

News release from The Co-operative Group

ECO-TOWN'S MULTI-BILLION INVESTMENT PASSES GOVERNMENT FINANCIAL TEST

The multi-billion pound investment that the Co-operative Group is seeking to deliver as part of its eco-town proposals has been given the 'green light' in a new report released this week by the Department for Communities and Local Government (CLG).

The report has backed the Co-operative Group's business case for the proposed Eco-town for Leicestershire and confirmed that the proposals could generate sufficient value to fund the scheme 'without drawing on public subsidy'.

Published today (Thursday 5 March), the report has been undertaken by leading international consultants PricewaterhouseCoopers (PwC) to examine the financial factors involved in the Group's proposals as well as those of other proposed eco-towns.

The report shows that the Eco-town for Leicestershire will deliver a total investment of between £2.63bn and £3.13bn* in new housing, community facilities and transport infrastructure.

The report confirms that the Group's financial projections are sound and will not create a demand on the public purse. It concludes that the Group has created a sound base case for delivering the eco-town and related infrastructure, including on transport. Furthermore, the report commends the level of detailed information submitted by the Group for assessment.

Commenting on the report, Ruairidh Jackson, Head of Planning and Property Strategy for the Co-operative Group, said: "This is another major endorsement for the eco-town and another significant step forward. An independent assessment saying that our proposals stack up financially and have the potential to be delivered without relying on public subsidy should be a major reassurance. We have always said that we can be part of the solution for providing new and affordable homes in Leicestershire and for helping people to live more sustainably. This confirmation from PwC demonstrates that our solution is real, viable and deliverable."

The report was commissioned by CLG to inform the eco-town consultation process and ahead of decisions by Ministers on the Planning Policy Statement (PPS) and programme.

CLG defines the aim of this outline financial assessment as being "to test the potential financial viability** of promoters' proposals in order to provide guidance to Ministers that the high standards expected from eco-towns can be met without undue risk to the public finances. In other words, is there a potential for proposed schemes to pay for and deliver the 'scheme requirements' from development value and other funding sources?"

The Co-operative Group has welcomed the report and its findings. It remains committed to taking its proposals forward in line with the Government's eco-town policy and then through the regional plan-led process, which is specifically designed to test options and assess solutions for meeting the housing challenge.

Ruairidh Jackson added: "This report confirms that our financial planning and business case is robust and appropriate and that we are bringing forward a best in class eco-town. This is exactly the type of significant, long-term investment that we think Leicester and the city region needs to meet its current challenges, to create a sustainable legacy and to go from strength to strength."

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* Costs calculated in line with Base Case Assumptions over a 30 year investment lifecycle and adjusted in line with PwC/Government criteria (see report for full details).

** The assessment involves "scoring" the financial elements of promoters' proposals based on whether or not the outline financial assessment indicates that, based on the assumptions used, there is a reasonable potential for development proposals to generate sufficient cashable surpluses from property sales to cover the cost of on-site development as well as allowances made for off-site infrastructure and other s106 obligations that are assumed to arise (e.g. new schools etc) as a result of the scheme.

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5 March 2009