

FINANCIAL VIABILITY - IT'S ON A KNIFE EDGE!

Infrastructure costs have soared from £20m in 2016 to £46m in 2018!!

Please refer to the Officer's Report 18th July 2018 (pages 152–159)

This is a key issue that may prevent a successful outcome for the development. The Gleed's independent assessment highlights the fragility of the applicant's profitability from this development.

Officer's Report 18th July 2018

'Although this scheme provides a profit for the developer it is significantly lower than would be expected. Based on the figures provided, NMF Development Ltd can expect a return of approximately 7%, considering the amount of risk and expected duration of this project, this is a level that would deter most developers from undertaking this development.'



The projected return is only £5m, despite the support of £5.7m from the Government's Local Growth Fund (Public money) and the substantially increased commercial space for an IKEA, 10,000 up to 32,000 sqm. If a major issue is encountered during construction and funding falls short, what will be the outcome for the Authority and even more importantly, the local community.

Addendum Report 18th July 2018

At this stage, there is no agreement about the precise level of contribution for the primary school, however, there is a requirement for contributions for secondary education and sixth form education (£1.15 million). Given the viability of the development set out in the main report, this contribution could not be met, and Members are left in a difficult position in terms of the weighing up the priorities of different infrastructure providers.

To meet the education requirements for the development it would mean that contributions secured for health services and the police are diverted to education and inevitably a request for a reduction in the percentage of affordable housing delivered.

With the provision of the school already under threat and affordable rented housing having been cut from 75% to 60%, what other reductions of affordable housing can we now expect? Will those 180 affordable homes be ever built? Are the £3.9m contributions to health, policing, and other S106 requirements also under the threat of reduction?

It is understood that an application refusal cannot be made purely on lack of viability concerns – but a refusal can be given on the outcomes and failures from what are the perceived funding shortfalls and unaddressed planning considerations as described in this document.