



Independent Viability Experts

FAO Mr Daniel Allen
Principal Planning Officer
South Holland District Council

CP Viability Ltd

Sent by email only

Our ref: DN-1366
Your ref: H09-0721-25
Date: 12th March 2026

Dear Mr Allen

PROPERTY ADDRESS: Land off Wignals Gate, Holbeach PE12 7HR
INSTRUCTING BODY: South Holland District Council
APPLICANT: D Brown (Building Contractors)



Further to your instruction of 28th January 2026 and receipt of Thornton Firkin's independent cost advice on 10th March 2026, we are pleased to report as follows.

1. Property Overview

- 1.1. The subject property is located on Wignals Gate in Holbeach, South Holland, Lincolnshire, approximately 8 miles south-east of Spalding town centre, 17 miles south-east of Boston, 20 miles south east of Kings Lynn, 23 miles east of Peterborough and 43 miles south-east of Lincoln. Holbeach is a market town occupying a central position within South Holland, with the surrounding area predominantly comprising agricultural land and residential development. Vehicular access to the locality is primarily via High Road and Spalding Road, which form part of the A151, providing direct routes north-west towards Spalding and eastwards to the A17 trunk road. The A17 offers strategic east-west connectivity, linking westwards to the A1(M) at Colsterworth and eastwards to King's Lynn. Public transport provision is available via Spalding railway station, located approximately 10 miles north-west, offering mainline services to Peterborough and Lincoln, with onward connections to the wider national rail network. Local bus services also serve Holbeach, connecting the town with surrounding villages and regional centres.
- 1.2. The site is in 'an edge of settlement' in the western edge of Holbeach approximately 1.7km west of Holbeach town centre, currently in agricultural use. There are existing residential dwellings abutting the majority of the northern boundary, forming the gardens of those houses on Wignals Gate, to the east of the site, is a farmers track and drainage ditch, and then beyond the new development known as Wignals Wood, under construction by Loosehead Developments. The south and west the site is surrounded by fields, with an open boundary. Directly opposite the subject site to the north is Maple Grove, which is predominantly residential with more modern traditional style housing 2 storey housing.

- 1.3. According to the viability assessment dated January 2026 submitted by RG + P Living (“RGP”) on behalf of the applicant company, the site extends to 1.65 hectares (4.08 acres) on a gross basis.
- 1.4. We understand that the subject site has been allocated as a reserve site (Housing – Hob011) under South East Lincolnshire Local Plan 2011-2036, adopted March 2019, for up to 70 dwellings.
- 1.5. In September 2018 the subject site (as part of a wider consent) was granted an outline planning consent for residential development of up to 77 dwellings (ref [H09-0326-17](#)). As part of the permission a S106 Agreement was entered into (dated 14th August 2018), which required a 25% affordable housing provision, plus an education and health contribution. This was modified in 2019 (ref [H09-1178-19](#)) to adjust the timings of the units. The deed of variation to the original S106 agreement was signed on 24th Feb 2020. What can be regarded as Phase 1 of the development progressed soon after.
- 1.6. In 2021 an application was submitted (ref [H09-0188-21](#)) to increase the scheme to 104 dwellings. As part of the application process, the applicant instructed Maxey Grounds to undertake a viability review, which was completed in September 2021. They concluded that the scheme was unable to viably support an affordable housing or S106 payments. We were subsequently instructed by the Council to undertake an independent review, concluding in November 2021 that (as per the applicant’s conclusions) the scheme was unable to viably support any onsite affordable housing or S106 payments. The key reason why this was the case was due to a combination of relatively low density housing and in particular the poor level of sales revenue achieved on Phase 1.

- 1.7. In 2022 a new application was submitted (ref [H09-0180-22](#)) proposing the *“Modification of 106 Agreement to omit 8 two bed dwellings - relating to H09-0326-17 and H09-1178-19”*. Again, the applicant engaged Maxey Grounds to undertake a viability review, which they completed in Jan 2022. We were also instructed to provide an updated viability assessment, which we completed in March 2022. At this time, we concluded that the proposed modification should be rejected. The application was subsequently refused.
- 1.8. The current planning application(s) for the subject site is as follows: [H09-0721-25](#) – *“Development of 57 Affordable Dwellings with associated access, open space and drainage”*.
- 1.9. We understand from the RGP “Financial Viability Appraisal Report” dated January 2026 that the accommodation proposed will be as follows:

Description	Type	Beds	Units	Unit Size (sq m)	Gross Internal Area (sq m)
A	Maisonette	1	8	50.00	400.00
B	Bungalow	2	2	64.00	128.00
C	Semi-Detached House	2	22	70.40	1,548.80
C	End Terrace House	2	2	70.40	140.80
D	Mid Terrace House	2	1	82.80	82.80
E	Semi-Detached House	3	15	82.40	1,236.00
F	Semi-Detached House	3	4	93.00	372.00
G	Semi-Detached House	4	2	107.00	214.00
H	Semi-Detached House	2	1	82.40	82.40
			57		4,204.80

2. Scope of Assessment and General Assumption

- 2.1. RGP submitted their viability review in Jan 2026. In this assessment they considered a single scenario of 100% affordable housing. They conclude “...our hope is that the LPA will agree to a deviation from the s106 contributions as the scheme cannot meet them”.
- 2.2. We have been instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to whether this can provide any S106 contributions.
- 2.3. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that prior to accepting this instruction we undertook a conflict-of-interest check. It is stressed that as an organisation we only provide independent viability reviews upon the instruction of Local Authorities and therefore can guarantee that we have not provided viability advice on behalf of the applicant / their advisors for this scheme or any other project. Within this context and having undertaken a review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.
- 2.4. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that the fee agreed to undertake this review is a fixed rate (covering the elements set out in our fee quote / terms of engagement) and is not performance related or a contingent fee.
- 2.5. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that CP Viability Ltd is not currently providing ongoing advice to South Holland District Council in area-wide financial viability assessments to help formulate policy.

- 2.6. As stated within the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) it is now a mandatory requirement to provide sensitivity analysis of the viability results. This is to demonstrate to the applicant and decision maker the impact that changes to inputs have on the viability outcome and also to help the assessor reach an informed conclusion. We have undertaken sensitivity testing.
- 2.7. We have assessed the viability of the scheme as at 12th March 2026.
- 2.8. This assessment does not provide a critique of the proposed development design (i.e. we have not commented on the efficiency of design, density etc). Our role is limited to testing the viability of the proposals as detailed on the relevant planning applications.
- 2.9. We have relied on the information provided to us by the instructing body and the applicant/developer and in particular information publicly available through the Council's planning portal website. We have not met either of the Instructing Body or the applicant/developer and subsequently have not partaken in any negotiations.
- 2.10. In accordance with the RICS "Assessing viability in planning under the National Planning Policy Framework 2019 for England (Guidance Note 1st Edition, March 2021), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).
- 2.11. In undertaking our appraisals, we have utilised the ARGUS Developer toolkit. This is an industry approved cash-flow model, designed specifically for residual appraisals. This report reflects the independent views of CP Viability.

3. RGP's appraisal – summary

- 3.1. As stated above, RGP's January 2026 viability review considers a scenario with 100% affordable housing and no s106 contributions. RGP conclude that this is unviable. To summarise RGP's assessment, we have categorised the costs under what we consider to be the most common sections of a viability appraisal.

Gross Development Value (Revenue)

Type	No.	Av £ psm	Total
Affordable Rented dwellings	57	£2,478	£10,420,250
Total	57		£10,420,250

Gross Development Cost (Outgoings)

Type	Notes	Total
Plot construction	Different rates per dwelling type	£5,955,841
Plot externals works	17.5% of above	£1,042,272
Biodiversity Net Gain		£68,883
Building Regs/PV/EV	£8,100 per unit	£461,700
Contingency	3.39% of combined build costs	£255,454
Abnormals	£315,305 per acre	£1,286,446
Professional fees	9.73% of build costs	£681,211
Planning Policy	(Treated as a negative)	-£633,217
Legals	£1,000 per unit	£57,000
Finance	8% debit (plus arrangement fees)	£86,380
Developer profit	6% of GDV	£625,217
Benchmark land value	£111,291 per gross acre	£453,750
Acquisition costs		£35,375
Total		£10,376,312

- 3.2. We note that the above results in a surplus of £43,939. However, the RGP appraisal shows a deficit of -£289,248. We have tried to reconcile the RGPs appraisal, however our analysis still results in a surplus of £43,939. Notwithstanding this discrepancy, RGP concludes that:

The development with the standard inputs is not viable to achieve a developers return for a 100% Affordable scheme of 57 units and the high associated abnormal costs. As such, our hope is that the LPA will agree a deviation from the S106 contributions as the scheme cannot meet them.

4. CP Viability's appraisal

- 4.1. We note that the applicant is intending to deliver the scheme as 100% affordable housing. However, the wording of the application does not limit the scheme to 100% affordable housing and therefore in the event that planning consent is granted, the scheme could be brought forward a 'normal' market value scheme, which would trigger the need for planning policy requirements.

- 4.2. In light of this, our viability testing therefore considers 2 scenarios as follows:

- Scenario 1 100% affordable housing plus policy S106 contributions
- Scenario 2 market value (in context of policy affordable housing / S106)

Gross Development Value (Revenue)

- 4.3. We have based our assessment of value for the completed dwellings on the mix detailed above (see para 1.9).
- 4.4. In terms of general approach to calculating the gross development value for a 100% affordable housing scheme (i.e. our Scenario 1 assessment), we would make the following comments:

- When assessing a 100% affordable housing scheme a Registered Provider, as the developer, will typically run the appraisal on a discounted cash flow basis. This does not involve assessing a capital value for the individual dwellings (as would be the case for market value dwellings) but instead involves the assessment of the net rental income over a period of time. The intention is to determine how long it would take for the net rental income collected over the years to 'payback' the costs of delivering the scheme, including an allowance for finance costs and the original acquisition of the land. This is referred to as the 'net present value'.
- A Registered Provider therefore first looks to establish a gross rental income for the various dwellings. Various deductions are then made (to reflect repairs, voids, management etc) to arrive at a net rental income. The Registered Provider then also makes an allowance for accruing interest on the level of debt (i.e. the interest on the borrowings required to fund the development), as well as any grant funding secured. This is then plotted over a number of years to establish how long it will take to cover the costs of delivering the scheme.
- However, this is not the only method for determining the gross development value of a 100% affordable housing scheme. Where a scheme is deemed to be eligible for grant funding (which applies to the subject development), typically through Homes England, assessors will identify the market value of the proposed dwellings and then apply a percentage discount. In our experience, the gross development value of a 100% affordable housing scheme, with grant funding, typically equates to circa 75%-90% of the market value.

- Furthermore, pre-grant, and as a general 'sense check', we would expect the Rent revenue to be around 50% of the equivalent market value for the 57 dwellings.

4.5. In their appraisal, RGP have adopted the following values (equivalent to an average of £2,478 per sq m across all house types):

- 1 bed Maisonette	50 sq m	£123,909 (£2,478 per sq m)
- 2 bed bungalow	64 sq m	£158,604 (£2,478 per sq m)
- 2 bed semi	70.40 sq m	£174,464 (£2,478 per sq m)
- 2 bed semi	82.40 sq m	£204,203 (£2,478 per sq m)
- 2 bed end terrace	70.40 sq m	£174,464 (£2,478 per sq m)
- 2 bed terrace	82.80 sq m	£205,194 (£2,478 per sq m)
- 3 bed semi	82.40 sq m	£204,203 (£2,478 per sq m)
- 3 bed semi	93 sq m	£230,464 (£2,478 per sq m)
- 4 bed semi	107 sq m	£265,166 (£2,478 per sq m)

4.6. To arrive at these values, RGP have relied upon an offer from Accent Nene (Registered Provider). **We have not been provided with a copy of the offer letter; however, we have assumed the offer is the best currently available. If a better offer were to come forward in the future this could impact on our overall conclusions.**

4.7. For the purposes of our review, we have subsequently adopted the approach of determining the market values for the dwellings and then considering a suitable discount from this level to account for the likely value of affordable units plus grant funding.

4.8. We have initially considered Land Registry data for the postcode area 'PE12 6 and PE12 7'. The results have been limited to similarly sized terrace, semi-detached and bungalows, sold within the last 2-year period. We note the following:

Holbeach Meadows Hallgate, Holbeach, PE12 7HZ– Ashwood Homes: circa 0.5 miles to the east of the subject site:

Address	Price	£/SqM	Building Size (SqM)	Date	Property Type
29, DAISY ROAD	86.00	£2,790.71	£240,000.00	26.07.2024	semi-detached
14, DAISY ROAD	86.00	£2,848.85	£245,000.00	23.02.2024	semi-detached
16, DAISY ROAD	86.00	£2,848.85	£245,000.00	23.02.2024	semi-detached
19, DAISY ROAD	86.00	£2,790.71	£240,000.00	22.03.2024	semi-detached
27, DAISY ROAD	86.00	£2,790.71	£240,000.00	11.10.2024	semi-detached
		£2,813.97	£242,000.00		
8, FROGMORE ROAD	82.00	£2,682.95	£220,000.00	28.06.2024	semi-detached
10, FROGMORE ROAD	82.00	£2,682.95	£220,000.00	28.06.2024	semi-detached
		£2,682.95	£220,000.00		
3, DAHLIA CRESCENT	73.00	£2,945.25	£215,000.00	19.07.2024	semi-detached
5, DAHLIA CRESCENT	73.00	£2,208.94	£161,250.00	30.08.2024	semi-detached
7, DAHLIA CRESCENT	73.00	£2,208.94	£161,250.00	30.08.2024	semi-detached
11, DAHLIA CRESCENT	73.00	£2,208.94	£161,250.00	30.09.2024	semi-detached
9, DAHLIA CRESCENT	73.00	£2,208.94	£161,250.00	30.09.2024	semi-detached
		£2,356.20	£172,000.00		
43, JASMINE CRESCEN	67.00	£2,686.60	£180,000.00	15.03.2024	semi-detached
37, JASMINE CRESCEN	67.00	£2,671.67	£179,000.00	28.03.2024	semi-detached
		£2,679.13	£179,500.00		

Tulip Fields, Oakwood Glade, Holbeach, Spalding, PE12 7JS – Gleeson Homes: circa 0.75 miles to the north east of the subject site:

Address	Building Size (SqM)	£/SqM	Price	Date	Property Type
2, CYPRUS CLOSE	84.00	£2,601.15	£218,495.00	28.06.2024	semi-detached
2, ST FRANCIS CLOSE	84.00	£2,558.73	£214,932.00	24.05.2024	semi-detached
		£2,579.94	£216,713.50		
3, ST FRANCIS CLOSE	87.00	£2,566.06	£223,245.00	16.05.2024	semi-detached
		£2,566.06	£223,245.00		

The Brambles, Holbeach, PE12 7JU– Ashwood Homes: circa 1.5 miles to the east of the subject site:

Address	Building Size (SqM)	£/SqM	Price	Date	Property Type
11, GIBBONS COURT	84.00	£2,678.59	£225,000.00	03.05.2024	semi-detached
		£2,678.59	£225,000.00		
6, CLARENCE CLOSE	49.00	£2,653.09	£130,000.00	25.10.2024	semi-detached
		£2,653.09	£130,000.00		
4, GIBBONS COURT	99.00	£2,474.76	£245,000.00	02.08.2024	semi-detached
		£2,474.76	£245,000.00		

- 4.9. We have undertaken discussions with sales offices within the postcode area 'PE12 6 and PE12 7', establishing any properties which are currently sold subject to contract. The results have been limited to similarly sized terrace, semi-detached and bungalows, which are currently under offer. We note the following:

Putters Place, Dam Gate, Holbeach, Spalding PE12 7BH - Seagate Homes: circa 1.3 miles to the east of the subject site:

Plot No	Type	Beds	asking	£/sqm
The Sandringham (Plot 149)		3	£235,000.00	£ 2,900.85
The Hatfield (Plots 152, 153)	Semi Detached	3	£210,000.00	£ 2,592.25
			£222,500.00	£ 2,746.55
The Melton (Plot 2)	Detached	3	£285,000.00	£ 3,291.57
			£285,000.00	£ 3,291.57

- 4.10. We then considered properties currently advertised as available within the postcode area 'PE12 6 and PE12 7'. The results have been limited to similarly sized terrace, semi-detached and bungalows, which are currently under offer. We note the following:

Holbeach Meadows Hallgate, Holbeach, PE12 7HZ– Ashwood Homes: circa 0.6 miles to the east of the subject site:

Plot No	Type	Beds	sq ft	sq m	£asking	£/sqm
The Ribble (Plot 183)	Detached	4	1283	119	£ 325,000.00	£ 2,731.09
					£ 325,000.00	£ 2,731.09
	Detached	3	1099	102	£ 295,000.00	£ 2,892.16
					£ 295,000.00	£ 2,892.16
1st Home	Semi detached	3	902	84	£ 168,000.00	£ 2,000.00
					£ 168,000.00	£ 2,000.00
	Semi detached	3	902	84	£ 228,000.00	£ 2,714.29
					£ 228,000.00	£ 2,714.29
The Coronation (Plot 181)	Semi detached (Corner)	3	932	87	£ 240,000.00	£ 2,758.62
					£ 240,000.00	£ 2,758.62
The Huntingdon	Semi detached	3	796	74	£ 212,000.00	£ 2,864.86
					£ 212,000.00	£ 2,864.86
The Dee (1st Home)	End of Terrace	2	732	68	£ 136,500.00	£ 2,007.35
					£ 136,500.00	£ 2,007.35
The Dee	Mid Terrace	2	732	68	£ 180,000.00	£ 2,647.06
					£ 180,000.00	£ 2,647.06
The Dee	Semi detached	2	732	68	£ 195,000.00	£ 2,867.65
					£ 195,000.00	£ 2,867.65

Tulip Fields, Oakwood Glade, Holbeach, Spalding, PE12 7JS – Gleeson Homes: circa 0.742 miles to the north east of the subject site:

Plot No	Type	Beds	sq m	£asking	£/sqm
2	Glin Semi Detached	3	83.98	£249,995	£2,976.71
18	Milford - Detached	3	85.38	£264,995	£3,103.82
21	Grange - Detached	4	99.50	£304,995	£3,065.33
16	Lanesborough	4	112.50	£319,995	£2,844.28

4.11. Having considered all of the above evidence and making adjustments to reflect locational factors, we consider an overall average of around £2,750 per sq m to be a reasonable allowance for the purposes of the viability testing. RGP's average affordable housing allowances equates to £2,478 per sq m, which is around 90% of our established average market value. For 100% affordable housing schemes of this nature we typically see gross development values around 75% to 90% of market value (including grant funding. On this basis, RGP's allowance is considered to be within expectations and is subsequently agreed in our Scenario 1 appraisal.

- 4.12. For our Scenario 2 appraisal, we have adopted an average market value of £2,750 per sq m.

Construction costs

- 4.13. In their assessment, RGP's appraisal show the following build costs:

Type	Notes	Total
Build costs Maisonettes	£1,571 per sq m (400 sq m GIA)	£628,400
Build costs Bungalows	£1,630 per sq m (128 sq m GIA)	£208,640
Build costs Semi	£1,394.5 per sq m (3,453 sq m GIA)	£4,815,488
Build cost Terraced	£1,356.50 per sq m (224 sq m GIA)	£303,313
Plot External Works	17.50% of build costs	£1,042,272
BNG		£68,883
Building Regs Items	£5,500 per dwelling	£313,500
Additional PV	£1,900 per dwelling	£108,300
EV Charging	£700 per dwelling	£39,900
Contingency	3.39% of total build costs	£255,454
Abnormals	£315,305 per net acre	£1,286,446

- 4.14. RGP have adopted a base build cost of £5,955,841, equivalent to an average rate of £1,416.44 per sq m. RGP refer to the Build Cost Information Service ("BCIS"). They state the rates per house type and that due to size of the proposed development they have taken an average between the lower quartile and median rate for the subject site, rebased to South Holland. Their plot costs therefore derives from the BCIS, a database regularly used in the development industry as a point of reference for construction costs.

- 4.15. We agree that it is appropriate to refer to the BCIS in order to establish plot costs for a scheme of this scale and nature. Please note that BCIS data excludes external works, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.
- 4.16. To give the BCIS data some context, between January 2015 and Oct 2024 there were 149 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.98 houses per scheme submitted into the data. 58.39% of the sample comprised schemes consisting of 20 houses or less and only 10.74% of the sample (16 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. The efficiency savings that a volume housebuilder is able to make with respect to both labour and material are not therefore reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs incurred by contractors, with direct labour and efficient procurement processes. For schemes like the subject development, it is debatable as to whether this would attract a regional or national builder, nevertheless in our experience the lower quartile rate is typically used.
- 4.17. We have subsequently reviewed the latest BCIS data, rebasing this to South Holland. Please note, the sample size for 'Estate Housing Generally' for the 5-year data set is '189'. We have used this dataset to ensure that build costs are as up to date data as possible. This is the approach adopted routinely by other applicant's assessors / ourselves on numerous other cases across the district in recent years. We note the following:

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 21-Feb-2026 08:01

Rebased to South Holland (98; sample 6)

MAXIMUM AGE OF RESULTS: 5 YEARS

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810,1 Estate housing							
Generally (5)	1,748	925	1,464	1,718	1,923	3,476	189
Single storey (5)	2,040	1,341	1,710	1,912	2,193	3,476	29
2-storey (5)	1,697	925	1,434	1,700	1,911	2,668	157
3-storey (5)	1,545	1,288	-	-	-	1,802	2

- 4.18. We consider the Generally lower quartile rate of £1,464 per sq m to be appropriate, for the housing. As this is the latest rate, we have applied this to our appraisal.
- 4.19. RGP allow a further £5,500 for Future Homes costs, which are due to come into effect in 2025 (and are not currently reflected in the BCIS figures). However, the Government's "Future Homes Cost Impact Assessment" in Dec 2023 predicted that the standards would be partially / completely offset by corresponding uplifts in values. As our adopted values are based on 'non-Future Homes' standard, it is necessary to exclude Future Homes costs from the modelling.
- 4.20. RGP's allowance of £700 per dwelling is deemed appropriate for the electric vehicle charging and has been accepted in our appraisal.

- 4.21. RGP's allowance of £1,900 for additional PV per dwelling is deemed appropriate for the electric vehicle charging and has been accepted in our appraisal.
- 4.22. RGP's allowance of £68,883 for Biodiversity Net Gain is deemed appropriate and has been accepted in our appraisal.
- 4.23. In terms of what we deem to constitute 'standard' externals (i.e. external works that would typically be expected on all housing schemes) the expectation is that external works refers to the groundworks and site features outside the building footprint, but within the site boundaries, including drainage, utility connections, paving, driveways, boundary features and site-specific landscaping. Infrastructure and Groundworks would include the following (this is not an exhaustive list):
- Drainage: Installation of both surface water and water drainage systems, to include attenuation and pumping stations where required.
 - Utilities: Provision and connection of all necessary services, such as gas, electricity and water to the properties.
 - Site levels: Grading and shaping the land (earthworks) to achieve the correct finished levels for stable foundations and drainage.
 - Access Road: construction of roads, driveways, paths for vehicles and pedestrians.
 - Parking areas: creation of designated private parking areas and hard standings.
 - Boundary features: Installation of fences, gates and boundary walls.
 - Paving: layout of footpaths and other paved areas around the property.
 - Landscaping: Planting of trees, shrubs and grassed areas as per the plans to enhance the appearance of external areas and create outdoor spaces.
- 4.24. RGP include an allowance of £1,042,272 equivalent to 16.93% of our adjusted combined base build costs.

- 4.25. By way of evidence, we have reviewed other viability appraisals we have been involved with for similar scale schemes. We have identified the standard externals put forward by the applicants in their own viability appraisals (therefore not our opinion). We note the following:

Site Address	Local Authority	Date	Units	Externals (% plot)
Land south of Wainfleet Road, Boston	Boston BC	Jul-23	200	10.00%
Land at Middlegate Road West, Frampton	Boston BC	Jul-23	208	26.13%
Land to rear of 1a - 15 Watery Lane, Butterwick	Boston BC	Aug-23	41	16.25%
Land south of The Elms, Chatteris - Lovell	Fenland	Feb-25	54	38.88%
Land at Benns Lane, Terrington St Clement	Kings Lynn & West Norfolk	Jul-23	43	22.15%
Ivanda Nursery, Monks House Lane, Spalding	South Holland DC	Feb-24	70	25.72%
Crossroads Nursery, Quadring PE11 4PJ	South Holland DC	Nov-23	68	16.48%
36 Lime Walk, Long Sutton PE12 9HG	South Holland DC	Jun-24	70	34.32%
Land off Horseshoe Rd, Spalding	South Holland DC	Apr-25	76	15.58%

- 4.26. This shows that external cost allowances can fluctuate from site to site. However, at 16.91% this is considered to fall within an acceptable tolerance and is therefore agreed.
- 4.27. In terms of contingency, we would stress that this is ultimately a figure which may never be realised by a developer (and there is a line of argument to say that a contingency should not be allowed in viability testing for this reason, as essentially 'risk' is reflected already in developer profit). In other words, this is a cost which may never be drawn upon by the developer in which case this simply becomes an additional profit, potentially at the expense of planning policy requirements.
- 4.28. However, and notwithstanding this, it is common practice to apply contingencies to viability modelling (as well as this approach being approved through the viability guidance) therefore we are of the view that it is appropriate to make some allowance for contingency in the appraisal, albeit not overstating this given the pressures on Councils to deliver planning policies. We are of the view that a figure of 3% reflects a reasonable balance between the need to include some level of contingency but also the Council's need to deliver planning policies. We have applied this in our appraisal.

- 4.29. With respect to what we deem to be abnormal / site specific infrastructure works costs, RGP refer to the following in their report:

Abnormals	£,000's
Up front costs	300,000
De watering	40,000
Surface water pump	135,000
Site clearance	97,095
Raising of dwellings	68,490
Raising of external areas	65,570
Attenuation system	143,436
Ecology Hedhog	362
Ecology Water Vole	2,500
Ecology Bird and Bat	2,508
Ecology soil remediation	24,900
Substation and improivement	97,074
French Drain	4,639
Archaeology	16,750
LAP/LEAP area	33,000
Multi surface adopted road	80,115
highway swales	9,000
Highways upgrade	55,771
Piling	110,235
	1,286,446

- 4.30. These total £1,286,446 (equivalent to £315,305 per net acre).
- 4.31. In this instance, given the significant level of costs associated infrastructure & drainage, with the scheme, we have sought advice from a Quantity Surveyor. Thornton Firkin were subsequently instructed to review the RGP Abnormal Costs, specifically in relation to abnormal costs.
- 4.32. During the course of the Thornton Firkin review, the applicant adjusted their suggested costs to the following:



Ref	Title	£
4.01	Additional items to achieve new building regs, client specification	313,500.00
4.02	Vehicle charging include stand if required	39,900.00
4.03	Additional PV to meet EPC A	108,300.00
4.04	De-watering for initial infrastructure	40,000.00
4.05	Surface water pump station including civils and concrete capping	135,000.00
4.06	Site clearance to remove farmers crop	97,095.45
4.07	Raising of dwellings	68,490.06
4.08	Raising of shared external areas	65,570.10
4.09	Attenuation system to suit drainage strategy	143,435.54
4.10	BNG off-site credits	42,000.00
4.11	Enhanced landscaping for BNG - Mature trees	11,475.00
4.12	Enhanced landscaping for BNG - Seeding	7,649.25
4.13	Enhanced Landscaping for BNG - Hedging	7,758.29
4.14	Enhanced Ecology - Hedgehog highways	361.95
4.15	Enhanced ecology - Water Vole Surveys	2,500.00
4.16	Enhanced Ecology - Bird and bat boxes	2,508.00
4.17	Enhanced Ecology - Soil remediation/removal of harmful vegetation species	24,900.00
4.18	Sub-station	97,074.00
4.19	French drain to perimeter of existing dwellings	4,639.45
4.20	Archaeology dig to site	16,750.00
4.21	LAP/LEAP Area	33,000.00
4.22	Multi Surface Adopted Road	80,115.00
4.23	Highway swales	9,000.00
4.24	Highways upgrade, diversion of BT pole, Off Site Connections	55,771.03
4.25	Piling	293,308.90
TOTALS		£ 1,700,102.02

4.33. Please see attached (Appendix 1) TF' findings. In short, TF adjust these costs to £537,238. We have subsequently adopted TF's advice into our model.

Professional fees

- 4.34. RGP have allowed for professional fees totalling £681,211 (equivalent to 9.19% of our adjusted build costs).
- 4.35. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.25. We note the following:

Site Address	Local Authority	Date	Units	Prof fees %
Land south of Wainfleet Road, Boston	Boston BC	Jul-23	200	9.48%
Land at Middlegate Road West, Frampton	Boston BC	Jul-23	208	4.65%
Land to rear of 1a - 15 Watery Lane, Butterwick	Boston BC	Aug-23	41	6.85%
Land south of The Elms, Chatteris - Lovell	Fenland	Feb-25	54	6.67%
Land at Benns Lane, Terrington St Clement	Kings Lynn & West Norfolk	Jul-23	43	7.02%
Ivanda Nursery, Monks House Lane, Spalding	South Holland DC	Feb-24	70	6.04%
Crossroads Nursery, Quadring PE11 4PJ	South Holland DC	Nov-23	68	6.63%
36 Lime Walk, Long Sutton PE12 9HG	South Holland DC	Jun-24	70	5.27%
Land off Horseshoe Rd, Spalding	South Holland DC	Apr-25	76	9.57%

- 4.36. Across the sample, the average professional fee allowance equates to 6.91%. We therefore consider RGP's allowance (which equates to 9.19% of our adjusted combined build costs) is considered to be higher than our expectations and subsequently this has been reduced to 7% within in our appraisal.

Planning policies

- 4.37. We understand that the Council's existing policy 18 (as amended) requires 25% onsite affordable housing, will be sought on market housing sites of 10 or more dwellings, sites with an area of 0.5 hectares or more, and residential developments with an internal floor area of 1,000sqm or more, split 70% rented and 30% intermediate tenures. RGP have completed a single appraisal for a 100% affordable scheme. We calculate the the affordable housing contribution on a policy compliant scheme would be 14 dwellings, split as 10 affordable rent and 4 intermediate dwellings.

4.38. In addition, RGP note s106 financial contributions totalling £633,217:

Contribution	£,000's
Education	522,651
Health	52,141
Highways	58,425
	633,217

4.39. We have adopted the same. If, at a later date, the above is subject to significant amendment then this could impact on the figures reported.

Marketing / legal costs

4.40. The RGP appraisal does not include any sales and marketing fees, as the appraisal assumes 100% affordable housing. An allowance equivalent to £1,000 per unit is allowed for the legal fees for all of the dwellings (irrespective of tenure). In terms of legal fees we consider this to higher than our expectations, typically, affordable housing is transferred on a single title, where they are all one tenure. We have subsequently reduced this to £500 per dwelling.

4.41. For our Scenario 2 appraisal (Policy Compliant) we have allowed an allowance of 2.5% for sales and marketing., which we deem to be reasonable.

Finance

4.42. RGP have allowed for finance costs at a debit interest rate of 8%. In light of recent increases in the Bank of England base rate this is considered to be higher than our expectations, and we have adopted a rate of 7% within our appraisal.

- 4.43. To calculate the finance, we have inputted our appraisal data into Argus Developer, which is an industry approved discounted cash flow model. This calculates the finance charge.

Developer's profit

- 4.44. RGP consider that the appropriate level of developer's profit within their appraisal should be 6% of total revenue, based upon a 100% affordable scheme.
- 4.45. For a scheme of this size and nature we believe it is appropriate to apply a profit margin expressed as a percentage of the revenue.
- 4.46. The Planning Practice Guidance ("PPG") on viability shows that profit is a reflection of risk and is subject to adjustment to take into account site specific circumstances. The PPG suggests that developer profit should fall within a range of 15% to 20% on revenue, unless firm evidence suggests otherwise (whilst this is within the context of Local Plan viability testing the recent viability consultation process suggested that this was a reasonable range to apply to decision making viability assessments). With regard to the affordable housing, the PPG states that: "A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk." This is conventionally around 6 % to 8% on revenue.
- 4.47. In our view, the subject site reflects an attractive greenfield site in a good market location. Furthermore, it is a single-phase development, which can be regarded as being lower risk (as the time to recover capital inputted at the start of the scheme is quicker than a multiphase development). We have adopted the following profit margins within our appraisal:

- Scenario 1 (100% affordable housing) we have adopted 6% of the affordable revenue.
- Scenario 2 (policy compliant development) we have adopted 17.5% of the market value dwellings and 6% of the affordable revenue.

Programme

- 4.48. RGP allow a construction programme of 27 months.
- 4.49. For Scenario 1 (100% affordable) housing scheme that the first dwellings would be ready after 10 months, with handovers at an average of 5 per month, with a total programme of 21 months.
- 4.50. For Scenario 2 (Policy Compliant) housing scheme that the first dwellings would be ready after 10 months, with handovers at an average of 5 per month, with a total programme of 21 months (4 open market dwellings and circa 1 affordable dwelling per month). With 25% reserved of plan, and 3 sales per month sales rate.

Benchmark land value

- 4.51. The BLV attempts to identify the minimum price that a hypothetical landowner would accept in the prevalent market conditions to release the land for development. Whilst a relatively straight forward concept in reality this is open to interpretation and is generally one of the most debated elements of a viability appraisal. It is also often confused with market value, however the guidance stresses that this is a distinct concept and therefore is different to market value assessments.

- 4.52. The standard approach is to run an initial appraisal based on all of the above fixed inputs to arrive at a site value for the site. In accordance with the RICS guidance, this residual site value can then be compared to the “benchmark land value” (which is the minimum price that a hypothetical landowner would accept and a hypothetical developer would pay for the scheme to be delivered). If the residual site value is above this “benchmark” then the scheme is viable. If the residual site value falls below this figure then the scheme is deemed to be unviable.
- 4.53. Viability assessors are provided some guidance through the National Planning Policy Framework (‘NPPF’) and Planning Practice Guidance (‘PPG’), as published on 24th July 2018 (and subsequently revised). One area which the PPG deals with is in relation to assessing BLV, stating the following:
- 4.53.1. To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.
- 4.53.2. The EUV should disregard any hope value.
- 4.53.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.
- 4.53.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.

- 4.53.5. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
- 4.53.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.
- 4.53.7. Alternative Use Value of the land may be informative in establishing benchmark land value. However, these should be limited to those uses which have an existing implementable permission for that use. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.
- 4.54. In other words, the Council should not subsidise (through a loss of planning policy contributions) any overbid made when acquiring the site. Any overbid (or indeed underbid) for a site should therefore be disregarded when considering the BLV. As part of the process of reviewing viability it is down to the assessor to determine whether a price paid is an appropriate figure (or not) to use as a BLV.
- 4.55. In their appraisal, to establish the benchmark land value, RGP follow guidance and adopt the 'existing use value plus premium' approach. For the existing use value RGP refers to agricultural land value being around £25,000 per gross hectare. RGP then discuss the appropriate premium being £250,000 per hectare (c10 times the existing use value). Applied to the gross area this derives a benchmark land value of £453,700.

- 4.56. Following a review of the latest RICS / RAU Farmland Market director of sales for H1 2025, published in September 2025 stated the National Weighted Average for sites smaller than 50 acres was £14,578 per acre, increasing to £16,744 per acre (£41,375 per ha) for the East Midlands region. We have reviewed farmland currently on the market and under offer within the district, which indicates a lower value per acre / hectare closer to the RGP assessment of £25,000 per hectare. On balance we consider the RGP allowance of £25,000 per hectare broadly reasonable.
- 4.57. As for the premium uplift, the guidance does not provide any indication of what a reasonable return equates to. However, as suggested above, there are now planning appeal decisions which provide some assistance, in particular the following cases:
- Warburton Lane, Trafford appeal from Jan 2021 (ref 3243720) solidified the key viability principle that there is a relationship between the level of site specific infrastructure / abnormal costs and the corresponding benchmark land value (on the basis that as site specific infrastructure / abnormal increase the benchmark land value decreases and vice versa). In this decision the Inspector agreed with the Council that 10 times multiple of the existing use value was appropriate. In that particular case the site-specific infrastructure / abnormal costs were in excess of £400,000 per net acre.
 - Halton Heights, Forge Weir View involving Wrenman Homes and Lancaster City Council (ref 3285794) dated 29th July 2022. The Inspector accepts an existing use value of £10,000 per acre and a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the site-specific infrastructure / abnormal costs equated to £164,544 per net acre. The guidance states that the higher the site-specific infrastructure / abnormal costs, the lower the benchmark land value (as the existing use value is fixed the only way this can be accounted for is by reducing the premium uplift).

- 4.58. The 2 appeal cases discussed above therefore allow premium uplifts in high value areas of 10 to 15 times the existing use value for site specific infrastructure / abnormal costs ranging from circa £165,000 to £400,000 per net acre. This suggests that for every increase in costs of circa £50,000 per net acre, the multiplier reduces by 1.
- 4.59. We note that TF's suggested abnormal costs (£537,238) is equivalent to around £130,000 per gross acre (estimated to be around £190,000 per net acre). In keeping with the above appeal decisions, we consider a premium uplift of say 14 times the existing use value to be appropriate. This results in a benchmark land value of £577,500, which we have applied to our appraisal.

5. Appraisal results and conclusions

- 5.1. As per our comments above in Section 4, for the purposes of our review we have run 2 appraisal scenarios as follows:
- Scenario 1 100% affordable housing plus policy S106 contributions
 - Scenario 2 market value (in context of policy affordable housing / S106)
- 5.2. For our Scenario 1, we have initially run this on the basis of the full S106 asks (£633,217). However, this generates a residual land value below the benchmark land value and is therefore deemed to be unviable. On a 'trial and error' basis we have subsequently reduced the S106 asks to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal (Appendix 2). Based on a reduced S106 contribution totalling £140,000, the scheme generates a residual land value of £578,054. As this is just above our benchmark land value of £577,500 this is deemed to be viable.

5.3. For illustrative purposes, we have compared our appraisal to RGP's submission:

Input	RGP appraisal	CPV appraisal
Plot construction	£5,955,841	£6,155,827
Future Homes	£313,500	£0
Contingency	£255,454	£220,389
Abnormals	£1,286,446	£537,238
Professional fees	£681,211	£519,063
Legals	£57,000	£28,500
Benchmark land value	£453,700	£577,500

5.4. As per the requirements of the guidance, we have also run sensitivity testing:

Sales: Rate /m ²					
Construction: Rate /m ²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	6.000% (£457,141)	6.000% (£664,176)	6.000% (£871,211)	6.000% (£1,078,246)	6.000% (£1,285,280)
-2.500%	6.000% (£310,563)	6.000% (£517,598)	6.000% (£724,633)	6.000% (£931,667)	6.000% (£1,138,702)
0.000%	6.000% (£161,499)	6.000% (£371,020)	6.000% (£578,054)	6.000% (£785,089)	6.000% (£992,124)
+2.500%	6.000% (£7,947)	6.000% (£223,703)	6.000% (£431,476)	6.000% (£638,511)	6.000% (£845,545)
+5.000%	6.000% £151,068	6.000% (£71,373)	6.000% (£284,898)	6.000% (£491,933)	6.000% (£698,967)

5.5. This shows the impact on the residual land value if sales values were to increase / decrease at 2.5% intervals and likewise if construction costs were to increase / decrease at 2.5% intervals. By way of explanation, if the overall sales values decreased by 2.5% and the construction costs remained the same, the residual land value would be £371,020, which is below the benchmark land value of £577,500 and therefore unviable.

- 5.6. For our Scenario 2, we have initially run this on the basis of the full planning policies. However, this generates a residual land value below the benchmark land value and is therefore deemed to be unviable. On a 'trial and error' basis we have subsequently reduced the affordable housing provision to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal (Appendix 3). Based on nil affordable housing and nil S106 contributions, the scheme generates a residual land value of £285,264. As this is below our benchmark land value of £577,500 this is deemed to be unviable, even with nil planning policies applied.
- 5.7. In summary, we agree with the applicant that the scheme cannot viably support the full planning policy requirements. However, our modelling shows that, on the basis of 100% affordable housing, the scheme is able to viably support a reduced S106 contribution of £140,000.
- 5.8. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this timeframe then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.