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# Development at Seagate Road, Long Sutton (Brunswick Fields), Lincolnshire

Financial Viability Appraisal Report

By

rg+p Living

On behalf of:

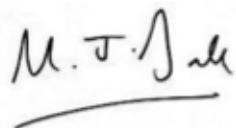
Loosegate Developments (Long Sutton) Ltd & D&R Property Services Ltd

25<sup>th</sup> June 2025

*Although certain information may need to remain confidential, FVAs should in general be based around market- rather than client-specific information. Where information may compromise delivery of the proposed application scheme or infringe other statutory and regulatory requirements, these exceptions must be discussed and agreed with the LPA and documented early in the process. Commercially sensitive information can be presented in aggregate form following these discussions. Any sensitive personal information should not be made public.*

*In undertaking a FVA the latest version of the RICS Professional Statement has been observed – current version is RICS professional standards and guidance, England Financial viability in planning: conduct and reporting 1st edition, May 2019*

Document status					
Revision	Date	Status or comment	Prepared by	Checked by	Authorised by
-	25/06/25	Draft & issued – 184 units	MJD	AF	MJD



Signed:..... (Director – MRICS)

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## Executive Summary

This report has been produced following discussions between the developer and the local authority concerning an application to amend the layout to now include 184 units instead of the 180 unit current scheme.

Previously, the report produced in February 2022 and in conjunction with the local authority confirmed that zero affordable housing was required and S106 costs of £1,162,334.

The local authority has confirmed that a new Viability Report will be required to consider the new unit numbers, and that for viability purposes it can only be based on the assumption that the site will commence and therefore costs and values are based on todays rates. However, greater knowledge of items such as abnormal costs and sales values are considered in this report.

The enclosed report is to be considered by the Local Authority to assess the site's viability to provide the proposed affordable housing and other S106 contributions.

Harnessing a Land Value of £2,915,000, overall costs of £70,225,841 (inc Developers Profit) and a Gross Development Value of £64,914,620 has resulted in a deficit of £5,311,221. This excludes any S106 Costs.

Abnormal costs have been detailed of £4,286,557.

Whilst the previous Viability submitted in 2022 negated the requirement for Affordable Housing, the developer had proceeded to provide 45 number homes to assist with the risk of sales. The value agreed with Accent Group is assumed to be around 85% of OMV as the Registered Provider has secured grant against those units. The appraisal however increases the agreed contractual sum for these units from 85% to 100%. However, the developers profit on these units has remained at 6%.

## 1.0 Introduction

- 1.1 This Financial Viability Appraisal (FVA) is for the residential development of 184 dwellings at Seagate Road, Long Sutton, Spalding (Brunswick Fields). The reason for the FVA is at the request of the local authority for a new Viability Report due to the proposed addition of four units from 180 units to 184 units. Previously, the report produced in February 2022 and in conjunction with the local authority confirmed that zero affordable housing was required and S106 costs of £1,162,334.
- 1.2 The inclusion of abnormal costs, along with the effect of the local sales values Loosegate Developments (Long Sutton) Ltd & D&R Property Services Ltd (the Client) believes the viability has been affected. In accordance with the RICS Guidance on Viability (Guidance Note 1, 2012), 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).
- 1.3 The report is scheme specific and has been prepared by rg+p in accordance with RICS professional standards and guidance, England, Financial viability in planning: conduct and reporting 1<sup>st</sup> edition, May 2019; taking account of the National Planning Policy Framework 2021; Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1<sup>st</sup> edition, March 2021 Effective from 1 July 2021.
- 1.4 Its sole purpose is for planning viability assessment and should not be relied upon for any other purpose; expressly, it should not be relied upon as a formal 'Red Book' valuation. The contents of this report are for planning viability assessment purposes only and are conducted on current values and costs specific to the planning applications as at the date of report and do not constitute a valuation, in accordance with Valuation Standards of the RICS Valuation – Professional Standards – Global Standards 31<sup>st</sup> January 2021, and should not be relied upon as such.
- 1.5 rg+p confirms that we are acting objectively, impartially, without interference and based on the available sources of information, as set out in Table 1 below.
- 1.6 We can confirm that we do not have a conflict of interest and that we have been appointed and instructed to prepare the FVA by Loosegate Developments (Long Sutton) Ltd & D&R Property Services Ltd (the Client) with an engagement letter that clearly sets out our services; it is not based on 'performance-related' or 'contingent' fees. We also confirm that we are not acting on area wide or conflicting scheme specific FVA's. The referred client (going forwards in this report) is "LD/D&R".

1.7 Consideration has been given to National Planning Policy Framework statement:

*Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.*

1.8 Our assessment is based on the scheme information / FVA Inputs:

- 1.8.1 Site Layout – drawing LDC3699\_PL-81 F & LDC3699-P61a
- 1.8.2 Plot Type – housing drawings
- 1.8.3 Archaeological Written Scheme of Investigation
- 1.8.4 Drainage strategy drawing
- 1.8.5 Drainage strategy
- 1.8.6 Ecology Report
- 1.8.7 Flood Risk Assessment
- 1.8.8 Site Investigation Report - HML
- 1.8.9 Travel Plan - BHA
- 1.8.10 BCIS Cost Information
- 1.8.11 Private Sales Values advice
- 1.8.12 Schedule of Abnormal costs
- 1.8.13 Integrated Planning Statement
- 1.8.14 Supplementary Statement (erection of 5 dwellings replacing 1 No plot)

1.9 This statement has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Professional Statement on Financial Viability in Planning: conduct and reporting (1st Edition, May 2019). The report has been prepared by Mitch Dale and in line with the requirements of this guidance I can confirm the following is true.

- The author of this report has acted with objectivity, impartially, without interference and references all appropriate sources of information.
- Terms of Engagement were set out clearly and included in all reports and comply with the RICS statement 'Conflicts of Interest'. This included reasonable timeframes for producing the FVA.
- The author is a suitably qualified practitioner.
- No performance-related or contingent fees have been agreed.

- Information used is market led and not client driven.
- Inputs to the Financial Viability Appraisal (FVA) are reasonably justified and based upon industry benchmarks.

1.10 rg+p will meet with the LPA or its advisor to reach agreement in a collaborative manner in accordance with the guidance set-out in NPPF and published by the RICS. Where agreement cannot be reached, a concluding statement will be made on any matter that is still in disagreement.

## 2.0 Background and Site Details

2.1 The proposed Residential Development provides:

- 46 No 3 bed detached bungalows
- 1 No 2 bed mid terrace bungalows
- 2 No 2 bed end terrace bungalows
- 3 No 2 bed mid terrace houses
- 6 No 2 bed end terrace houses
- 10 No 1 bed maisonettes
- 20 No 2 bed semi detached houses
- 13 No 3 bed semi detached houses
- 2 No 4 bed semi detached houses
- 36 No 3 bed detached houses
- 41 No 4 bed detached houses
- 4 No 5 bed detached houses

2.2 The residential layout is enclosed in App 1.

2.3 The site is c10.6 hectares and is shown in image(s) 1



Image 1 - Site location





Image(s) 1 – Proposed Site

- 2.4 The proposed site is allocated for residential development in the Local Plan as site Los015 and has an extant outline permission for approximately 215 dwellings, South Holland District Council Reference H11-1207-17. The proposed residential use is therefore appropriate for the site.
- 2.5 The site forms part of a wider development site which received outline planning permission for up to 215 dwelling in 2019. Subsequently a full planning application was submitted for the 9 plots which front on Seagate Road and reserved matters for 171 dwellings on the remainder of the land.
- 2.6 The site comprises Plot 1 as approved under application H11-0882-21 and an area of land which was identified for SUDs as part of the drainage strategy for the reserved Matters application but subsequently was not required for this purpose, as such this area of land is not currently being utilised.
- 2.7 As part of approved development, the site has been stripped and is being used as compound and/or the storage of materials.
- 2.8 The current site is in construction as per the image below:



2.9 The site currently consists of an arable agricultural field of approximately 11ha. The BGS geology of Britain Map suggests the geology is mainly clay. A topographical survey shows the site is varies between 2.90m AoD and 3.60 m AoD and raises slightly towards the centre. The northern boundary of the site is defined by a combination of landscaping, fencing and drainage ditch providing separation from the neighbouring dwellings. A drainage ditch defines the western boundary which is open to Seagate Road. A small number of dwellings and associated gardens are located in the south western corner. The southern boundary is currently open. 2no dwellings and a mill tower are located in the south eastern corner. The eastern boundary is defined by Wisbech Road with a former brick railway bridge. 2no dwellings are located centrally within the site and accessed via a driveway from Wisbech Road.

2.10 The scheme of 184 proposed units is identified in the table below.

Table 1: Schedule of Units

### 3.0 Development Costs

3.1 The following cost inputs have been considered by rg+p:

- Benchmark Land Value (see section 5.0 BLV)
- Stamp Duty Land Tax using gov online
- BCIS build costs residential updated at June 2025 and rebased to South Holland, including contractor's preliminaries (Appendix 3.1) at:
  - o Bungalow (single storey) lower quartile rate based on a sample of 208, with a default period
  - o Bungalow (single storey) terraced lower quartile rate based on a sample of 14, with a default period
  - o House 2 storey lower quartile rate based on a sample of 1036, with a default period
  - o House, 2 storey estate housing detached. Due to the sample only being 18 we have undertaken our own analysis from BCIS elemental analysis for a pair of semi detached houses, updating quantities for the detached unit, with some specification upgrades. This applies a rate of £1422 (additional 10%) rather than the BCIS rate of £1477 at a lower quartile rate with a default period.
  - o Terraced housing, 2 storey lower quartile rate based on a sample of 163, with a default period
  - o Quarter House (Flats/Apartment) 1-2 storey lower quartile rate based on a sample of 158, with a default period.
  - o The various rates are detailed in App 2 Viability Appraisal, and App 3 BCIS Rates.
- Garages have been analysed for the various types and confirmed that the areas have not been included in the GIA areas. Rates applied are:
  - o Double detached £20,000
  - o Double attached £18,000 to allow saving for an outside wall, and roof junction, guttering
  - o Single shared detached £12,500
  - o Single integral within house £10,000
- Site preparation
- External works has been included at 12.5% of the build cost
- Abnormal Costs are detailed in App 4 Abnormal Costs
- Fees have been applied at a rate of 7%
- Legal fees at £1,000 per unit for private and affordable sales
- Initial marketing costs @ 1% of private sales
- Agent selling fees @ 1.5% of private sales
- Contingency at 3%
- Cost of Finance included at:
  - o 9% debit rate
  - o 4% credit rate
  - o 0% finance set up cost

- VAT associated with Build Costs has been excluded
- Developer's reasonable return have been included at 17.5% for private sale and 6% for affordable units.

3.2 rg+p would draw to the attention of the LPA that the BCIS lower quartile data, see App 3 BCIS Average Price Results, of construction build cost needs to be treated with caution as it does not capture and model the significant construction price inflation that has been experienced by the industry.

3.3 The cumulative effects of Brexit, Covid pandemic, energy price increases and continued hostilities in Ukraine, (and now the current conflict in the Middle East) has witnessed inflationary pressures across all material types, some bricks and blocks had seen increases as high as 21%. Resource price increases in local areas have placed extra pressures on local builders.

3.4 Value Engineering - The client and their team has previously considered Value Engineering as part of the ongoing proposals. Careful consideration with regard to specification commensurate with sales values and the areas of unit sizes being provided for the affordable housing element.

#### 4.0 Development contributions and site abnormal costs

4.1 The following cost inputs have been considered by rg+p as development considerations and site-specific abnormal costs proportional to development, see Appendix 4 Abnormal Costs:

Overhead cable diversion along Seagate Road

Diversion of 33kV and 11kV power lines across the site

Additional cost of electrical connections due to capacity issues

Additional water infrastructure cost from AWA 2025/26 connection rate increase from £616 per plot to £1,345 per plot

Additional cost of achieving new building regs, announced post land purchase, from Phase 1B onwards (PV panels, car charging, insulation requirements)

Piling to properties, 34nr total

Additional cost for offsite mains drainage connection including legal agreement with private landowner

Additional surveys required to support ground contamination surveys (required 2.5 years after commencement)

Additional compound cost (previously in phase 1 and then moved to phase 2 when land purchased which is where it will stay)

Enhanced archaeology due to presence of old sea bed and railway line

Enhanced dewatering encountered

Flood risk levels - dwellings raised up to 1m above existing ground levels as per EA comments. Houses £3,000 x 141nr and bungalows £5,500 x 39nr

Additional fill to raise site levels, remains as per original viability as no change to site layout

*Total Abnormal Costs £4,268,556.92 (£23,296.51/plot)*

Education £1,059,753 estimated p/r from 180 units

Health - £97,581 estimated p/r from 180 units

Travel Plan monitoring £5,000

*Total S106 Requested Contributions £1,162,334 (£6,317.03/plot)*

- 4.2 The costs of these abnormal costs have been provided by LD/D&R.
- 4.3 The proposed S106 costs have been excluded in the appraisal.
- 4.4 The proposed Affordable units as detailed on the Site Layout details:

SCHEDULE OF UNITS						
No of Uni	Tenure	House Name	House Type	Garage Type	Unit Type Description	Area (m2)
1	AFFORDABLE	4 BED TYPE	Semi - detached - House	NA	4 bed	98.70
1	AFFORDABLE	4 BED TYPE (H)	Semi - detached - House	NA	4 bed	98.70
13	AFFORDABLE	ACER	Semi - detached - House	NA	3 bed	88.00
17	AFFORDABLE	ASH	Semi - detached - House	NA	2 bed	68.00
3	AFFORDABLE	CHESTNUT	End Terrace - bungalow	NA	2 bed	64.00
10	AFFORDABLE	POPLAR	Maisonette	NA	1 bed	52.00

Table 2: Schedule of Affordable units

## 5.0 Benchmark Land Value (BLV)

- 5.1 Determining a land value for the site is not straight forward given the nature of the requirement for the FVA. The purchase price maybe deemed not appropriate by the NPPF for the purposes of establishing viability. However, in context to a conditional land purchase has some substance.
- 5.2 Balancing these conflicting priorities and establishing a fair and reflective value with an appropriate multiplier for a unique plot, in a unique location, ideal for redevelopment, appropriate in its context and sympathetic to the existing buildings, has required significant research, taking guidance from other Planning Authorities and ultimately relying on Sir John Harmon's guidance adopted in PPG.
- 5.3 Dixon Searle Partnership (DSP) is one of several consultancy firms that have produced useful guidance for Planning Authorities. DSP in East Cambridgeshire District Council - Interim Policy Support Viability Assessment Information Report (v2) April 2019 DSP19608, detailed 'the very real complexities and difficulties in deriving land values that incentivise landowners to release the land for development and yet take into consideration site specific inputs...'
- 5.4 Sir John Harman, Viability Testing Local Plans: Advice for planning practitioners June 2012, provided guidance that "the Threshold Land Value (TLV)\* is based on a premium over current use values and credible alternative use values".
- 5.5 Due consideration is to be given to the potential alternative use. The only viable alternative use would be for a 100% private housing scheme. This is the basis of this Viability Report as the Affordable units have been rebased in line with private units.
- 5.6 The EUV of agricultural land is around £25,000 per hectare. An appropriate premium to then bring it forwards to residential development would be a further £250,000 per hectare, giving a benchmark land value of around £275,000 per gross hectare. These values are widely accepted as being appropriate.
- 5.7 Therefore, at 10.6 ha derives a land value of £2,915,000.

## 6.0 Programme

- 6.1 rg+p has considered a construction period of 82 months for the development reasonable. A programme has been by LD/D&R.
- 6.2 The programme for sales assumes the first sales to be ready after 12 months with an average 3 months sales period, making the sales revenue between months 15 and 86 at 2.56/month on average. An allowance has been made for the initial infrastructure costs in the cashflow.

## **7.0 Gross Development Value**

- 7.1 The Gross Development Value for the Viability Appraisal has been provided by Pygott & Crone agents on behalf of LDLSL and is identified within App 5.
- 7.2 The GDV is at £55,771,391 for the private units and £9,143,229 for the affordable units equalling £64,914,620 overall.
- 7.3 The detached bungalows have a sales value of £273 - £317 per sqft
- 7.4 Semi detached houses have a sales value of £254 per sqft
- 7.5 Detached houses have a sales value of between £181 - £279 per sqft
- 7.6 The 45 No proposed affordable units have been calculated at a blended rate of £265 per per sq ft. Whilst the previous Viability submitted negated the requirement for Affordable Housing, the developer had proceeded to provide 45 number homes to assist with risk of sales issues. The value agreed with Accent Group (Registered Provider) is assumed to be around 85% of OMV's as the Registered Provider has secured grant against those units. This appraisal however increases the agreed contractual sum for these units to increase these units from 85% to 100%.

## 8.0 Viability Assessment Surplus / Deficit / Sensitivity Analysis

8.1 The 184 unit scheme identifies a deficit of £5,311,221

8.2 Applying Sensitivity Analysis to the base costs and values is shown in the table 3 below. Steps of plus and minus 2.5% and 5% impact on both GDV and costs are demonstrated. However, the FVA is indicated using 0% shift. Therefore, applying sensitivity analysis, the best-case scenario is a surplus of £1,455,802 and the worst case being a deficit of £12,068,244.

Construction: Gross Cost		-£66,714,549	-£68,470,195	-£70,225,841	-£71,981,487	-£73,737,133
Sales / GDV		-5%	-2.50%	0%	2.50%	5%
-5%	£61,668,889	-5,045,660	-6,801,306	-8,556,952	-10,312,598	-12,068,244
-2.50%	£63,291,755	-3,422,795	-5,178,441	-6,934,087	-8,689,733	-10,445,379
0%	£64,914,620	-1,799,929	-3,555,575	-5,311,221	-7,066,867	-8,822,513
2.50%	£66,537,486	-177,064	-1,932,710	-3,688,356	-5,444,002	-7,199,648
5%	£68,160,351	1,445,802	-309,844	-2,065,490	-3,821,136	-5,576,782

Table 3 - sensitivity analysis effect on surplus / deficit on the 184 unit scheme

## 9.0 Conclusion

9.1 The development with the standard inputs is still not viable to achieve a developers return for an increased density scheme of 184 units. This, as stated earlier already includes the Affordable units at OMV levels (though only achieving a 6% profit level on them). As such, our hope is that the LPA will agree a deviation from the S106 contributions identified as the scheme cannot meet them, despite an increase in density.

## Appendix 1 Residential Layout

- Appendix 1.1 Site Layout LDC3699\_99-81F
- Appendix 1.2 Site Layout LDC3699-P6a

## Appendix 2    Viability Appraisal

Appendix 3 BCIS Rates Average Prices

- Appendix 3.1 BCIS Rates Average Prices

## Appendix 4 Abnormal Costs

- Appendix 4.1 Abnormal Costs - summary

Appendix 5     GDV

- Appendix 5.1 Sales Values – Pygott & Crone





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