

Profits wrangle proves to be Elephant's graveyard.

Southwark pulls plug on Bradman's £1.5bn plan and seeks new partner

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Godfrey Bradman's £1.5bn regeneration plans for Elephant & Castle were shattered on Tuesday night after councillors voted to ditch the developer.

Southwark council is now looking for a new development partner for the area and will draw up a short list after the local elections in May.

The deal is understood to have collapsed because the council repeatedly failed to come to an agreement with SLR - a consortium of European Land and Frogmore - over how profits for the scheme would be split.

The council was demanding around 70% of the potential profits, which had been estimated by SLR at between £139m and £423m.

Stephanie Elsie, leader of Southwark council, said the deal collapsed after SLR threatened to abandon the scheme. "They said they wanted to withdraw, and we said OK. And that was it," she said.

But Paul White, managing director of Frogmore, which put most of the money into SLR's scheme, said the company had not threatened to walk away from it. "We invested £5m of good money in this scheme. That's not something you just walk away from. We presented the best proposals we could, but that still wasn't good enough."

Rival developers, who were shortlisted for the project in 1999, have expressed interest in working on Elephant & Castle.

Berkeley Group's managing director, Tony Pidgely, said: "We are very excited about this. We would love it if Southwark council came back to us. It's an excellent opportunity for an area in great need of regeneration, and our scheme is both realistic and deliverable."

Land Securities' Robert Heskett said he would be interested in hearing from Southwark and Berkeley about resurrecting their bid. London & Amsterdam are also waiting to hear from the council.

The news was welcomed by UK Land's Chris Woodhouse, who said: "We have already had a meeting with a developer about the possibility of regenerating the area ourselves, and we will be putting forward proposals very soon."

White added: "Southwark council's behaviour will undermine the confidence of everybody dealing with a local authority."