

15. Noted and understood.

16. Mr Holmans writes as if there were no link between the Club and MCS and I would ask that he familiarise himself with the history and track record of the Millwall Community Scheme.

    When the Club set up MCS 25 years ago to 'provide sporting, educational, social and healthy lifestyle opportunities to the local communities of Lewisham and Southwark at affordable prices', it set it up – as it **had** to – as a charity and, therefore, a separate legal entity. MCS would not exist without the Club, it could not have survived without the Club and, without the Club's money and practical help, it will not survive in the future. Ask the trustees of MCS. This is not about facilities for the community scheme, it's about the long-term, guaranteed financial support from the

Club that MCS has enjoyed since its inception and will continue to enjoy as long as the Club is at The Den.

The Club and MCS may be separate legal entities but the Club – and as I think you will find – the outside world regards them as one. Damage one and you damage the other.

If you exclude the stadium itself and the land required for its operation as a football ground, there is not enough land left in the lease to the Club to make its commercial development economically viable. It follows that we need to develop the MCS land in tandem with the non-stadium land.

Our purpose in so doing is, as we have repeatedly told you and your officers, to 'future-proof' the Club in its present location. If we are to be able to remain here, it is vital that we do so. We want to be able to extend and improve the stadium, we want to improve the facilities available to match-day and non match-day visitors and we want to redevelop The Lion's Centre and the non-stadium land to provide not only state-of-the-art offices and facilities for MCS but also flats, offices, medical and leisure facilities for the benefit of both the Club and the local community. We want to develop income-producing businesses and assets that will both subsidize and stabilize the Club and enable us to consolidate Millwall Football Club's position at the heart of the community.

I thought that was what Lewisham wanted as well – certainly that was what the Core Strategy Document said – and I can't now understand why the Club isn't going to be given the chance to realize its aspirations.

We may have been naïve but we have always assumed that, provided we safeguard MCS, its facilities and its future to the reasonable satisfaction of its trustees, we could rely on Lewisham as our freeholder, council and planning authority to support us.

Conclusion

Founded in 1885, Millwall Football Club (MFC) has played within the London Borough of Lewisham (Lewisham) since 1910, first at the old Den stadium in Cold Blow Lane and then, from 1995, at the present location in South Bermondsey. The twentieth anniversary of the first game played at The 'New' Den takes place this August. Since that first game, gates have averaged 10,000 per game and, with an average of 30 games per season, about 6,000,000 people have passed through the turnstiles, bringing incalculable benefit to the Borough of Lewisham.

The Core Strategy document recognised this and now we are asking for the chance to develop both The Den and The Lion's Centre. Our financial situation does not allow us to do the former without access to the latter and whilst my family and I have been happy to bankroll both the Club and, thereby, MCS since our ownership began, we cannot do so for

ever. I must have the chance to make the Club self-sufficient so that its future in Lewisham is secured.

Some years ago, MFC and Lewisham came to an agreement whereby Lewisham would grant MFC an overriding lease of both The Den Land and The Lion's Centre Land so that MCS would become MFC's tenant. The agreement provided that, subject to MFC obtaining the necessary planning permissions, MFC would be allowed to redevelop The Lion's Centre and The (non-stadium) Den Land. It was further agreed that Lewisham would vary the terms of the overriding lease to permit such redevelopment in return for 50% of the profit.

Both Lewisham and MFC instructed solicitors and detailed heads of terms and draft documentation were drawn up. As I recall, the Club paid all the legal fees of both parties. It is correct to say that no detailed development proposals had been formulated at that time but MFC's architects, Squire & Partners, did produce a master plan.

I repeat the offer that Demos made to the effect that the overriding lease could contain a mechanism whereby if the Club hadn't redeveloped the land by a certain date (to accord with the phasing of the works on the rest of the SCT site), it could be terminated as regards The Lion's Centre and the (non-stadium) Den land.

That way we'd get a fair chance to demonstrate our commitment to the regeneration of the Surrey Canal Triangle site but you'd still retain overall control and be able to hand The Lion's Centre and the non-stadium land over to the developer should the Club fail. Surely I'm offering you a win/win situation for the Council? We see it like that and I'm fairly sure that the outside world will take the same view.

There a number of legal issues that will need to be cleared up - for instance a surrender of parts of the non-stadium land, the release of certain rights and so on - all of which we will be happy to discuss and implement if we can make progress on our offer.

Finally, the trustees of the Millwall Community Scheme have seen our indicative proposals for The Lion's Centre land and the remainder of the development. I intend to show them Mr Holmans' letter and this response and no doubt they will make their feelings known to you.

Perhaps we should meet again soon? My very best personal regards to you and Kris.

Yours sincerely,

John G Berylson
Chairman
Millwall Football Club

Lewisham

John Berylson
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date 18th March 2013
our reference
your reference

Dear John,

Re: Surrey Canal Triangle (SCT) Regeneration Scheme

Further to the Mayor's letter of 15th March 2013, as you know the Mayor has passed me a copy of your letter of 18th February 2013 for reply.

I am pleased to note that all parties agree on the importance of the regeneration of this part of the Borough and that the comprehensive re-development of the Surrey Canal Triangle (SCT site) is central to the achievement of the objectives of regeneration and growth contained in the Council's Core Strategy.

We also recognise, as is reflected in the Core Strategy and the consented development proposals, the importance of the football club, its continued operation in its present location and its aspirations for the future. These are things which the Council wishes to support and protect as I tried to make clear in my letter of 29th January 2013.

However, if our wider objectives for the area are to be realised, we now need to move forward with the re-development scheme without further delay. It is now nearly a year since planning permission was granted for this. Renewal have committed considerable financial investment and resources to site assembly, to the planning and design process and to taking the scheme forward. They hope to be in a position to start the early Phases of the development in the very near future. The Council is therefore supporting Renewal in bringing forward this strategic site which is considered essential to delivering the Core Strategy and our objectives for transformation of the wider area.

You refer to the Club's wish to develop the land around the Stadium. I am aware that this is something the Club has raised a number of times now, dating back at least to the time of the Club's previous discussions with the Council regarding the grant of a new lease which as you point out was some years ago. To-date, however, no such plans have been forthcoming.

In my letter of 29th January, I invited you to share with us the Club's proposals, which the Club had previously indicated it was formulating and finalising. Your response does not refer to any specific proposals, but simply states that the Club's plans will accord with the outline scheme and refers to your intention that such plans will enable comprehensive delivery of the wider regeneration scheme. Whilst the Council welcomes this assurance, such assurances

on their own are not sufficient to demonstrate to the Council that this will be the case. In order that we can consider how your proposals might fit in with and enable comprehensive delivery of the wider scheme within a reasonable timescale, we will need to see, as soon as possible, details of your specific proposals, including plans, proposed timescales, a viable business plan with the funding arrangements, and your proposals regarding the mechanics of delivery – what contractual arrangements are proposed to enable delivery in conjunction with development of the wider site? At this stage, this does not need to be worked up to the level of a detailed planning application, but the information does need to be sufficient to enable the Council to give it proper consideration.

The Council's aim is for a negotiated settlement to be reached between all parties which would protect the legitimate interests of the Club. However, this must be on clear terms which will secure the comprehensive regeneration in accordance with the wider scheme and without further delay. Therefore on the one hand whilst you assert that the Club has the financial wherewithal and a development partner with the relevant expertise, on the other you suggest that you are not in a position to provide the requested information unless you know what the Council's intentions are regarding the non-stadium land and the MCS land. Unless the Council has the information required regarding the Club's proposals, it is simply not in a position to assess whether those proposals will enable comprehensive delivery of the wider scheme consistent with the Council's key objectives.

I look forward to hearing from you in response to the above which I believe sets out the key issue at this stage.

In addition, you also raised a number of specific points/queries in your letter of 18 February which I will endeavour to assist you with where these are not already addressed by my response above. I have used the headings and paragraph numbers from your previous letter.

Strategic importance of the Surrey Canal Triangle Site, paragraph 3

You suggest that my letter of 29 January "threatened" compulsory acquisition. I did refer to the availability of compulsory purchase powers, but I must emphasise that this was not intended in any way as a threat. The availability of compulsory purchase powers is part of the background in any case where regeneration proposals are being brought forward and the use of such powers is expressly supported in the Council's Core Strategy. But that does not mean the use of the powers is inevitable. As I hope I have demonstrated, the Council's desire is very much for a negotiated position to be reached if that can be achieved in a manner which will secure the parties' objectives.

I note your reference to land close to the Den which you says Renewal paid £[redacted] for in 2007/2008. I have no details of that transaction and so I am not in a position to comment. What I can say is that any consideration in respect of the Club's land interest whether it be by private treaty or following compulsory acquisition will be a matter for agreement/negotiation, informed by expert valuation advice relevant at the time.

Negotiations by agreement, paragraphs 5-8

In relation to the tender process in respect of the MCS land which was discussed last year but which did not proceed, as you know MCS advised they did not wish to participate in any such tender. Also, the Council noted that the club did not wish to proceed with a Tender for the reasons which you set out in previous correspondence. The Council has also come to the view that the tender exercise should not proceed. It has reservations as to whether such an exercise would be conducive to ensuring the comprehensive re-development of the SCT site within a reasonable and certain timeframe – this, and how best to achieve it, remains our current focus.

As I explained in my letter of 29 January, I understand from Renewal that they have already assembled about 85% of the SCT site (this excludes the land around the Stadium and the MCS land). In addition, they have committed (and continue to commit at their own risk) considerable financial investment and resources to site assembly, the planning and design process, and taking the scheme forward. They have made good progress towards assembling the necessary land to enable a start on the early Phases in the near future. In the event that a CPO is required, before making any Order, the Council will need to be satisfied that Renewal's business plan and funding strategy provide the necessary basis for delivery of all Phases of the wider scheme.

I note the reference to the previous discussions with the Council regarding the Club's lease and the possible inclusion of the MCS land in those arrangements. As you know those discussions took place a number of years ago. No formal agreement was reached and things have since moved on. We now have a consented scheme for comprehensive re-development of the site which the Council is anxious should move forward without further delay. As I say, that and how best to achieve its delivery remain our current focus.

Stadium operation, paragraph 11

In terms of the improvements to the Stadium façade, as you know, these works form part of the consented scheme and the associated Section 106 Agreement. The delivery of the works and associated cost will be a matter for further discussion.

Club's development proposals, paragraph 16

I am familiar with the history and track record of both the Club and the MCS and welcome the additional detail. The nexus between the Club and MCS land is acknowledged and, as you know, the proposal is that MCS will be relocated elsewhere within the re-development scheme as is reflected in the Section 106 Agreement. MCS's new location will thus be in close proximity to the Club and would enable the relationship to continue and MCS to continue to serve the communities of Lewisham and Southwark. The position remains, however, that the freehold interest in the land which is leased to MCS is owned by the Council and the Club has no entitlement to that land.

The MCS land remains important to the delivery of the comprehensive development of the SCT scheme and the Council considers its exclusion from the rest of the site would prejudice the comprehensive re-development of the wider site.

I would appreciate if you could respond within 14 days of receipt of this letter. If, however, you need more time to respond, then please let me know.

I would be more than happy to meet to discuss matters further.

If you have any queries in the interim please do not hesitate to contact me.

Yours sincerely,

Rob Holmans
Interim Director of Regeneration & Asset Management

cc. Abdul Qureshi, Head of Asset Strategy & Development, (interim)
cc. John Miller, Head of Planning
cc. Andy Ambler, Chief Executive, Millwall Holdings PLC, Millwall Football Club, The Den, Zampa Road, London SE16 3LN

Our ref: AJA/hg

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2nd May 2013

Dear Mr Holmans,

Millwall FC / Surrey Canal Triangle Site

Thank you for your letter to my chairman, John Berylson, of 18th March and my sincere apologies for the delay in replying.

We were much encouraged by your recognition of the importance of Millwall Football Club, its continued operation in its present location and its aspirations for the future.

However, it takes a considerable amount of money to own and operate a football club and, at the moment and despite the best efforts of our shareholders and the management team, we lose money every year. This just can't continue. The principal shareholders have already put well in excess of £20 million into the Club over the past six years. If the Club is to remain in its present location, we have to get it onto a firmer financial footing.

There are a variety of ways of doing this.

Obviously success on the field is paramount and there is very little you can do to help us with that. If, of course, we should make it to the Premiership one day, we'd need to extend the stadium and make other major improvements to the infrastructure - but I know that I could rely on the Council's help in those happy circumstances.

Another is to run the Club as efficiently as possible, maximising revenues whilst controlling costs, but having been here now for over 6 years, I am confident that we are already doing all that we possibly can in that respect.

The last is to do what most football clubs have done and find ways of producing a reliable, predictable and steady non-football income that can sustain a football club through the hard times. This we seek to do by developing the non-stadium land included in our lease in consultation with you as our landlord, as the planning authority and as the local authority with responsibility, inter alia, for Millwall Football Club. In recent years the threat of football clubs becoming financially insolvent has become a reality. We need look no further than Portsmouth, Coventry and Swindon to be reminded of this unpalatable fact. We must not add Millwall FC to that unhappy list.

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The Millwall Football & Athletic Company (1985) PLC
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Registered in England No: 1924222
VAT Registration 697 4851 69

But there just isn't enough surplus land in our lease for such a development to be economically viable. In the past Lewisham has recognised this and agreed detailed heads of terms for the grant of an overriding lease of both our land and that occupied by the Millwall Community Scheme. Indeed in an email to the Club dated 16 October 2009 Peter Clark, then Head of Asset Strategy and Development for Lewisham, confirmed that he would be recommending that the Community Scheme land be included in the Club's new lease. That came to nothing and Malcolm Smith formally withdrew the offer without giving any reasons for doing so.

Then early last year we were told that The Lions' Centre was to be offered to both the Club and to Renewal on a tender basis – but now you tell us that you have decided not to.

I know that we don't have any 'legal' interest in The Lions' Centre but I wonder if you fully appreciate the extent to which the Millwall Community scheme is part of the Football Club? It was set up by the Club, it carries our name, it gets a major part of its funding from the Football League because of its association with the Club, its annual deficit is covered by the Club and a large part of its good works in the Borough just could not be undertaken without the practical support and assistance of the Club and its players. The only reason that it is a separate legal entity is that it was set up – as all football community schemes are – as a charity. In all other respects, it is part of the Club and this situation was clearly acknowledged by Peter Clark in the correspondence quoted above when he wrote, "Tuesday's meeting helped to clarify the close linkage between the Club and the Community Scheme..."

All this is clearly understood by the trustees of the Millwall Community Scheme whose obligations as trustees are to the Scheme, its assets and its long term viability in the community, all of which the Club will safeguard and preserve – as it has done since the Scheme was established. We have offered them whatever reassurances they need in this regard and will continue to do so.

You have asked us for more details of our proposals. Some time ago, we attended a meeting at Renewal's architects' offices and presented an outline scheme for the redevelopment of the non-stadium land and The Lions' Centre. Our architects, Squire & Partners, drew up that scheme. It predated Renewal's application for outline planning permission and so wouldn't have fitted in with the overall regeneration plans.

We haven't instructed them further because of the uncertainty surrounding The Lions' Centre but we did engage them – at further considerable expense to the Football Club – to prepare an outline scheme for The Lions' Centre itself because we wanted to show them to the trustees of the Millwall Community Scheme. Those plans are now enclosed and I propose that we come to your offices to present them to you formally as part of our plan for both The Lions' Centre and the non-stadium land.

We have suggested that together we return to the heads of terms that were negotiated and agreed for an overriding lease of both our land and The Lions' Centre with the additional proviso that such lease could be terminated in respect of the non-stadium land and The Lions' Centre in the event that certain milestones were not met by the Club. For the reasons previously stated, the Council has everything to gain and nothing to lose from this proposal.

If the Council is prepared, in good faith, to consider this approach, then that would justify the immediate instruction to our professional team to come up with detailed proposals for the redevelopment and regeneration of both the non-stadium land and The Lions' Centre in accordance with the outline scheme and with such assurances as you may reasonably require to ensure comprehensive and timely delivery within the wider regeneration scheme.

If, however, no such assurance can be given, I must ask you to explain the Council's reasons for its decision. Is it correct to infer from the Mayor's letter of 15 March that the Council has decided that it will never offer the Club any developable interest in The Lions' Centre? Is it further correct to infer from that letter that the Council has decided that only Renewal can be trusted to develop The Lions' Centre?

Could I also formally ask if the Council has independently verified that Renewal has 'assembled' about 85% of the SCT site excluding the non-stadium land and The Lions' Centre? That is not consistent with our information. And could I further ask the Council to clarify what timing it has in mind when it asserts that Renewal are able to "start on the early Phases (of the development of the SCT site) in the near future"? Again, our information indicates that an early start is not a possibility. And are they able to deliver vacant possession in order to do so?

I look forward to hearing from you and suggest that we co-ordinate diaries at the earliest opportunity to arrange a meeting to discuss our plans for The Lions' Centre and the non-stadium land.

Yours sincerely,

Andy Ambler
Chief Executive
Millwall Football Club

Lewisham

Andy Ambler
Chief Executive
Millwall Football Club
The Den, Zampa Road
London SE16 3NL

Rob Holmans
Interim Director of Regeneration &
Asset Management
Laurence House
Catford
London SE6 4RU

direct line 020 8314 7908
fax 020 8314 3642
rob.holmans@lewisham.gov.uk

date 15th May 2013
our reference
your reference

Dear Andy

Thank you for your letter of 2nd May 2013. It was also good to meet you on Friday.

Thank you for forwarding the outline development proposals that you would like to discuss. I note in your letter that the Club acknowledge that they do not have a legal interest in the MCS Lion's Centre Site. As I have stated before in correspondence copied to you, the MCS land remains important to the delivery of the comprehensive development of the SCT scheme and the Council considers its exclusion from the overall scheme would prejudice the comprehensive re-development of the wider site. I am happy to discuss this further at our meeting.

Notwithstanding this concern, I have asked my colleagues in planning to review the development proposals on my behalf and I think it would be useful for us to meet up in about 3 weeks (once we have had the opportunity to digest your proposals) in order that we can discuss them with you.

I will ask my PA Charmaine Townsend to liaise with you directly to find a mutually convenient date and I look forward to seeing you then.

Yours Sincerely,

Rob Holmans
Interim Director of Regeneration and Asset Management

Lewisham

Andy Ambler
Chief Executive
Millwall Football Club
The Den, Zampa Road
London SE16 3NL

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date 25th June 2013
our reference
your reference

Dear Andy,

I refer to my letter of 15th May 2013, in response to your letter dated 2nd May enclosing the outline development proposals 'Millwall Community Scheme Sport Pitch Study'. As you know, we had planned to meet on 11th June but unfortunately you had to cancel. In the circumstances, I thought I should write to set out the Council's current position.

As our previous correspondence acknowledges, it is beyond dispute that all parties consider that a comprehensive re-development of the Surrey Canal Triangle (SCT site) is central to the achievement of the objectives of regeneration and growth contained in the Council's Core Strategy.

I am sure you are aware that the Council has gone to considerable lengths to safeguard the interests of the Club and its ability to expand the stadium should promotion to the Premiership be achieved, something which the Council would very much welcome. Whilst I sympathise with the Clubs' financial position, the difficulties this presents, and your desire to produce reliable, predictable, steady, non-football income to put the Club on a firmer footing, as you acknowledge the Clubs' leasehold land (Stadium excluded) is incapable of sustaining a viable development in isolation. So you suggest, as you have previously, the inclusion of the MCS land in a re-negotiated lease.

As you know, the freehold interest in the land leased to Millwall Community Scheme (MCS) is owned by the Council and the Club currently has no legal interest in the MCS land. There are a number of comments in your letter of 2nd May about the previous discussions between the Club and the Council in 2009 regarding the land around the Stadium and the MCS land, and also the possible tender exercise which was mooted last year. The reasons why neither of these options has proceeded have already been addressed in previous correspondence and matters have now moved on. You also refer to the relationship between the Club and the MCS and again this has been acknowledged and addressed in the above correspondence. I do not therefore intend to repeat what has already been said, save to reiterate that

the MCS land remains important to delivery of the comprehensive development of the SCT scheme and the Council considers its exclusion would prejudice the comprehensive re-development of the wider site.

As the Council has repeatedly said, if our wider objectives are to be realised, we need to move forward with the re-development scheme without further delay. You have referred to the Club's wish to develop the land around the Stadium (and the MCS land) a number of times dating back over many years. The Council has given the Club every opportunity to come forward with its own proposals and has made it clear that if the Council is to give any consideration to such a scheme, details of specific proposals are required with drawings, proposed timescales, a viable business plan with funding arrangements, proposals for the mechanics of delivery and contractual arrangements to enable delivery in conjunction with development of the wider site and, in turn, comprehensive re-development of such wider site consistent with the Council's key objectives.

Despite the Council making clear what is required and affording ample opportunity for it to be provided, none of the required information has been forthcoming. The position remains, however, that we have a consented scheme for comprehensive re-development of the whole site which the Council is anxious should move forward without further delay. Renewal have assembled most of the site and continue to commit considerable financial investment and resources to site assembly, the planning and design process and taking the scheme forward. The Council's focus and priority going forward will be in supporting Renewal who the Council considers to be best placed to progress this strategic site which is considered essential to achievement of the regeneration objectives for the area.

The Council's aim remains for there to be a negotiated settlement between all parties within a reasonable timescale. The Council therefore wishes to commence immediate discussions with the Club for the surrender of your current lease and the grant of a new lease for the Stadium whilst safeguarding the expansion of the Stadium and the continuing successful operation of the Club. To the extent that matters cannot be resolved within a reasonable time frame, then, as previously advised, the availability of compulsory purchase powers remains part of the background where, as here, regeneration proposals are being brought forward and the use of such powers is expressly supported in the Council's Core Strategy. I reiterate, however, that the Council's desire is very much for a negotiated position to be reached and I hope that the Club will therefore accept this invitation to embark upon discussions in relation to the proposed surrender and new grant by agreement.

I believe the above addresses the main points between us. In your letter of 2 May, you raised specific questions about the land assembly exercise, the extent of Renewal's ownership and Renewal's ability to make an early start on the scheme. The Council has been monitoring the progress of land assembly since the Mayor & Cabinet decision in March 2012 to support "in principle" the use of compulsory purchase powers. It satisfied that Renewal now control about 85% of the land interests within the wider site (excluding the land around the Stadium and the MCS land). The position on the remaining land is being assessed and verified by the Council's Surveyors, GL Hearn, independently as part of the on-going site assembly requirements. Renewal have detailed proposals for and are confident of securing commercial occupiers for the early phases of the scheme.

The Council, having reviewed Renewal's ownership and tenancy schedules is sufficiently confident that, vacant possession can be obtained and with all parties working collaboratively a start on this exciting and innovative scheme, with its attendant wide-ranging benefits, can be achieved by Spring 2015. I hope that the Club will work with and support the Council and Renewal in the achievement of this aim which is central to delivering the Core Strategy and our objectives for the transformation of the wider area.

I will instruct my office to contact you with a view to arranging meetings to progress matters as soon as possible.

Yours sincerely,

Rob Holmans
Interim Director of Regeneration and Asset Management

Lewisham

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date 6th September 2013
our reference
your reference

Andy Ambler,
Chief Executive,
Millwall Holdings PLC,
Millwall Football Club,
The Den, Zampa Road,
London SE16 3LN

Dear Andy,

Thank you for coming in to meet John Miller and myself on 15th August following my letters of 15th May and 25th June. It was a good opportunity to hear more about the club's perspective.

As stated in previous correspondence and reiterated at the meeting, the Council recognises, as is reflected in the Core Strategy and the consented development proposals, the importance of the football club, its continued operation in its present location and its aspirations for the future. I hope I made it clear in the meeting that these are things which the Council wishes to support and protect.

I made a number of points in my previous letters which I will not repeat in full here. However, I should reiterate that the Council wishes to move forward with the redevelopment scheme without delay in order to realise the objectives set out in the Council's LDF Core Strategy. I have pointed out, and you have accepted, that the freehold interest in the land leased to Millwall Community Scheme is owned by the Council and the Club currently has no legal interest in the land. I have also made it clear that, if the Council is to give any consideration to proposals brought forward by the Club, in addition to drawings, it would require details of proposed timescales, a viable business plan with funding arrangements, proposals for the mechanics of delivery and contractual arrangements to enable delivery in conjunction with the wider site.

At the meeting you presented a new set of drawings prepared by Mackay and Partners. The submission of a draft set of drawings alone does not demonstrate that the Club are able to deliver an acceptable scheme as part of the comprehensive regeneration of the area with Renewal Ltd and the Council. My conclusion is that, if its wider objectives for the area are to be realised, the Council needs to move forward with the redevelopment scheme with Renewal Ltd without further delay and I am now intending to report to Mayor & Cabinet on 11th Sept 2013 on this basis and the sale of the Council's land to Renewal.

Also, as you are aware, the Council made "an principle" decision to support a compulsory purchase order (if one is required) to assemble the remaining land for the Surrey Canal Regeneration Scheme. The Council's appointed Valuers, GL Hearn, have carried out an assessment of the land affected by the scheme, and they will be contacting the Club shortly to open negotiations on the land to be acquired.

The Council's aim remains, as stated in my previous correspondence, to achieve a negotiated settlement with all parties. In respect of the club we seek to protect the legitimate interests of the Club and the stadium operation (in accordance with the S.106 agreement signed by the parties) on clear terms which will secure the comprehensive regeneration in accordance with the wider scheme. In order to implement the regeneration scheme and the works, it will be necessary for the Club to surrender their existing lease to the Council, and be granted a new lease with rights to access and extend the stadium, subject to terms being agreed with the Council. Please confirm that you are now in a position to discuss how this can be best achieved.

I would appreciate if you could respond within 14 days of receipt of this letter. If, however, you need more time to respond, then please let me know.

If you have any queries in the interim please do not hesitate to contact me.

Yours sincerely,

Rob Holmans
Director of Regeneration and Asset Management

Cc. Abdul Qureshi, Head of Asset Strategy & Development, (Interim)

Cc. John Miller, Head of Planning

Cc. Demos Kouvaris, Chief Operating Officer and Chief Finance Officer, Chestnut Hill Ventures LLC, 60 William Street, Suite 230 Wellesley MA 02481

Our Ref: AJA/hg 065

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Director of Regeneration & Asset Management
Laurence House
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Millwall Football Club,
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Email: questions@millwallplc.com
Web: www.millwallfc.co.uk

10th September 2013

Dear Rob,

Thank you for your letter of 6th September, the contents of which have been noted.

You will appreciate that, by working with Mackay and Partners and the other members of our professional team to produce a planning compliant and comprehensive scheme for The Lion's Centre and the non-stadium land, the Club has gone to a lot of trouble and expense to meet your previously expressed concerns.

Given time, we can also produce a viable business plan, details of funding and a suitable timeline - and, if our professional team can engage with your planners and other advisers, we can discuss the mechanics of delivery and other necessary contractual arrangements.

However, there is little point in doing so unless you and your colleagues are prepared to give serious consideration to the proposed scheme and I would welcome your confirmation that you will do so. If you need any further information or assistance from us, we are at your disposal.

I shall be presenting the Mackay Scheme to the trustees of The Millwall Community Scheme next week. Demos Kouvaris will also be in London next week and he will want to meet with our professional team.

In the circumstances, I shall reply to your letter as soon as I possibly can but may not be able to respond within the fourteen days that you have proposed.

Yours sincerely,

Andy Ambler
Chief Executive
Millwall FC

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Andy Ambler,
Chief Executive,
Millwall Holdings PLC,
Millwall Football Club,
The Den, Zampa Road,
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date 18th September 2013
our reference
your reference

Dear Andy

Thank you for your letter of 10th September 2013.

As you are aware, there has been lengthy correspondence as well as discussions over many years involving the Council, Renewal and the Club regarding the development of the Lions Centre and the land around the Stadium during which the Club has maintained an intention to bring forward proposals. It is only very recently, however, that you have chosen to provide us with some drawings for a possible scheme.

You now suggest that given time you can provide the necessary supporting material to demonstrate deliverability of your proposals and how they might fit in with and deliver the wider comprehensive scheme, but there has already been ample opportunity for this information to be provided. Whether you wish to undertake this additional work is a matter for you, but the Council is not prepared to put things on hold while you do that. As stated in my letter of 6th September and on a number of occasions previously, the Council's position remains that if its objectives for the area are to be realised, we need to move forward with the redevelopment scheme without further delay. To this end, as you may be aware, I reported to Mayor & Cabinet on 11th Sept 2013 when it was resolved (subject to the usual call in process) to dispose of the Council's freehold interest in the Club's and the Scheme's land to Renewal.

The Council therefore intends to continue to press ahead with realisation of its objectives, which as you are aware may include the use of CPO powers. The Council's clear wish is, however, to try and achieve negotiated agreements for the acquisition of all third party interests, including that of the Club and it is inviting all owners to join in negotiations with the Council and Renewal to help implement the regeneration scheme. I would welcome a meeting with you to discuss the terms for acquisition/re-grant of the Club's interest in more detail at the earliest opportunity.

I look forward to hearing from you.

Regards.

Yours sincerely,

Rob Holmans
Director of Regeneration & Asset Management

Cc: Abdul Qureshi, Head of Asset Strategy & Development (Interim)

Cc: John Miller, Head of Planning

Cc: Demos Kouvaris, Chief Operating Officer and Chief Finance Officer, Chestnut Hill Ventures LLC, 60 William Street, Suite 230 Wellesley MA 02481

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date 23rd September 2013
our reference
your reference

Andy Ambler
Chief Executive
Millwall Holdings PLC
Millwall Football Club
The Den, Zampa Road
London SE16 3LN

Dear Andy,

Further to our conversation today, I confirm that the Council is not selling it's freehold in the area which forms the footprint of the Stadium. The Stadium area will be retained by the Council, and the Council intend to remain the Landlord of the Club for the foreseeable future.

For clarification, I attach a plan showing the area coloured light blue - which the Council are selling to Renewal under the terms agreed with them. This area is outside of the footprint of the existing Stadium, and includes the Council's freehold of the Lions centre which is Leased to MCS. This land forms the circulation space and public realm area and the development that Renewal are proposing to build.

In order to progress matters, what the Council are proposing is that the Club surrender their existing lease and are granted a new Lease, on revised terms, which excludes the area which Renewal require for their scheme.

It may be better if we sit down and go through what is proposed in more detail.

I look forward to hearing from you.

Regards.

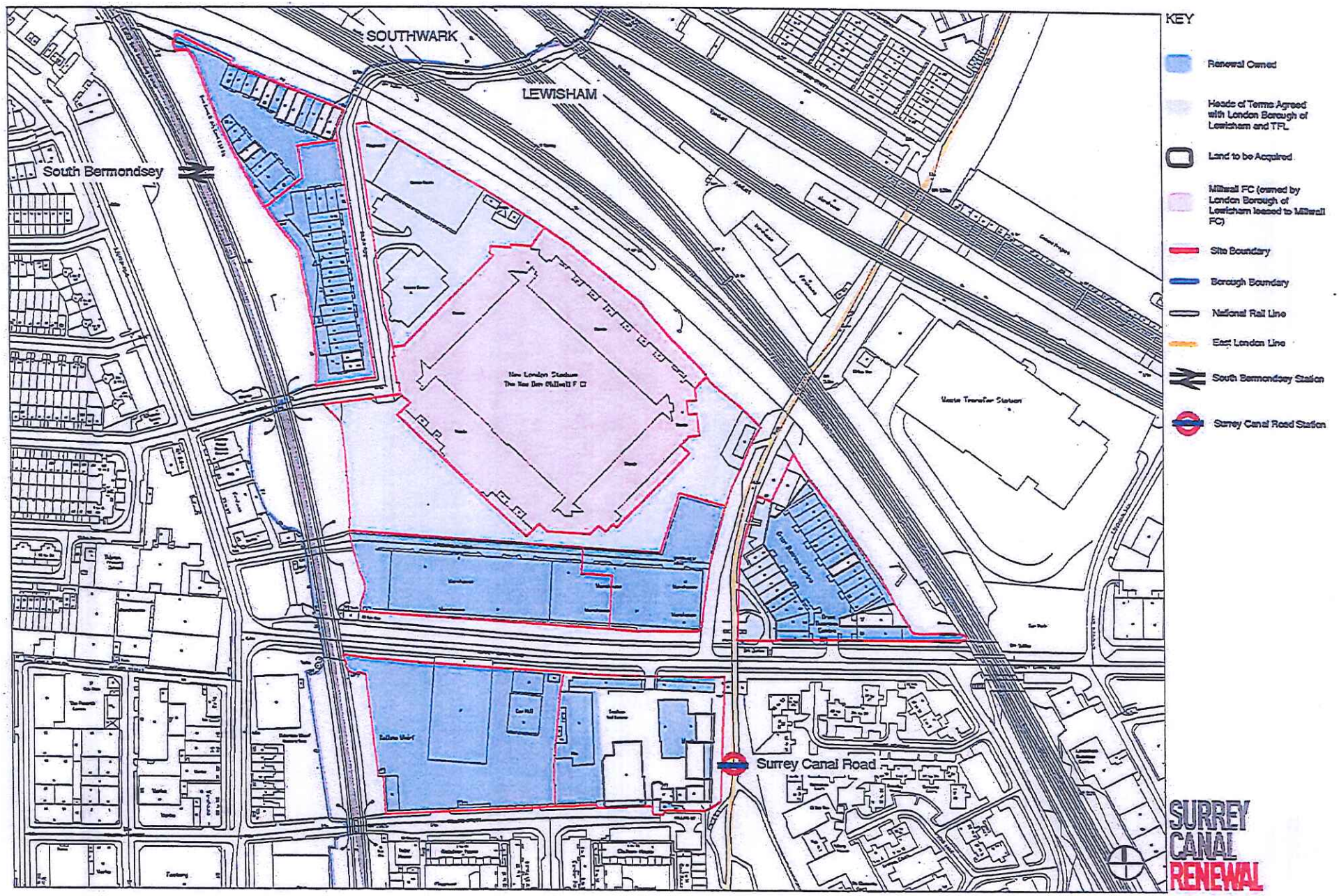
Yours sincerely,

Rob Holmans
Director of Regeneration & Asset Management

Cc: Abdul Qureshi, Head of Asset Strategy & Development (Interim)

Cc: John Miller, Head of Planning

Cc: Demos Kouvaris, Chief Operating Officer and Chief Finance Officer, Chestnut Hill Ventures LLC, 60 William Street, Suite 230 Wellesley MA 02481


SOUTHWARK
LEWISHAM
South Bermondsey
Surrey Canal Road
KEY
Renewal Owned
Heads of Terms Agreed with London Borough of Lewisham and TFL
Land to be Acquired
Millwall FC (owned by London Borough of Lewisham leased to Millwall FC)
Site Boundary
Borough Boundary
National Rail Line
East London Line
South Bermondsey Station
Surrey Canal Road Station
SURREY CANAL RENEWAL

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25 SEP 2013

Mr Holmans
Director of Regeneration & Asset Management
London Borough of Lewisham
Laurence House
Catford Road
London
SE6 4RU

Date 25 September 2013
Your ref
Our ref GRIMBLRJ/156536-000009
Direct dial 0845 497 4983
Direct fax 0845 497 4919
johngrimbley@eversheds.com

Dear Sir

Surrey Canal Triangle Regeneration Scheme

We have been instructed by The Millwall Football and Athletic Company (1985) PLC following the Council's decision taken at Cabinet on 11 September 2013 to authorise entry into a conditional contract with Renewal Limited in relation to lands adjoining The Den.

We are unable to understand how, in the light of the Council' responsibilities, it can authorise concluding such a contract with Renewal Limited, without providing an opportunity for our client to make a bid for the lands in question. We have been advised that our client has been seeking to acquire these interests for an extended period and that detailed proposals for the development of this land have been presented to and discussed with the Council within the last month.

It is therefore extraordinary that the report to Cabinet included no mention of such proposals and that the only reference to the Club is simply a reference to correspondence with our client and "that negotiations are still taking place". It appears that the requirement that the Council should obtain the best consideration reasonably obtainable under section 123 of the Local Government Act 1972 has been wholly ignored. The existence of a prospective purchaser of land, in particular one who wishes to develop that land with their own adjoining land, is a fundamental consideration which the Council must take into account in reaching any decision to dispose of its own land.

As a consequence we believe that the Council's decision is fundamentally flawed and we must seek your undertaking by return that the Council will not enter into any agreement to dispose of the land to Renewal Limited (or any other person or entity) until a proper opportunity has been given to our client to bid for this land in a fair and transparent process.

In the absence of receipt of such an undertaking, our client reserves its right to take such further steps as it considers appropriate without further reference to you.

Yours faithfully

Eversheds LLP

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date 3rd October 2013
our reference
your reference

John Grimbley
Eversheds
One Wood Street
London
EC2V 7WS

Dear Sir,

I refer to your letter of 25 September 2013 and note that you are instructed on behalf of Millwall FC.

I am sure you will be aware of the lengthy correspondence that has taken place between the council and your client over a long period of time, so I will not repeat the points we have made to your client on numerous occasions.

The Council is fully aware of the requirements of S.123 Local Government Act 1972 and has been independently advised on these aspects in detail, including appropriate independent valuation advice.

As stated in my letter of 6th September to your Client, and on a number of occasions previously, the Council's position remains that if its objectives for the area are to be realised, the Council's intention is move forward with the redevelopment of the area with Renewal without further delay. To this end, the Council's Mayor & Cabinet on 11th Sept 2013 has resolved to dispose of the Council's freehold interest in the Club's and the Scheme's land to Renewal.

The Council therefore intends to continue to press ahead with realisation of its objectives for the regeneration of the site and the wider area.

The Council's clear wish, which has been communicated to your Client, is to try and achieve negotiated agreements for the acquisition of all remaining third party interests, including that of your Client and this has been the objective since the Council's Mayor & Cabinet "in principle" CPO decision of 7th March 2012.

My offer remains to invite your client to reach a negotiated settlement with the Council and Renewal, which would avoid unnecessary costs on both sides. I would welcome a meeting with them to discuss the terms for acquisition/re-grant of the Club's leasehold interest in more detail at the earliest opportunity. As you know, Renewal have already acquired the majority of the development area and I do hope that the Club will agree to work together with the Council and Renewal and support them in bringing forward the comprehensive scheme, so that the Club and others can all benefit from these exciting regeneration proposals.

No doubt you will convey the above back to your client, and I look forward to hearing from you or your client in due course.

Regards.

Yours sincerely,

Rob Holmans
Director of Regeneration & Asset Management

cc. Abdul Qureshi, Head of Asset Strategy & Development (Interim)

cc. John Miller, Head of Planning

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R. Holmes Esq
Interim Director of Regeneration & Asset Management
Lawrence House
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London SE6 4RU

06 November 2013

Dear Mr Holmes

MILLWALL FOOTBALL CLUB / SURREY CANAL TRIANGLE SITE - STRICTLY SUBJECT TO CONTRACT

We are instructed by MFC.

I have seen correspondence indicating that the Council intends to sell its freehold interests in The Lion's Centre (presently occupied by the Millwall Community Scheme) and in parts of the land presently leased to MFC. I do not know the exact location and/or areas of the sites to be sold.

As you are aware, my client is interested in bidding for those interests and I would be grateful if you would let me know the terms (including price and other material issues) of any sale that you may have negotiated.

I would be most grateful for your confirmation and undertaking that no commitment to sell will be entered into by the Council before my client has had a chance to make its bid.

Yours sincerely

MATTHEW BLACK
SENIOR DIRECTOR

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Director of Regeneration & Asset Management
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fax 020 8314 3642
rob.holmans@lewisham.gov.uk

date 13th November 2013
our reference
your reference

Matthew Black
CBRE
10 Paternoster Row
London
EC4M 7HP

Dear Mr Black

Thank you for your letter dated 6 November and I note that you are instructed by Millwall FC ("MFC").

I also note that MFC is interested in bidding for the Council's freehold interest in the Lion's Centre and parts of the land leased to MFC. Whether it proceeds to do so is a matter for MFC.

I cannot disclose to you the terms of the sale to Renewal for reasons of commercial confidentiality. I can however confirm that we have been independently advised that the deal represents the best consideration reasonably obtainable in all the circumstances.

The Council is not prepared to give any confirmation or undertaking in the terms requested in the final paragraph of your letter.

Yours sincerely,

Rob Holmans
Director of Regeneration & Asset Management

Cc: Abdul Qureshi, Head of Asset Strategy & Development (Interim)
John Miller, Head of Planning

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New Bermondsey

MAYOR OF LONDON

NOW A LONDON HOUSING ZONE

Lambert Smith Hampton

Background

New Bermondsey began 10 years ago when regeneration specialists Renewal acquired their first piece of land on the 30-acre site. Since then Renewal has worked closely with Lewisham Council and the Mayor of London to create a groundbreaking neighbourhood for inner London.

The plans for New Bermondsey have been rooted in creating a place with its own unique identity and where people will want to live, work and play. That means providing a balance of much needed housing, jobs, sports facilities, creative industries, office space, faith space, a revitalised stadium for Millwall Football Club, new public squares and a much improved park at Bridgehouse Meadows.

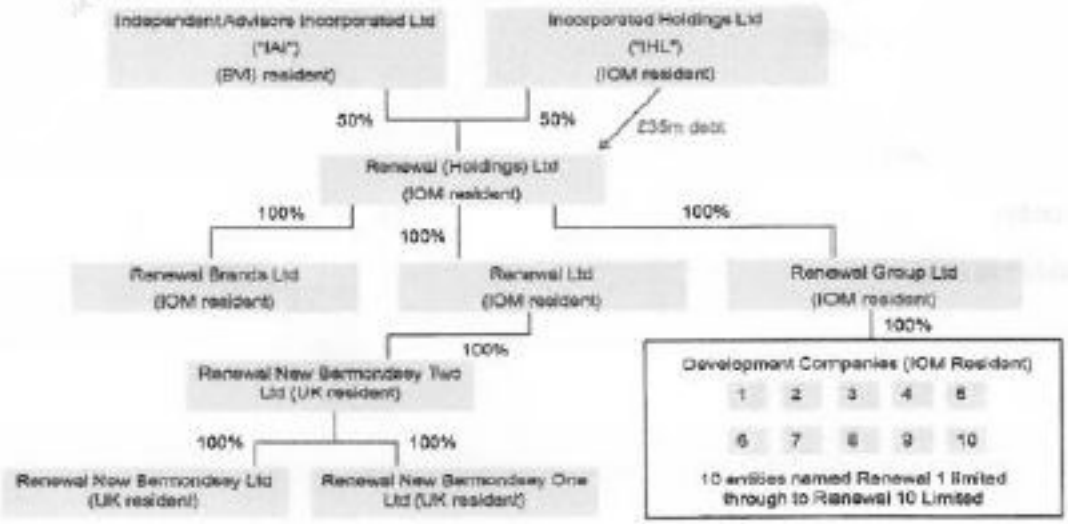
Outline planning permission was granted in March 2012 and the project designated a Housing Zone by the Mayor of London in February 2015. A £20m loan for the construction of the London Overground station was agreed and through incentives and fast track measures the delivery of the project will be accelerated by 3 years. The project has a gross development value of between £850m and £1bln.

Transport is at the heart of the project

- A network of transport links including a new London Overground station
- 4 minute journey time to London Bridge
- 2 new bus routes linking Central London and Lewisham
- New walking and cycling links that will open up the area to the whole of London
- Interchange Walking link between the new London Overground station at Surrey Canal Road and the British Rail station at South Bermondsey

The Opportunity

The project is held on a 50/50 joint venture basis - the structure is shown below.



Considerable investment will be required to progress the next stages of the project :-

- Further land assembly to complete the site (c.£12m) – c.25% of site (CPO in place)
- Submit detailed planning
- Subsequent construction of development phase one which includes :-

- 250 private apartments in 2 towers (1x 10-12 storys 1x 17-21 storys),
- New London Overground station
- 5,027 sqm multi faith church facility.

Options for the existing joint venture investors at this stage may include – exit, partial exit, introduction of private third party equity (dilution of equity), debt funding / re-financing, other structured finance, Equity or Debt IPO fundraise.

Our clients IHL Limited have engaged Lambert Smith Hampton to seek interested parties .

Lambert Smith Hampton

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MAYOR AND CABINET			
Report Title	Report Back on Matters Raised by the Overview and Scrutiny Business Panel		
Key Decision	No		Item No.
Ward			
Contributors	Senior Committee Manager		
Class	Part 1	Date: 15 December 2016	

1. Purpose of Report

To report back on any matters raised by the Overview & Scrutiny Business Panel following their consideration of a report at their meeting on 13 December 2016.

New Bermondsey (Formerly Surrey Canal Triangle)

1.1 Following discussion at the Overview and Scrutiny Business Panel, Members agreed to make the following additional comments and requests to the Cabinet in support of their existing Call-in:

i. Correspondence received from Eversheds and Shoosmiths be referred to the Cabinet and officers be asked to prepare a response.

ii. the Cabinet be requested to ask officers to ensure that all Housing Action Zone bid documents are made available to Scrutiny Members, and a redacted copy made available to the public.

iii. the Memorandum of Understanding should be signed before a CPO is approved.

iv. the Cabinet be requested to ask PwC to give their professional advice to members on assurances made by Renewal in respect of the Bermondsey CPO arrangements.

v. the Cabinet be requested to ask officers to ensure that the Section 106 agreement is reviewed by the Strategic Planning Committee.

vi. the Cabinet be requested to ask officers to resolve issues raised on the Academy and the Community Trust before the CPO is approved.

vii. Business Panel raised concerns about Renewal's CPO signage. The Cabinet is requested to consider whether they would want to do business with a company, which despite an apology, had taken such a heavy handed approach with local residents and businesses.

viii. the Lambeth Smith Hampton narrative seemed to be incomplete, and the Cabinet is requested to ensure that documents and correspondence relating to the CPO be made available in a timely manner

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