Independent Viability Experts

FAO Ms Mr Mark Niland
South Holland District Council

Sent by email only

David Newham MRICS
Director
CP Viability Ltd

Our ref: DN-1191
Your ref: H11-0017-25
Date: 17th August 2025

Dear Mr Niland

PROPERTY ADDRESS: Land between Seagate Rd and Wisbech Rd, Long Sutton
INSTRUCTING BODY: South Holland District Council
APPLICANT: Loosegate Developments (Long Sutton) Ltd

Further to your instruction dated 15th July 2025 and receipt of the 3rd party cost consultant cost review on 10th August 2025, we are pleased to report as follows.

1. Property Overview & Background

1.1. The property is located in a semi-rural position on the south eastern fringe of Long Sutton, less than a mile to the south east of the town centre.

1.2. In terms of planning history:

H11-1207-17 - *"Residential development of approximately 215 dwellings"*. This was an outline application covering the whole site which was granted conditional permission on 26th September 2019 and was coupled with a S106 agreement which required:

- 25% on-site affordable housing (54 dwellings)
- Education contribution (to be calculated by formula)
- Health contribution £95,460
- Travel plan contribution £5,000

1.3. We previously undertook viability testing of this application in Feb 2019. Based on 215 units, we found that 54 onsite affordable dwellings (25.12%), plus an education contribution of £1,311,965 was viable.

1.4. The applicant then submitted the following:

H11-0882-21 - *"Erection of 9 Dwellings"*. Full application covering frontage land on Seagate Road to accommodate a "gateway" scheme of 9 dwellings and the construction of the overall scheme entrance off the main road. This was granted conditional permission with an amended S106 agreement (to allow the delivery of the affordable housing on the balance of the wider site and to accommodate a specific health contribution) on 16th Feb 22.

H11-1346-21 - *"Erection of 171 dwellings and associated works - outline approval H11-1207-17"*. This was a reserved matters application which was granted conditional permission on 1st September 2022. As a result of the reduction in the number of dwellings (compared to the 215 in the original outline permission), the number of affordable dwellings to be provided was noted in the officer report as 45 (although no amended S106 agreement was entered into).

1.5. Across 2 planning applications, the scheme therefore proposed the construction of 180 dwellings.

1.6. In 2022 a further application was submitted:

H11-0923-22 – *"Removal of 106 Agreement relating to financial viability of the development - Planning Approval H11-1207-17"*. This was refused on 19th January 2023.

1.7. We were again instructed to undertake independent viability testing. In Nov 2022, based on 180 units, we found that 45 onsite affordable dwellings (25.12%), plus S106 contributions of £1,005,000 was viable.

1.8. In 2023, the applicant submitted a further application as follows:

H11-0349-23 - *"Modification of 106 Agreement relating to the removal of the affordable housing obligation (outline planning approval H11-1207-17).*

1.9. We also undertook viability testing of the scheme in the context of this application, concluding that the development was only viable on the basis of nil affordable housing, but a S106 contribution totalling £1,136,635.

1.10. Since this time, the scheme has commenced with a number of dwellings constructed and sold. The scheme is being marketed under the name "Brunswick Fields". We understand that, despite not being required under the S106 agreement, the applicant made a commercial decision to provide 45 affordable dwellings in a sale to Accent Group, at around 85% of the equivalent market value (which included grant funding).

1.11. The applicant has now submitted a further planning application:

H11-0017-25 - *"Erection of 5 no. Dwellings".*

1.12. This is within the red line boundary of the previous applications (H11-0882-21 and H11-1346-21) and therefore serves to increase the overall units provided on the wider site. The Council has therefore requested updated viability testing to allow for this increase in the overall number of units. The Council has requested that this viability testing covers the wider scheme (and not just the parcel of land on which the proposed 5 dwellings are to be constructed).

1.13. Acting on behalf of the applicant RG+P have subsequently submitted a viability assessment dated 25th June 2025, based on the latest application and the wider site. We note that this viability testing allows for a total of 184 dwellings (not 185). We assume this is due to the reconfiguration of the previous wider site plans (and that this has been confirmed with the Council). Please note, if this is not the case and, at a later date, the Council confirms that the total dwellings across the wider site equate to 185 units, then this could impact on our overall conclusions.

1.14. RG+P's latest appraisal is based on the following dwelling mix:

Type	Beds	No.	Sq m (each)	Sq m (total)
Poplar Quad/Mid Quad	1	10	52	520
Ash Semi/Terrace	2	17	68	1,156
Chestnut Terrace	2	3	64	192
Alder Semi	2	12	73	876
Acer Semi/Terrace	3	13	88	1,144
New 4b type	4	2	98.70	197.40
Elder Detached	3	6	126	756
Yew Detached	3	19	95	1,805
Pine Det Bung	3	2	105	210
Blackthorn Det Bung	3	28	129	3,612
Cherry Detached	3	17	131.41	2,234
Beech Detached	3	10	135	1,350
Cedar Detached	4	7	160	1,120
Tulip Detached	4	11	177	1,947
Aspen Detached	4	5	214	1,070
Willow Detached	4	5	240	1,200
Foxtail Detached	5	4	256	1,024
Mulberry Detached	4	4	252	1,008
Hawthorn Detached	4	4	260	1,040
Elm Detached	4	5	282	1,410
Totals		**184**		**23,871.40**

2. Scope of Assessment and General Assumptions

2.1. As indicated above, RG+P have provided an updated viability assessment of the wider site (totalling 184 dwellings). With 45 onsite affordable units (reflecting what has actually been delivered, despite this not being a requirement of the S106 agreement) and nil S106 payments, the scheme generates a deficit of £5,311,221 and is therefore deemed to be unviable. RG+P go on to conclude that "…our hope is that the LPA will agree to a deviation from the S106 contributions identified as the scheme cannot meet them, despite an increase in density".

2.2. We are instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to the appropriate level of policy contributions that the scheme can viably deliver (if any).

2.3. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that in completing this instruction CP Viability Ltd have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

2.4. 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 for this scheme. 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.

2.5. 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.

2.6. 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.

2.7. 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 subsequently undertaken sensitivity testing as part of this review.

2.8. We have assessed the viability of the scheme as at 17th August 2025.

2.9. This assessment does not provide a critique of the proposed development design. Our role is limited to testing the viability of the proposals as detailed in the relevant planning applications.

2.10. We have relied on the information provided to us by the instructing body and the applicant 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.

2.11. 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).

2.12. Our review also adheres to the guidance set out in the Planning Practice Guidance for viability, as published in July 2018 (and updated most recently in September 2019).

2.13. In undertaking our appraisals, we have utilised the ARGUS Development Appraisal Tool. This is an industry approved cash-flow model, designed specifically for development appraisals.

2.14. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor.

3. CP Viability's appraisal

Viability approach

3.1. RG+P's appraisal is based on actual transactions (comprising 19 market value sales which took place from 2024 and 45 affordable units), plus estimated values for the remaining 120 dwellings. However, the construction costs are based on BCIS figures from June 2025.

3.2. RG+P's approach is therefore flawed because this includes sales from 2024, but assumes the build costs as at June 2025 (therefore build cost inflation that took place after 2024 in the houses already built and sold is unfairly reflected in the modelling).

3.3. For the purposes of our review, we consider it appropriate to factor in actual sales revenues, however the approach to the build costs needs to be adjusted to allow for the fact that a large proportion of the dwellings have been constructed before June 2025 when costs were lower.

Gross Development Value (Revenue)

3.4. RG+P refer to a schedule provided by local agent Pygott and Crone which sets out the revenue already received and also the estimated values for those dwellings yet to be disposed. Once grant funding is factored into the 45 affordable dwellings, this gives a total gross development value of £64,914,621, which is used in RG+P's appraisal.

3.5. We have looked at each dwelling type individually and would comment as follows:

The Elm 4 bed detached: 2 sales have been achieved, at £599,500 and £550,000. For the remaining 3 units, an average of £550,000 has been adopted. We find this to be too cautious given that a sale has already been achieved at £599,500. For the purposes of the viability modelling, for the remaining units, we have adopted a more bullish average value of £575,000.

The Mulberry 4 bed detached: there is a sale shown at £570,000. For the remaining 3 units a value of £550,000, £550,000 and £625,000 is applied. We are unsure as to the justification for adopting a lower value of £550,000. Without further explanation (as none has been provided) we consider an uplift to £570,000 for these 2 units.

The Willow 4 bed detached: there is a sale shown at £595,000. For the remaining 4 units a value of £565,000 or £575,000 is applied. We are unsure as to the justification for adopting a lower value than has already been achieved on site. Without further explanation (as none has been provided) we consider an uplift to £595,000 for these 2 units.

The Tulip 4 bed detached: there is a sale shown at £470,000. For the remaining 10 units an average value of £450,000 is mostly applied (bar one unit where £465,000 is adopted). We are unsure as to the justification for adopting a lower value than has already been achieved on site. Without further explanation (as none has been provided) we consider an uplift to £470,000 to be appropriate.

The Aspen 4 bed detached: there are 2 sales shown, at £475,000 each. RG+P's appraisal adopted an average of £475,000 for the remaining 3 units. This is reasonable and is accepted in our appraisal.

The Cedar 4 bed detached: no sales achieved yet. RG+P's average value of £2,728 psm, though, is deemed reasonable in light of the other 4 bed detached values discussed above.

The Hawthorn 4 bed detached: no sales achieved yet. RG+P's average value of £2,428 psm, though, is deemed reasonable in light of the other 4 bed detached values discussed above (and allowing for this being a larger unit, which typically attract lower rates per sq m than smaller equivalent dwelling types).

The Foxtail 5 bed detached: no evidence has been identified to disprove RG+P's suggested average value of £585,875. This has therefore been accepted in our appraisal.

The Pine 3 bed detached bungalow: there are 2 sales shown, at £345,000 and £350,000. As there are only 2 of these units these figures are accepted.

The Elder 3 bed detached bungalow: there are 5 sales shown, at £350,000, £375,000, £358,000, £360,000 and £370,000. The total revenue shown for The Elder in RG+P's appraisal is reasonable in light of this and is accepted.

The Blackthorn 3 bed detached bungalow: there are 2 sales shown, at £410,000 and £420,000. The overall average in RG+P's appraisal (for 28 units in total) is £428,049. We find this to be reasonable in light of the sales secured on site and therefore accept their suggested allowance.

The Beech 3 bed detached bungalow: no sales achieved yet. RG+P's average value of £3,185 psm, though, is deemed reasonable in light of the other 3 bed detached bungalow values discussed above.

The Cherry 3 bed detached: there is a sale achieved at £335,000. The overall average in RG+P's appraisal (for 17 units in total) is £338,177. We find this to be reasonable and therefore accept their suggested allowance.

The Yew 3 bed detached: there are 2 sales shown, at £250,000 and £265,000. The overall average in RG+P's appraisal (for 19 units in total) is £270,130. We find this to be reasonable in light of the sales secured on site and therefore accept their suggested allowance.

The Alder 2 bed semi: no evidence has been identified to disprove RG+P's suggested average value of £198,083. This has therefore been accepted in our appraisal.

3.6. In summary, we disagree with RG+P's values for Tulip, Willow, Mulberry and Elm, but we agree to all of the other suggested average market values.

3.7. We have also used the affordable housing revenue (plus grant funding).

3.8. Overall, our total gross development value equates to £65,210,695 (compared to £64,914,621 in RG+P's appraisal, an uplift of £296,074).

Build costs

3.9. RG+P's appraisal shows the following build costs:

- Plot construction	£33,775,828 (£1,415 per sq m)
- Garages – single	£10,862 per unit
- Garages – double	£18,255 per unit
- Externals / infrastructure	£4,484,978 (12.50% of the above)
- Contingency	£1,339,541 (3.32% of the above)
- Abnormals	£4,286,557 (£251,777 per net acre)

3.10. To arrive at the plot costs, RG+P referred to the Build Cost Information Service ("BCIS"). This was used in previous viability testing undertaken on the wider site. As indicated above in paragraph 3.1, RG+P have adopted rates as at June 2025 (using different lower quartile rates for detached, semi, terraced and bungalows).

3.11. We agree that it is reasonable to refer to the BCIS data. However, we do not agree that June 2025 is an appropriate date for all the dwellings as 64 dwellings have already been built and sold (and we anticipate other dwellings have also been constructed / had construction commenced before June 2025).

3.12. As a minimum, we therefore consider it appropriate to adopt BCIS rates from before June 2025 for the 64 dwellings already built and sold. The applicant has not provided an indication of when the construction period began. However, for the purposes of our review, we consider it reasonable to assume that construction commenced in Jan 2024 for the 64 dwellings built and sold, being completed after 18 months (say June 2025). The mid-point of this programme would therefore be Sept 2024. We consider this to be a reasonable point in time to use in the viability testing for the 64 dwellings built and sold.

3.13. More generally, in terms of which rate to apply, RG+P adopt the individual dwellings lower quartile rates as shown in the BCIS (i.e. semi, terrace, detached).

3.14. In terms of which BCIS lower quartile rate to apply (i.e. either a general rate or a different rate for each dwelling type) we would make the following comments:

(i) The BCIS rate for 'detached' units is based on a significantly smaller sample size (18) compared to the generally figure (1,352). The BCIS states that small sample sizes should be treated with caution and less weight attributed to this data. The detached figure is therefore deemed to be less reliable.

(ii) We have subsequently reviewed the 18 detached dwelling dataset in more detail. Of the sample of 18 schemes analysed, only 5 were taken from the last 5 years. The majority of the data analysed (over 75%) are taken from schemes which were constructed between 5 and 15 years ago. This reduces the reliability of the data when considering construction costs in the current marketplace. Furthermore, one of the sample is considerably in excess of the rest of the data, being £4,678 per sq m. This relates to the construction of 4 lodges at Feldon Valley Golf Club. This should not form part of the sample as it is anomalous. The issue is that because the sample is so small, the inclusion of this within the data 'skews' the overall average. Likewise, one of the sample relates to single detached dwellings (a single detached mews house in London and a detached dwelling in Cambridge). The costs associated with this type of development are higher than a larger scale scheme where there would be cost savings through bulk buying materials and labour. The inclusion of these in the sample unfairly 'skews' the average higher than it should be.

(iii) In a scheme we were involved with in South Holland the use of the BCIS detached dwelling rate was also discussed. The applicant sought advice from a third-party Quantity Surveyor (Two Two Five Ltd). The QS advice suggested the following:

- Two Two Five consider that it will cost more to construct a detached dwelling than a semi-detached or terrace, but state that detached dwellings tend to be larger and there is an economy of scale for these units compared with smaller dwellings (with the implication being that this has a downward pressure on the rate per sq m for detached units).

- Two Two Five also provided a breakdown of the projected build costs for various house types. The figures provided by Two Two Five Ltd can be summarised as follows (all-inclusive of preliminaries, which is how the BCIS data is presented and therefore enables a 'like for like' comparison):

			£ psf	**£ psm**
Thames	Detached	£	91.67	£ 986.76
Barrowby	Detached	£	94.61	£ 1,018.41
Freshney	Detached	£	95.96	£ 1,032.94
Ribble	Detached	£	107.28	£ 1,154.79
Tay	Detached	£	107.60	£ 1,158.23
Harren	Detached	£	108.43	£ 1,167.17
A902	Semi / terr	£	109.48	£ 1,178.47
Medway	Detached	£	110.70	£ 1,191.60
Balmoral	Detached	£	113.93	£ 1,226.37
Ouse	Detached	£	113.96	£ 1,226.70
Humber	Detached	£	114.91	£ 1,236.92
Bain	Detached	£	115.95	£ 1,248.12
A732	Semi / terr	£	118.28	£ 1,273.20
Coronation	Semi	£	118.46	£ 1,275.13
Sparta	Semi	£	118.76	£ 1,278.36
Mere	Semi / Det	£	119.32	£ 1,284.39
Huntingdon	Semi	£	120.52	£ 1,297.31
Lock	Semi / Det	£	120.72	£ 1,299.46
Avon	Semi	£	120.96	£ 1,302.05
Severn	Detached	£	120.96	£ 1,302.05
Tamar	Detached	£	120.96	£ 1,302.05
Aire	Semi / terr	£	120.96	£ 1,302.05
Rutland	Detached	£	120.96	£ 1,302.05
Clyde	Semi	£	123.96	£ 1,334.34
Dee	Semi / terr	£	125.39	£ 1,349.73
Holland	Flat	£	166.30	£ 1,790.10
Average		**£**	**116.19**	**£ 1,250.72**

- The above demonstrates that the highest rates per sq m are generally reflected through the smallest semi-detached and terraced dwellings. This suggests that detached dwellings are not more expensive to build (at least in terms of a rate per sq m) when compared to terraced and semi-detached dwellings.

(iv) By way of additional evidence from a more recent case. We have been involved with a case for Borough Council of King's Lynn & West Norfolk land at Foresters Avenue, Hilgay (planning ref 23/00824/FM), being a scheme of 16 dwellings. A quantity surveyor provided the following costings:

142 - Foresters Avenue, Hilgay
RIBA 2.0

Ref.	Description	Quantity	Unit	Rate (£)	Total (£)
	Building Works; 16Nr Dwellings				
1	Plot 1; 3B5P Semi; Private	93	m2	1,320	122,760
2	Plot 2; 3B5P Semi; Private	93	m2	1,320	122,760
3	Plot 3; 3B5P Detached; Private	93	m2	1,375	127,875
4	Plot 4; 3B5P Detached; Private	93	m2	1,375	127,875
5	Plot 5; 2B4P End Terrace; Private	79	m2	1,300	102,700
6	Plot 6; 2B4P Mid Terrace; Affordable	79	m2	1,220	96,380
7	Plot 7; 2B4P Mid Terrace; Affordable	79	m2	1,220	96,380
8	Plot 8; 2B4P End Terrace; Affordable	79	m2	1,250	98,750
9	Plot 9; 4B8P Detached; Private	130	m2	1,325	172,250
10	Plot 10; 4B8P Detached; Private	130	m2	1,325	172,250
11	Plot 11; 3B5P Semi; Private	93	m2	1,320	122,760
12	Plot 12; 3B5P Semi; Private	93	m2	1,320	122,760
13	Plot 13; 3B5P Detached; Private	93	m2	1,375	127,875
14	Plot 14; 3B5P Semi; Private	93	m2	1,320	122,760
15	Plot 15; 3B5P Semi; Private	93	m2	1,320	122,760
16	Plot 16; 4B8P Detached; Private	130	m2	1,325	172,250
17	Double garages	3	No	22,500	67,500

- As shown above, there is little difference in the rate per sq m between detached and semi-detached dwellings (and the variations are to do with size of dwelling).

3.15. Having considered all of the above, we are of the view that referring to the BCIS general rate is appropriate for the housing (although we agree that it is reasonable to apply the single storey rate for bungalows and 2 storey rate for 2 storey housing). As indicated above, we have first considered the lower quartile rates as at Sep 2024 (for the 64 dwellings already built and sold):

BCIS®

The results contained on the page are as published on 15-Sep-2024

£/M2 STUDY

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

Last updated: 07-Sep-2024 07:27

Rebased to South Holland (97; sample 6)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

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 (15)	1,491	764	1,260	1,432	1,631	5,108	1369
Single storey (15)	1,695	998	1,430	1,631	1,861	5,108	226
2-storey (15)	1,435	764	1,236	1,389	1,571	3,098	1064

3.16. The single storey lower quartile rate (as at Sep 24) is therefore £1,430 per sq m, whilst the 2 storey figure is £1,236 per sq m. We have applied these rates to the 64 dwellings already built and sold.

3.17. For those dwellings assumed to still be in progress / to be sold, we have used the current BCIS rates, as follows:

BCIS®

£/M2 STUDY

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

Last updated: 09-Aug-2025 07:26

Rebased to South Holland (98; sample 6)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

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 (15)	1,536	790	1,300	1,470	1,682	5,331	1286
Single storey (15)	1,765	1,033	1,472	1,687	1,921	5,331	200
2-storey (15)	1,479	790	1,276	1,432	1,619	3,194	1016

3.18. The current single storey lower quartile rate is therefore £1,472 per sq m, whilst the 2 storey figure is £1,276 per sq m. We have applied these rates to the remaining 120 dwellings.

3.19. Adopting the approach as set out above, the overall combined construction cost equates to £31,367,982. This compares to £35,879,828 as shown in RG+P's appraisal.

3.20. We have accepted RG+P's costs for the garages, as well as the external / infrastructure works.

3.21. For the contingency, we have adopted 3% of the standard construction costs (i.e. excluding abnormals) which is the approach we adopted in our previous modelling.

3.22. In terms of the abnormal costs, we have sought advice from a 3rd party independent cost consultant (RCS Construction). Please see attached (Appendix 1) their findings. In short, RCS conclude that the total abnormal costs should be no more than £3,430,238. We have applied this to our appraisal.

<u>Other costs</u>

3.23. For professional fees, we have allowed 5.5% on the standard construction costs, which is consistent with our previous modelling.

3.24. For marketing / disposal, we have adopted 3% on revenue, plus £750 per unit for legal costs. Again, this is consistent with our previous modelling.

3.25. For debit interest we have adopted an average rate of 8%.

3.26. For developer profit, we have adopted 17.5% on revenue for the market value units and 6% on revenue for the affordable, which is consistent with our previous modelling.

3.27. Finally, for the benchmark land value, the requirements of the viability guidance is such that if abnormal costs increase (as they have done here since our last testing in 2023) then the benchmark land value should be reduced. However, adopting a cautious approach, for the purposes of this updated assessment we have retained the previous benchmark land value of £2,915,000. Again, in the event of a continued viability debate we reserve the right to amend this position in future appraisal testing.

4. Appraisal results and conclusions

4.1. Please see attached our appraisal (Appendix 2). With 24.46% onsite affordable dwellings (Delivered outside of a S106 agreement through grant funding) and S106 contributions (relating to education, health and travel plan) totalling £1,162,334 this generates a residual land value of £5,362,926 (i.e. comfortably above the benchmark land value of £2,915,000 and therefore at a viable level).

4.2. In other words, the viability of the scheme has improved since our last assessment in 2023. This has improved significantly because of the following factors:

- The average anticipated value as at 2023 was £2,458 per sq m. At the time, the plot construction were £1,272.93 per sq m. The plot costs were therefore 51.79% of the sales values. In capital terms, the 'gap' between plot costs and sales values equated to £29,695,618.
- At the current time, using sales achieved (including the affordable units) the average equates to £2,731.75 per sq m. The plot costs are £1,314.04 per sq m, which is equivalent to 48.10% of the sales values. In capital terms, the 'gap' between plot costs and sales values equated to £33,842,712.
- £33,842,712 less £29,695,618 equals £4,147,094. This essentially means that at the current time, there is an additional £4,174,094 of capital available from the scheme compared to the 2023 modelling.

- The other difference, which is acknowledged by RG+P, is that a lower profit rate of 6% can be applied to the 45 affordable units delivered at the scheme (as affordable units are lower risk because they are effectively pre-sold and transferred in bulk, which means a developer is willing to take a lower profit). Whilst a 17.5% profit is still applied to the market value units, overall on a 'blended' basis this means that the profit in the current model reduces overall to 15.89% on revenue. In the 2023 modelling, the scheme was based on 100% market value, therefore all of the dwellings had a higher profit of 17.5%

4.3. For ease, we reach a different conclusion to the applicant due to the following differences between the respective appraisals:

Input	RG+P appraisal	CPV appraisal
Gross development value	£64,914,621	£65,210,695
Plot construction costs	£35,879,828	£31,367,982
Contingency	£1,339,541	£1,138,709
Professional fees	£3,125,595	£2,087,633
Marketing / disposal	£1,578,285	£1,820,024
Debit interest	£6,172,220	£1,561,242

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

	Sales: Rate /m²				
Construction: Rate /m²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	15.89% (£4,843,933)	15.89% (£5,595,868)	15.89% (£6,347,744)	15.89% (£7,099,621)	15.89% (£7,851,498)
-2.500%	15.89% (£4,351,255)	15.89% (£5,103,459)	15.89% (£5,855,335)	15.89% (£6,607,212)	15.89% (£7,359,088)
0.000%	15.89% (£3,858,576)	15.89% (£4,610,974)	15.89% (£5,362,926)	15.89% (£6,114,802)	15.89% (£6,866,679)
+2.500%	15.89% (£3,365,898)	15.89% (£4,118,295)	15.89% (£4,870,517)	15.89% (£5,622,393)	15.89% (£6,374,269)
+5.000%	15.89% (£2,873,220)	15.89% (£3,625,617)	15.89% (£4,378,014)	15.89% (£5,129,983)	15.89% (£5,881,860)

4.5. 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 (focusing only on the 120 dwellings yet to have built and sold). By way of explanation, if sales values were to decrease by 2.5% and construction costs increased by 2.5% the residual land value would be £4,118,295. As this would still be above the benchmark land value of £2,915,000 the scheme would still be viable with the s106 planning policies applied.

4.6. In summary, we find that the viability of the scheme has improved since our last assessment in 2023. Despite the abnormals costs increasing, a strong improvement in the sales values means that we consider the scheme to be viable with the ful S106 planning contribution of £1,162,334.

4.7. 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.