

Mayor and Cabinet		
Title	Comments of the Sustainable Development Select Committee on the Publishing Viability Assessments Report.	
Contributor	Sustainable Development Select Committee	Item
Class	Part 1 (open)	11 November 2015

1. Summary

- 1.1 This report informs the Mayor and Cabinet of the comments and views of the Sustainable Development Select Committee, arising from discussions held on the Publishing Viability Assessments report, considered at its meeting on 22 October 2015.

2. Recommendation

- 2.1 Mayor and Cabinet is recommended to note the views of the Select Committee as set out in this report and ask the Executive Director for Resources and Regeneration to respond.

3. Sustainable Development Select Committee views

- 3.1 On 22 October 2015, the Sustainable Development Select Committee considered a report entitled Publishing Viability Assessments.

- 3.2 The Committee resolved to advise Mayor and Cabinet of the following:

- The Committee noted that other London boroughs, such as the London Boroughs of Islington and the Royal Borough of Greenwich were consulting on publishing viability assessments in relation to planning applications. Each borough, however, were pursuing different approaches to achieve this.
- The Committee welcomed this borough's approach in that Lewisham will continue to require the developer to submit confidential viability information to our independent consultants, and in the light of that submitted information, the consultants then produce a report which is in a form which is publicly available. However it would like to keep the new approach under review.
- The Committee was concerned about what was presented by developers to this Council in their viability assessments compared to what information the Council had about what was actually paid for land on final sale and other relevant financial information.
- The Committee noted that in the London Borough of Islington's 'Development Viability Discussion Paper and Questionnaire, September 2014' it stated that, "unfortunately, in recent years, the council has received a significant number of viability appraisals which have contained inputs and assumptions which have been unsupported by robust evidence. Through a process of independent assessment it has been shown that in some cases development values have been underestimated and development costs overstated, creating an artificially pessimistic outcome. It has been unclear

why a developer would proceed with a development that is shown to be unviable and how finance could be incurred on that basis.”¹

- London Borough of Islington’s ‘Development Viability Discussion Paper and Questionnaire, September 2014’ also stated that, “In some cases it is clear that the viability process is being used with the intention of limiting planning obligations in order to generate excess profits for a developer and/ or landowner over and above a reasonable level of return that is required for the development to proceed (super-profit).”²

3.3 Therefore, the Select Committee recommends that:

The Mayor:

- a) Note that the Committee welcomed the change in approach and advised that it would keep the matter under review.
- b) Ask that a representative analysis be made of previous viability assessments for completed developments in the borough in order to find out whether the system is working as Members understand it.
- c) Ask that the outcomes of viability assessments on completed schemes be compiled into an annual report upon completion.

4. Financial implications

4.1 There are no financial implications arising out of this report per se; but there are financial implications arising from carrying out the action proposed by the Committee.

5. Legal implications

5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

6. Further implications

6.1 At this stage there are no specific environmental, equalities or crime and disorder implications to consider. However, there may be implications arising from the implementation of the Committee’s recommendations.

Background papers

Sustainable Development Select Committee – Agenda of 22 October 2015

<http://councilmeetings.lewisham.gov.uk/ielistDocuments.aspx?CId=136&MId=3906&Ver=4>

If you have any queries on this report, please contact Roger Raymond, Scrutiny Manager (ext. 49976).

¹ Page 19, Development Viability Discussion Paper and Questionnaire, London Borough of Islington, September 2014.

² Page 19, Development Viability Discussion Paper and Questionnaire, London Borough of Islington, September 2014.