

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE POLICY AND RESOURCES
COMMITTEE ON TUESDAY 9th SEPTEMBER 2003,
BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

Question

With regard to the report accompanying P.117/2003, 'Fief de la Fosse: proposed agreement with Les Pas Holdings Limited', would the President –

- (a) advise whether the £10 million valuation of the land in paragraph 35 includes estimated profit from the development of approximately 100 homes on the site and, if not, could he supply an estimation of that development profit so that members can assess the true total value of the site proposed to be transferred to Les Pas Holding Limited?
- (b) inform members of the Committee's most recent estimate of the total legal costs that will be incurred by the States if the litigation is pursued, and give a breakdown of that estimate into costs that have not yet been incurred and costs that have already been paid and will therefore be irrecoverable even if the case is settled?

Answer

- (a) Yes. The calculation of the valuation of a site, such as this, recognises the balance between potential profit and risk any developer faces, but it must be remembered that, in order to obtain any profit at all, a developer will have to invest and risk around £30 million in carrying out the development. Unless the States developed this site themselves, and took the same risks, which has never been considered, the maximum market value the public could have received would be £10 million.
- (b) The most recent estimate of potential legal costs that could be incurred are the figures identified at paragraph 35 of the report accompanying P.17/2003. The current split between costs that have already been incurred and estimated future costs is as follows:

Expended and irrecoverable (to end July'03)

External costs £1.57M
Funding of Court and judiciary £0.03M
Officer time and associated resources £0.10M
£1.70M

Estimated costs to end of trial

External costs £1.23M
Funding of Court and judiciary £0.07M
Officer time and associated resources £0.10M
Contingency £0.20M
£1.60M

Estimated additional costs of appeal

External costs £2.80M
Funding of Court and judiciary £0.40M
Officer time and associated resources £0.30M
Contingency £0.20M
£3.70M