

Capco in state aid row over Earls Court

11 April 2016 | By David Parsley

An opponent of Capital & Counties' massive Earls Court regeneration scheme in west London has lodged a complaint with the European Commission alleging the land deal that paved the way for the development breached EU state aid rules.

A West Kensington resident has submitted a formal complaint to the European Commission alleging the state aid arose from the Hammersmith & Fulham council's previous Conservative administration signing a contract for the sale of 22 acres of land occupied by the West Kensington and Gibbs Green estates for £90m. The complaint claims the sale price was "way below" open market value.

For the past seven years, the estates have been at the centre of a high profile campaign by residents to save their homes from demolition.

The amount of alleged state aid provided by the council to Capco was estimated on four different commercial bases. The analysis, carried out by consultant Dr Richard Fordham, estimated, state aid of £1.5bn. This was calculated using figures Capco published in its annual results on 25 February 2016, which showed the company valued the profit on a similar sized area of adjacent land at £1.274bn.

Fordham submitted the complaint to the European Commission on behalf of local resident Keith Drew.

Drew said: "The council entered into a contract for the sale of our homes to Capco for a pittance. They used state resources to confer a huge exclusive unfair economic advantage on a wealthy developer. That £1.5bn belongs to us. I hope the European Commission will mount a full investigation."

A spokeswoman for Capco said: "We believe the complaint to the Commission is without substance. The conditional land sale agreement in relation to the West Kensington and Gibbs Green estates is an entirely proper and robust contract.

"It was freely entered into by the London Borough of Hammersmith and Fulham further to independent professional advice, following all due process. It was subsequently approved by the Secretary of State. The Earls Court masterplan is consented, progressing well and remains unaffected."

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