

## **Cabinet**

**23 November 2015**

### **Written Questions from Councillors (Agenda Item No 6)**

**The following written questions have been submitted by Councillor Carter that are to be put to Councillor Smith, Leader of the Council:**

“Lewes Phoenix Rising have raised some serious concerns with me about the financial viability of the North Street Quarter plans. They paid two blue-chip companies to do some financial analysis of the development costs and gross development value of the site. As they have been working up alternative development plans themselves, they hoped to find a clear profit so that their own plans would be viable and profitable. However, they were shocked to discover that the financial analysis showed no clear profit. I want to be really clear that this is not the answer Lewes Phoenix Rising wanted nor expected.

The two companies that they paid to do the appraisal were Gardiner & Theobald (an international firm of Quantity Surveyors) and Montague-Evans (a multinational development consultancy).

In sum, the analysis they did worked up a conservative estimate of development & infrastructure costs of £134 million, and a Gross Development Value of £130 million, leaving no profit. The Santon/LDC analysis of GDV is £150 million, which also gives a much smaller than expected profit. The GDV calculations of £130 million were based on the same valuations as LDC has made for the Malling Farm site, so also seem very reasonable for the site. The infrastructure calculations were based on the Santon / LDC proposals.

Obviously, as Cabinet members will know, normally you would expect to see a profit of 30 - 40%, so whether the GDV is £130 or £150, the profit is far below what might be expected.

So on this basis, I have three questions for the Cabinet:

- 1) How confident is the Cabinet that we will be able to achieve best value for the Lewes District Council land that is included in the joint venture with Santon North Street Ltd?
- 2) What is the assessment of the income that Lewes District Council will make from their land, and what mechanism has the Cabinet put in place to assure itself that this income will be received?
- 3) How confident can we be that if the North Street Quarter Plans go ahead, they will deliver the affordable housing, community spaces and infrastructure that we want as a Council for the people of Lewes? I have concerns that because of the potentially small profit margin, corners will be cut.”