

MAYOR & CABINET		
Report Title	Surrey Canal Triangle Regeneration – Update on Conditional Land Sale Agreement and Compulsory Purchase order Indemnity Agreement between LBL and Renewal.	
Key Decision	Yes	Item No. 8
Ward	New Cross	
Contributors	Executive Director Housing, Regeneration and Environment	
Class	Part 1	Date: 10 October 2019

1.0 Purpose of this Report

1.1 The purpose of this Report is to:

1.1.1 update Mayor and Cabinet as to progress with the re-development of the Surrey Canal Triangle site (**Site**), including in relation to the emerging Surrey Canal Triangle Development Framework, preparation of planning applications by Renewal Group Limited (**Renewal**) and Millwall Football Club (**MFC**) and also the current position regarding land assembly for the scheme; and

1.1.2 to ask Mayor and Cabinet to agree certain recommendations relating to the termination and replacement or variation of existing agreements between the Council and Renewal Group Limited (Renewal) as set out in Section 2 of this Report.

1.2 The Site is shown edged red on the plan attached to this Report at **Appendix 1. The land to be sold to Renewal as part of the revised Land Sale agreement are shown on the plan attached to this Report at **Appendix 2**.**

2.0 Recommendations

2.1 Mayor and Cabinet is recommended to:

2.1.1 agree that the Conditional Land Sale Agreement entered into on 20 December 2013 between the Council and Renewal Group Limited be terminated conditional upon the adoption of the Surrey Canal Triangle Design Framework Supplementary Planning Document and such other terms as the Executive Director of Housing, Regeneration and Environment shall consider appropriate, and a new agreement entered into for the disposal to Renewal Group Limited of the Council's freehold interest in the

land shown coloured orange on the plan attached at **Appendix 2** to this Report;

- 2.1.2 agree that the Compulsory Purchase Indemnity Agreement entered into on 20 December 2013 between the Council and Renewal Group Limited should be terminated and replaced or (if the Executive Director for Housing, Regeneration and Environment shall consider it appropriate, varied) so as to exclude the prospective compulsory acquisition of the leasehold interests of Millwall Football Club and Millwall Community Scheme.
- 2.1.3 delegate authority to the Executive Director for Housing, Regeneration and Environment to agree the terms of the new Conditional Land Sale Agreement referred to in paragraph 2.1.1 of these Recommendations, and to take all necessary steps to terminate the existing Conditional Land Sale Agreement and enter into such new Conditional Land Sale Agreement and any associated legal documentation;
- 2.1.4 delegate authority to the Executive Director for Housing, Regeneration and Environment to agree the terms of a varied (or new) Compulsory Purchase Order Indemnity Agreement referred to in paragraph 2.1.2 of these recommendations with Renewal Group Limited, such varied or new Compulsory Purchase Indemnity Agreement to exclude all land owned by the Council and leased to Millwall Football Club and Millwall Community Scheme, and to enter into such varied or new Compulsory Purchase Order Indemnity Agreement; and
- 2.1.5 confirm to Renewal Group Limited, Millwall Football Club and Millwall Community Scheme that the Council wishes to achieve the comprehensive regeneration of the Site and the regeneration objectives of the Core Strategy and other policy documents and in the event that any of the parties are unable to secure the necessary third party land interests/rights to achieve that, then the Council will consider supporting the acquisition of the necessary land and rights through use of its compulsory purchase powers.

3.0 Policy context

- 3.1 'People, prosperity, place', (Lewisham's Regeneration Strategy 2008-2020), sets out the Council's aspiration for a vibrant, dynamic Lewisham focussed around the themes of people - investing in the individuals and communities which are Lewisham's greatest asset - prosperity - fostering the skills and economic opportunities for Lewisham to flourish and thrive - and place - developing high quality public spaces, sustainable buildings and protecting the areas which are sensitive to change. The strategy identifies the area as a major development opportunity within the Borough. The strategy is also placed within the framework of the key national and regional policies which affect the Council's work around regeneration of the borough, including the London Plan.

- 3.2 The Council's 'Corporate Strategy 2018-2022' sets out the new direction the current administration is taking for the future of the Borough. The Council has as one of its priorities 'Tackling the Housing Crisis' and commits the Council to setting a target of 50% genuinely affordable housing delivered through developer-led projects. It also commits to not sell strategic Council land to private property developers.
- 3.3 Building an inclusive local economy is another corporate priority, where everyone can access high quality job opportunities with decent pay and security in our thriving local economy.
- 3.4 The Council's Strategic Asset Management Plan 2015-2020: an important driver throughout the Strategy is to connect the Council's property assets with other assets in and around the borough, particularly highways, public realm, open spaces as well as property and assets owned by relevant partners from across the public sector and beyond, in turn providing powerful levers for change. The Strategy recognises that the total estate is a resource that can drive regeneration and economic growth, deliver the infrastructure to meet Lewisham's needs now and into the future and deliver services improving residents' quality of life.
- 3.5 Lewisham's Housing Strategy 2015-20, 'Homes for Lewisham' provides a 'driver for change'. The strategy sets out the areas of greatest challenge, and provides a common goal for all the Borough's partners to work towards. It outlines the Council's ambitions for housing in Lewisham, and its commitment to the community. It refers to other plans which support the strategy, including Lewisham's ambitious regeneration strategy which sets out how housing supply will contribute to the development of dynamic and vibrant neighbourhoods, supporting thriving communities for our families and citizens and emphasises how regeneration plans and proposals for new transport infrastructure in particular are essential for maximising our capacity for developing new homes.
- 3.6 In terms of planning policy, the Council's Core Strategy (2011), the Site Allocations Local Plan (2013) the Lewisham Town Centre Local Plan (2014) and the Development Management Local Plan (2014), together with the Mayor of London's London Plan form the statutory development plan for the Borough. These are supported by a number of supplementary planning documents. The suite of documents sets out the vision, objectives, strategy and policies that will guide development and regeneration in the borough up to 2025.
- 3.7 The Council is also currently preparing a new Local Plan which will replace the Core Strategy, the Development Management Local Plan and the Site Allocations Local plan. It is proposed to retain the Lewisham Town Centre Local Plan. This will put in place new planning policies for the period to 2041. The first formal consultation on the new Draft Local Plan is currently intended to take place in the first quarter of 2020.

- 3.8 The Mayor of London has also published a new London Plan for the next 20-25 years. The new draft London Plan was published for public consultation in December 2017. This underwent examination in public earlier this year. A revised draft London Plan - Consolidated Changes version was published in July 2019 and the Panel Report and the Secretary of State's decision is due to be published shortly.
- 3.9 The National Planning Policy Framework (2018, revised February 2019) sets out the Government's planning policies for England and how these should be applied. It is to be taken into account in the preparing development plans and is a material consideration in planning decisions.

4.0 Background

- 4.1 The Surrey Canal Triangle development site is shown edged red on the plan attached to this Report at **Appendix 1**.
- 4.2 The Core Strategy identifies the Site as one of five strategic sites which are to act as catalysts for the regeneration of the wider area and which are key to achievement of the Council's wider regeneration objectives. The strategic sites are considered central to the achievement of the Core Strategy as their 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.
- 4.3 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. The policy seeks to create a 'destination' to act as a 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.

Securing the comprehensive development of the Site forms a key part of the Council's regeneration objectives and is of great importance to the Borough.

4.4 On 30 March 2012, following an application submitted by Renewal, the Council granted outline planning permission (Outline Planning Permission) for the comprehensive phased, mixed-use development of the whole Site, based on a set of planning parameters that would enable detailed proposals to come forward for the following:

1. Demolition of all buildings other than MFC Stadium, Rollins House and Guild House;
2. The provision of up to 240,000sqm of development on 17 different plots;
3. A range of non-residential uses including retail, cafes/restaurants and drinking establishments, hot food takeaways, Business (B1), hotel, community and Leisure and Assembly, with non-residential floor space totalling at least 37,000sqm or 20% of the total floor space provided, whichever is the lower;
4. Up to 2,400 residential dwellings of a range of sizes, including between 0 and 20% by habitable room of 'affordable housing;
5. Minimum and maximum building heights ranging from 5m above ground to 85.7m above ground (between one and 27 storeys);
6. Between approximately 1.51ha and 1.77ha of publicly accessible open space, other public realm areas and residential amenity/play space;
7. Between approximately 3,240m and 4,640sm of Living Roofs;
8. A network of altered and new streets, pedestrian and cycle paths and up to 1,084 car parking spaces and at least 1 cycle parking space per new home, plus at least 282 car parking spaces for staff and visitors;
9. Provision for two bus services to access some of the proposed streets and the provision of bus stops and facilities for bus drivers in order to provide a public transport interchange with a new Surrey Canal Road Station on the East London Line Extension;
10. District Heating Network either connected to the nearby SELCHP plant or powered by an on-site Combined Heat and Power plant and 3,000sqm of photovoltaic panels at roof level; and
11. A vacuum waste storage and handling system.

The 2012 Outline Planning Permission was also subject to a Section 106 Agreement entered into on the same date.

4.5 On 18 December 2015, the Council granted permission pursuant to a Section 73 application for a variation of the Outline Planning Permission to reconfigure some of the uses within the Scheme. The overall quantum of floorspace across the Site as a whole remained the same, however. The Section 73 Permission was granted subject to a Section 106 Agreement containing similar obligations to those contained in the S106 Agreement of 2012.

- 4.6 Renewal began assembling the Site in or around 2004 and this continued following the grant of Outline Planning permission. In March 2012, a report was presented to Mayor and Cabinet regarding in principle support for the use of CPO powers to help with land assembly in respect of the third party interests required for delivery of the Scheme. The Mayor resolved in principle to use such powers, subject to certain pre-conditions being satisfied. The resolution also gave delegated authority to Officers to negotiate and enter into Compulsory Purchase Order Indemnity Agreement with Renewal.
- 4.7 In September 2013, the Mayor resolved that a Conditional Land Sale Agreement be entered into disposing of the Council's freehold interest in certain plots in and around the Site to Renewal. This included small areas of surplus land, and also the plots currently leased to MFC (excluding the Stadium itself) and MCS.
- 4.8 On 20 December 2013, the Council entered into the Conditional Land Sale Agreement (**CLSA**) with Renewal and on the same date, the Council entered into the Compulsory Purchase Order Indemnity Agreement (**CPOIA**).
- 4.9 Under the CLSA, the sale of some of the surplus Council plots was unconditional and was completed in 2018. Other Council surplus land remains to be transferred. The sale of the MFC and the MCS plots and the Council's remaining surplus land is, however, conditional upon the acquisition of the leasehold interests held by MFC and MCS (respectively) by private treaty or through the use of compulsory purchase powers. No such agreement has been made/or CPO confirmed.
- 4.10 Following completion of the CLSA and CPOIA, Renewal continued to negotiate to acquire all the outstanding interests by agreement, including those of MFC/MCS but without success. In September 2016, Cabinet (the then Mayor being recused) resolved that a CPO should be made in respect of the outstanding interests required for the Renewal scheme, including the leasehold interests of MFC and MCS. Various events followed which are set out in previous reports to Mayor and Cabinet and Council, in consequence of which the CPO did not proceed and the development stalled.

5.0 Recent progress

- 5.1 Since May 2018 the Mayor of Lewisham has engaged with MFC and Renewal to seek to find a way to bring forward the comprehensive regeneration of the Site and achieve the regeneration objectives of the Core Strategy and other policy documents. Considerable progress has been made since May 2018 as set out below:

5.1.1 Meetings/workshops

- Regular meetings have taken place between the Mayor, Renewal and MFC;

- Officers and Renewal have held over 20 meetings and workshops;
- Officers and MFC have held over 15 meetings and 3 joint design workshops

5.1.2 A set of broad objectives have been agreed between the principal parties, as follows:

- To facilitate delivery of a comprehensive development of exceptional quality;
- To deliver a significant uplift in genuinely affordable housing with a minimum of 35% across the whole Site
- To enable MFC and MCS to have a secure long-term future in the Borough
- To deliver a mixed-use community at the Site
- To secure an increased long-term income stream for the Council through the review and restructuring of the Council's leases.

5.1.3 All the principal parties have agreed to a fresh approach as follows:

- A Design Framework to be produced by the Council for public consultation with a view to its adoption as a Supplementary Planning Document;
- Whilst comprehensive development of the site is to be the outcome, the approach should allow each party to proceed if the other is unable to at any point in time;
- No single planning application will be required for the entire Site and separate applications may be submitted by each party provided they are in general conformity with the Design Framework and the Council is satisfied comprehensive delivery of the Site will ultimately occur];
- Removal from the CLSA and CPOIA of the land leased to MFC and MCS;
- A restructuring of the lease arrangements between the Council, MFC and MCS;

5.2 The current proposals now being considered by Renewal and MFC and identified in the emerging Design Framework are not capable of being delivered within the parameters of the existing Outline Planning Permission/Section 73 Permission and new applications will need to come forward. To guide this process, the Council is intending to prepare Design Framework for the Surrey Canal Triangle strategic allocation in the Core Strategy.

5.3 The Council is currently undertaking pre-production consultation on the Surrey Canal Triangle Design Framework (SCTDF). It is currently intended to come to the Councils appropriate committees later in October to seek authorisation to go out to full public consultation.

5.4 The Council is currently in pre-application discussions with Renewal with an expectation of a 'hybrid' planning application being submitted toward the end of 2019. MFC is currently in advanced negotiations to secure a development partner and it is currently anticipated that pre-application discussion will commence in the last quarter of 2019/20 with a planning application being submitted later in 2010.

6.0 Existing ownerships and land assembly

6.1 MFC has a long lease with 124 years to run in relation to the Stadium and adjoining land and MCS has a lease of the Lions Centre with 10 years left to run. Neither MFC nor MCS can develop the land leased to them without the Council's consent as landowner and in order for MFC to develop out its land and the MCS land as envisaged, it will be necessary for the existing leases to be surrendered and a new lease/leases granted. At this stage, it is not envisaged that the Lions Centre will need to be relocated.

6.2 Officers are in dialogue with MFC over the terms of such revised arrangements and a further Report will be brought to Mayor and Cabinet in due course. In the meantime, MFC has made clear that the continued operation of the CLSA and the CPO IA in relation to its leasehold interest presents a barrier to progress with its proposals, including in relation to securing commitments from development partners/funders.

6.3 The parties have agreed that, subject to adoption of the Design Framework as SPD which will provide sufficient clarity/certainty regarding the ability of both Renewal and MFC to bring forward their respective proposals separately as part of an overall comprehensive scheme, the CLSA should be terminated and replaced with a new CLSA which does not include the land subject to MFC's and MCS's leasehold interests. Similarly, the CPOIA should be varied to exclude such leasehold interests from the interests subject to the CPOIA.

6.4 Under the terms of the existing CLSA, the sale long stop date has expired and it is open to the Council or Renewal to terminate the CLSA by notice served on the other. In the present circumstances, however, the preferred approach is that the CLSA should be terminated with the consent of Renewal and replaced by a new Conditional Land Sale Agreement as set out in this Report.

6.5 Renewal has continued to seek to acquire the remaining interests it needs to develop out the Renewal Land. As at the time of this Report, there remain outstanding interests to be acquired. If agreement cannot be reached with the relevant landowners for the acquisition of these remaining interests within a reasonable period, then the Council may need to consider use of its compulsory purchase powers to assist with the land required to enable the Renewal Scheme to proceed. Should this be the case, then a further Report will be brought to Mayor and Cabinet at the appropriate time.

7.0 Financial implications

- 7.1 The Council is being asked to terminate the CLSA and replace it with a new CLSA providing for disposal only of the Council's freehold interest in the surplus land as shown on the plan attached at **Appendix 2** to this Report and thus excluding its interest in the MFC and MCS plots. Upon satisfaction of the conditions applicable to the new Conditional Land Sale Agreement, the existing CLSA will be terminated. The additional consideration payable for the further Council-owned plot referred to in paragraph 4.9 which was not included in the original CLSA will be agreed by the Executive Director for Housing, Regeneration and Environment under the authority delegated by this report.
- 7.2 Under the existing CLSA, a consideration is payable to the Council in respect of its freehold interest in the MFC and MCS plots in the event that the conditions applicable to transfer of those plots (agreement with MFC/MCS or acquisition pursuant to CPO) are satisfied. Any consideration which would have been payable to the Council in these circumstances will therefore cease to be payable to the Council on termination of the CLSA.
- 7.3 The price payable under the CLSA remains confidential and is not therefore referred to in this Report. The CLSA will, however, be made available for inspection by Members in accordance with the relevant procedures in the Local Government Act 1972.

8.0 Legal implications

- 8.1 There are not considered to be any further legal implications beyond those set out in this Report

9.0 Crime and Disorder Implications

- 9.1 There are no direct implications relating to crime and disorder issues.

10.0 Equalities Implications

- 10.1 The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a public sector equality duty which 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.
- 10.2 The Council must in the exercise of its functions, have 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.

10.3 The Council's Comprehensive Equality Scheme for 2016-20 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010.

10.4 It is not considered that there will be any impact on persons with protected characteristics as a result of the proposed actions (termination of the CLSA, variation/termination of the CPO IA) recommended in this Report.

11.0 Environmental Implications

11.1 It is not considered that any environmental implications arise as a result of as a result of the proposed actions recommended in this Report.

12.0 Conclusion

12.1 In conclusion the circumstances surrounding the most effective way to secure the comprehensive regeneration of the Surrey Canal Triangle have changed significantly since 2012 and 2013. An opportunity now exists for Renewal to bring forward a planning application for the land it controls and MFC are in the final stages of securing a development partner to bring forward proposals for the land leased to the club and the MCS. In these circumstances the following recommendations are made to Mayor and Cabinet:

12.2 Mayor and Cabinet is recommended to;

12.2.1 agree that the Conditional Land Sale Agreement entered into on 20 December 2013 between the Council and Renewal Group Limited be terminated and a new agreement entered into for the disposal to Renewal Group Limited of the Council's freehold interest in the land shown [] on the plan attached at **Appendix 3** to this Report, such agreement to be conditional upon the adoption of the Design Framework Supplementary Planning Document and such other terms as the Executive Director of Housing, Regeneration and Environment (in consultation with the Director of Regeneration and Asset Management and Head of Law) shall consider appropriate;

12.2.2 agree that the Compulsory Purchase Indemnity Agreement entered into on 20 December 2013 between the Council and Renewal Group Limited should be varied or if the Executive Director of Housing, Regeneration and Environment (in consultation with the Director of Regeneration and Asset Management and Head of Law), shall consider it appropriate, terminated and replaced, so as to exclude the prospective compulsory acquisition of the leasehold interests of Millwall Football Club and Millwall Community Scheme;

- 12.2.3 delegate authority to the Executive Director for Housing, Regeneration and Environment (in consultation with the Director of Regeneration and Asset Management and Head of Law), to agree the terms of the new Conditional Land Sale Agreement referred to in paragraph 2.1.1 of these Recommendations, including the consideration payable for the further Council-owned plot referred to at paragraph 4.9, and to take all necessary steps to terminate the existing Conditional Land Sale Agreement and enter into such new Conditional Land Sale Agreement and any associated legal documentation;
- 12.2.4 delegate authority to the Executive Director for Housing, Regeneration and Environment, (in consultation with the Director of Regeneration and Asset Management and Head of Law), to agree the terms of a varied (or new) Compulsory Purchase Order Indemnity Agreement referred to in paragraph 2.1.2 of these recommendations with Renewal Group Limited, such varied or new Compulsory Purchase Indemnity Agreement to exclude all land owned by the Council and leased to Millwall Football Club and Millwall Community Scheme, and to enter into such varied or new Compulsory Purchase Order Indemnity Agreement; and
- 12.2.5 confirm to Renewal Group Limited, Millwall Football Club and Millwall Community Scheme that the Council wishes to achieve the comprehensive regeneration of the Site and the regeneration objectives of the Core Strategy and other policy documents and in the event that any of the parties are unable to secure the necessary third party land interests/rights to achieve that, then the Council will consider supporting the acquisition of the necessary land and rights through use of its compulsory purchase powers.

13.0 Background Papers

13.1

Short title of document	Date	Location
Surrey Canal Triangle Regeneration – “In Principle” resolution to make a Compulsory Purchase Order and Appropriation of Land - Report to Mayor and Cabinet	7 March 2012	Laurence House
Surrey Canal Triangle Regeneration – Update on Land Assembly	11 September 2013 (Part 1 only)	Laurence House

and Conditional Land 7 September 2016 Sale Agreement between LBL and Renewal - Report to Mayor and Cabinet		
New Bermondsey (Formerly Surrey Canal Triangle)– Proposed Compulsory Purchase Order – Report to Mayor and Cabinet	7 September 2016	Laurence House
New Bermondsey – Establishment of an independent inquiry – Report to Mayor and Cabinet	22 September 2017	Laurence House
New Bermondsey – Establishment of an independent inquiry – Report to Council	22 September 2017	Laurence House
New Bermondsey/Surrey Canal Independent Inquiry - Report to Council	17 January 2018	Laurence House

Appendices

Appendix 1: Council's Location Plan

Appendix 2: Plan showing land to be included in new Conditional Land Sale Agreement

**If there are any queries on this report please contact Viv Evans Head of Programmes, 5th Floor Laurence House, Catford Road, Catford SE6 4RX.
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