Independent Viability Experts

CP Viability Ltd

FAO Mr Mark Niland
South Holland District Council

Sent by email only

Our ref: DN-1441
Your ref: H14-0065-26
Date: 24th June 2026

Dear Mr Niland,

PROPERTY ADDRESS: **Land off Farnborough Close, (Keston Fields), Pinchbeck, Lincolnshire**
INSTRUCTING BODY: **South Holland District Council**
APPLICANT: **Keston Fields Ltd**



Further to your instruction dated 22nd May 2026 and receipt of the 3rd party quantity surveyor review (undertaken by Thornton Firkin) on 24th June 2026, we are pleased to report as follows.

1. Property Overview

1.1. The subject property is located on the southern western edge of Pinchbeck village, within the recently completed Keston Fields development. Pinchbeck is located circa 1.5 miles south west of Surfleet, 7 miles west of Holbeach and 12 miles north east of Market Deeping. Main road access to and from the village is via the B1356 (Spalding Road) which enters the village from the south and connects with the B1180 (Wardentree Lane) which gives access to the A16 to the east of the village. The nearest rail connection to the subject site is at Spalding train station, around 1.5 miles to the south with services to Lincoln and Peterborough.

1.2. The village centre is located approximately 0.7 miles to the north east of the site and has a limited number of amenities including a small selection of shops, a village hall, a library and public house. The River Glen runs to the north of the village. To the north and east are residential houses and to the south is a light industrial compound. Residential housing immediately surrounding the site is of new build, with older housing located to the west on Mill Green Road.

1.3. More specifically, the site lies within the recently completed Keston Fields development and is comprised of land used as a construction compound. It is relatively flat with a cluster of trees located in the south western corner. Boundaries to the norther and east are formed of fences separating the site from residential housing with a hedgerow to the south dividing the site from the industrial uses beyond.

1.4. According to the 'Financial Viability Appraisal Report' dated May 2026 submitted by RG+P Living ("RGP") on behalf of the applicant, the site extends to 2.14 Ha (5.29 acres) on a gross basis.

1.5. Planning applications in respect of the site include: **H14-0355-17** "*Proposed residential development"* This was approved 22nd February 2018 and included the Keston Fields site as a whole (inclusive of this parcel of land).

1.6. Furthermore, RGP's report states the following:

> 2.6 The site currently has an outline consent for 13 units under H14-0078-23, and 3 units (previous plot numbers 28-30) have been replaced by plots 1-7 within this new proposal.

1.7. The current planning application for the subject site is as follows: **H14-0065-26** - *"Erection of 40 dwellings, garages and associated infrastructure"*

1.8. We understand from the RGP "Financial Viability Appraisal Report" dated May 2026 that the accommodation to be provided will be as follows:

Description	Type	Beds	Units	Unit size (sq m)	Gross internal area (sq m)
HTA	Det Bungalow	3	3	136.80	410.40
HTB	Det Bungalow	3	7	129.40	905.80
HTC	Det Bungalow	3	4	138.00	552.00
HTD	Semi	3	15	97.20	1,458.00
HTE	Detached	3	1	138.00	138.00
HTH	Semi	3	3	102.20	306.60
HTF	Mid/End Terrace	2	4	72.00	288.00
HTI	Mid/End Terrace	1	3	52.90	158.70
Total			**40**		**4,217.50**

2. Scope of Assessment and General Assumptions

2.1. As indicated above, acting for the applicant, RGP submitted their viability report dated May 2026. In it, RGP consider 2 appraisal scenarios. They conclude "*The development with the standard inputs is not viable…*".

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 affordable housing / 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 subsequently undertaken sensitivity testing as part of this review.

2.7. We have assessed the viability of the scheme as at 24th June 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 regarding the scheme.

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.

2.12. 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. RGP's appraisal – summary

3.1. As stated above, RGP's May 2026 viability review considers a scenario with 20% affordable housing (8 units) and no S106 contribution. This results in a residual land value of (minus) -£1,651,132. The second scenario of no affordable housing and no S106 contribution results in a residual land value of (minus) -£1,253,210, which is still below their separately assessed benchmark land value of £588,500 and therefore still fails to meet the viability threshold. Based on their modelling, RGP conclude that "*The development with the standard inputs is not viable to achieve a developers return for a scheme of 40 units with the high associated abnormal costs*".

3.2. They carry out sensitivity testing on the outcome of their appraisal, examining the impact of changes in Sales and GDV in 2.50% increments (up and down) with all results returning a deficit.

3.3. To summarise RGP's assessment (Scenario 1), we have categorised the costs under what we consider to be the most common sections of a viability appraisal. This categorisation approach allows us to undertake a comparison with other developments.

Gross Development Value (Revenue)

Type	No.	AV £psm	Total
Market Value dwellings	32	£2,750	£10,103,500
Affordable Rented dwellings	5	£1,276	£386,250
Intermediate tenure dwellings	3	£1,756	£423,563
Total	**40**		**£10,913,313**

Gross Development Cost (Outgoings)

Type	Notes	Total
Terr build costs	£1,373.50 per sq m (447 sq m GIA)	£613,542
Semi build costs	£1,415 per sq m (1,765 sq m GIA)	£2,496,909
Det build costs	£1,556.50 per sq m (138 sq m GIA)	£214,797
Det bung build costs	£1,624.50 per sq m (1,868 sq m GIA)	£3,034,891
Garages	Doublex1@£20k/double attach x7@ £18k	£146,000
Garages	Single £12,500 per unit	£300,000
BNG		£52,500
Heat Pumps	14@ £5k/ 26@ £4k	174,000
EV Chargers	40@ £750	£30,000
External works	15% of build costs	£1,020,921
Contingency	2.90% of build costs	£234,812
Professional fees	7.75% of build costs	£626,165
Abnormal works	Various (£151,139 per acre)	£799,523
Marketing & sales	2.50% of GDV	£252,588
Sales legal fees	MV 32 @ £1,000 per dwelling, RP £8k	£40,000
Finance	8% debit	£692,171
Developer profit	17.50% MV/6% AH of GDV	£1,816,701
Acquisition costs		£18,925
Total		**£12,564,445**

3.4. This produces a negative residual land value of (minus) -£1,651,132. RGP conclude that "*The development with the standard inputs is not viable to achieve a developers return for a scheme of 40 units with the high associated abnormal costs. As such, our hope is that the LPA will agree a deviation from the S106 contributions and affordable housing requirements as the scheme cannot meet them.*"

4. CP Viability's appraisal

Gross Development Value (Revenue)

4.1. We have based our assessment of value for the completed dwellings on the mix detailed above (see para 1.8).

4.2. In their appraisal, RGP have adopted the following market sales values:

-	3b Det bung	129.40-138 sq m	£377,500-£400,000 (£2,736-3,091 psm)
-	3b Semi	97.20-102.20 sq m	£252,500-£255,000 (£2,495-2,598 psm)
-	3b Detached	138 sq m	£338,500 (£2,453 psm)
-	Terraced	52.90-72 sq m	£2,508-£2,605 psm

4.3. To arrive at these values, RGP have relied upon market value opinions of 2 agents:

- A letter provided by Sequence Estate Agents dated 20th April 2026
- A letter provided by Winkworth Residential Sales, Lettings and Management dated 13th May 2026

4.4. For viability testing, the Planning Practice Guidance (PPG) and RICS guidance make clear what forms of evidence are required and the order of reliability when establishing house prices. The PPG states that any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, infrastructure and affordable housing providers. For GDV in a site-specific context, the PPG paragraph 011 states: "*market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers*."

4.5. The RICS Guidance Note: Valuation of Development Property requires that when employing the market comparison approach, valuers identify comparables that are as similar as possible in terms of location, use, scale, form, etc.; and that comparables should be recent, verifiable, and where possible verified transactional evidence.

4.6. The RICS Comparable Evidence in Real Estate Valuation (1st Edition, 2019) lays out a hierarchy of evidence: direct transactional evidence is at the top, followed by other forms of comparable data (e.g. publicly available information, databases, etc.). It emphasises that "*Information derived from comparable market transactions will normally provide the best evidence of value*."

4.7. In Assessing Viability in Planning under the NPPF 2019 for England, RICS reiterates that the hierarchy of evidence quality for inputs (including GDV) should be followed, and that inputs should be transparent, with limitations being clearly stated.

4.8. When estimating GDV for a proposed housing development, the following order (or hierarchy) of evidence should be considered, in descending order of reliability. A valuer or viability assessor should work from the top down, only using lower tiers when higher ones are unavailable or less relevant:

Rank	Type of Evidence
1	Completed transactions (recent, arm's-length sales) – strongest evidence of GDV
2	Contracts under offer / sales agreed – near-real-time indicator of market value
3	Properties on the market / asking prices – seller expectations, require caution
4	Published indices / historic averages – useful for context and trends
5	Less directly comparable evidence – last resort, largest adjustments required

4.9. RGP rely upon Sequence Estate Agents and Winkworth Residential, Lettings and Management, to provide a market value for the properties to establish the GDV. No comparable evidence is provided by either party and therefore it is unclear how the suggested values have been established.

4.10. As this detail has not been provided, it is unclear whether appropriate comparable evidence has been taken into consideration for the determining house prices at the subject scheme. It is therefore unclear whether the hierarchy of evidence, as set out above, has been adhered to.

4.11. Furthermore, given the lack of supporting evidence to justify the suggested values, this fails to meet the PPG's requirement for transparency in viability testing. The PPG: Viability states at Paragraph 008

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 viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, ***and the transparency of assumptions behind evidence submitted as part of the viability assessment.***

4.12. There is no transparency in terms of how the 2 parties have arrived at their opinions of value. We cannot therefore simply accept the views being presented.

4.13. For the purposes of our review, we have initially considered Land Registry Data for the postcode area 'PE11' within which the subject site is located. We have focused our attention on those properties sold within Pinchbeck, on the earlier phases of the Keston Fields development. We have limited the results to new build houses sold in the last 2-year period of a similar size and style to those at the subject site.

Keston Fields. Adjoining site. Several dwellings were sold in the last 2 years; the following are suitable for comparison.

	Address	SQM	£ per SQM	Price	Date	Type
16	KESTON ROAD	135	£2,778	£375,000	31/03/2025	Det bung
28	KESTON ROAD	135	£2,778	£375,000	24/09/2025	Det bung
40	KESTON ROAD	135	£2,778	£375,000	27/09/2024	Det bung
42	KESTON ROAD	135	£2,778	£375,000	04/06/2025	Det bung

Bellway, Pinchbeck Fields. Located on the south eastern extent of Pinchbeck, this development is located around 0.65 of a mile to the east.

	Address	SQM	£ per SQM	Price	Date	Type
3	DELPHINIUM STREET	97	£2,835	£274,950	14/06/2024	Det

4.14. We have also considered available new build dwellings within Pinchbeck:

Keston Fields. A slightly larger 3 bed detached bungalow is advertised, at the subject site the largest 3 bed bungalow is of 138 sqm and has a proposed value of £2,736 psm.

3b detached bungalow	£375,000	149 sqm (£2,517 psm)

Ashwood Homes, Yews Farm. At the subject site a detached 3 bed of 138 sqm has a proposed value of £2,453 psm, whilst a 3-bed semi of 102 sqm has a proposed value of £2,495 psm, both significantly lower than the values advertised here.

4b detached	£375,000	131 sqm (£2,863 psm)
3b detached	£305,000	102 sqm (£2,990 psm)

4.15. We have also considered sold second hand dwellings within Pinchbeck. Initially we have looked at resales on the earlier phases of the site.



8 Keston Road

3b detached bungalow

£397,500 on 28th November 2025

130 sqm (£3,058 psm)

This value is broadly inline with a 3b detached bungalow of 129.40 sqm at the subject site which has a proposed value of £3,091 psm. We would expect a new build dwelling to command a higher value.



20 Ravensbourne Road

3b detached

£335,000 on 29th July 2025

132 sqm (£2,538 psm)

A 3b detached at the subject site has a proposed value of £2,453 psm, again we would expect to see a new build command a higher value, than a second hand property.

4.16. When we considered available homes within Pinchbeck we found nothing of a comparable size.

4.17. Overall, and having considered all of the above, we find RGP's suggested average value rate of £2,750 per sq m to be broadly reasonable for the purposes of viability testing. We have subsequently adopted the same in our appraisal.

4.18. As for the affordable housing, RGP's allowances equate to the following:

- Affordable Rented 50% of market value
- Intermediate / Shared ownership 67.5% of market value

4.19. These allowances are considered to be reasonable and have also been accepted in our appraisal.

Construction costs

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

- Semi Detached housing	£2,496,909 / £1,415 per sq m
- Terraced housing	£613,542 / £1,373.50 per sq m
- Bungalow housing	£3,034,891 / £1,624.50 per sq m
- Detached housing	£214,797 / £1,556.50 per sq m
- Double detached garages (1)	£20,000 each
- Double attached garages (7)	£18,000 each
- Single shared attached garages (9)	£12,500 each
- Single shared detached garages (15)	£12,500 each
- BNG	£52,500
- EV chargers	£30,000 (40@ £750 per unit)
- Air source heat pumps	£70,000 (14@ £5,000 per unit)
- Air source heat pumps	£104,000 (26@ £4,000 per unit)
- Standard external works	15% of base build costs
- Contingency	2.90% of combined build costs
- Abnormal works	£799,523 (£151,139 per acre)

4.21. To arrive at their plot construction costs RGP refer to the Build Cost Information Service ("BCIS") utilising a mid-point between the lower quartile and median rate, rebased to South Holland. For semi detached housing RGP apply a mid point rate of £1,415 psm, Terraced Housing £1,373.5 psm, bungalows £1,624.5 psm. For the detached dwellings rather than utilising the BCIS rate of £1,748.5 psm, they utilised the BCIS elemental analysis, which is equivalent to the semi-detached rate plus 10%, £1,556.5 psm. Their plot costs therefore derive from the BCIS, a database regularly used in the development industry as a point of reference for construction costs.

4.22. 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, garages, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.

4.23. 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 volume house builders. For this reason, the BCIS median rate is not generally used when considering a scheme that would be implemented by a volume house builder (instead the lower quartile is favoured).

4.24. In terms of which BCIS 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 (1,288). 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).

(v) In June 2026, upon the instruction of South Holland District Council, we undertook a viability review of Kendall Grove, Pinchbeck (planning ref H14-0083-26). This is an application for 218 dwellings, submitted by Ashwood Homes. In their viability submission (dated Feb 26), Ashwood Homes used a single rate for all of the dwellings (i.e. they did not distinguish between terraced, semi and detached). The rate that Ashwood Homes applied to 2 storey dwellings was £1,308.65 per sq m. This compares to £1,415.42 per sq m used by RGP for 2 storey dwellings at the subject site.

4.25. Having considered all of the above, we are of the view that referring to the BCIS general rate is appropriate for the 2 storey housing. We note the following:

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.
Last updated: 30-May-2026 08:17
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)	1,583	786	1,338	1,513	1,733	5,409	1271
Single storey (15)	1,812	1,048	1,517	1,740	1,974	5,409	197
2-storey (15)	1,528	786	1,313	1,479	1,681	3,286	1007
3-storey (15)	1,602	976	1,364	1,552	1,779	3,192	62
4-storey or above (15)	3,279	1,604	2,626	2,930	4,362	4,872	5

4.26. We consider the 2 storey rate lower quartile rate of £1,313 per sq m to be appropriate for the 2 storey housing at the subject site, which is similar to the recent example in Pinchbeck referred to above. However, we do agree that a separate rate should be applied to the bungalows. Here we have used £1,517 per sq m.

4.27. RGP allow £446,000 for the construction of garages (double detached £20,000; double attached £18,000; single attached £12,500 and single shared £12,500), this equates to an average of £13,937.50 per garage. This is considered broadly reasonable and is adopted within our appraisal.

4.28. In terms of what we deem to constitute 'standard' externals (i.e. external works that would typically be expected on all housing schemes) RGP's allowance of £1,020,921 is equivalent to 15% of their plot costs and garages. A rate of 15% is broadly reasonable and in keeping with expectations and subsequently is accepted in our appraisal.

4.29. 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. 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.

4.30. With respect to what we deem to be additional costs for achieving Part L of building regulations, Biodiversity Net Gain and abnormal works RGP adopt the following:

Item	No.		Rate	£,000's
Abnormal Works Costs				
Attenuation tank				70,800
Hydrobrake				8,000
Extra piling Bung				205,502
Extra piling houses				132,121
Extra Piling garages				81,600
Solar panels				126,000
solar panels				175,500
Part L Building Regulations				
Air source heat pumps	14	at	5,000.00	70,000
Air source heat pumps	26	at	4,000.00	104,000
EV Chargers	40	at	750.00	30,000
Bidiveristy Net Gain				
BNG				52,500

4.31. These costs total £1,056,023, with £799,523 attributed to abnormal works costs (equivalent to £151,139 per net acre).

4.32. To arrive at these additional construction and abnormal costs, RGP refer to an Abnormal Costs Plan dated May 2026, and abnormal costs commentary accompanying the report.

4.33. Given the significant level of abnormal costs associated with the scheme, we have sought advice from a Quantity Surveyor. Thornton Firkin Cost Consultancy were subsequently instructed to review the RGP abnormal costs.

4.34. Please see attached (Appendix 1) Thornton Firkins's findings. Based on Thornton Firkin's advice, we have removed the attenuation tank cost, as well as the solar panels. However, we have accepted the air source heat pump costs, hydrobrake, extra piling, BNG and EV chargers.

Professional fees

4.35. RGP have allowed for professional fees totalling £626,165 (equivalent to 7.75% of their build costs).

4.36. By way of evidence, we have reviewed viability appraisals put forward by other applicants for similar scale schemes, analysing the level of professional fees applied as a percentage of standard costs (i.e. excluding abnormals). We note the following:

Site Address	Local Authority	Date	Units	Prof fees %
Phase 5, Heron Park, Boston	Boston BC	Feb-26	70	4.60%
Land west of 12 Knights End Road, March	Fenland DC	Dec-24	36	6.01%
42 Horseshoe Terrace, Leverington	Fenland DC	Dec-25	50	7.21%
Land south of The Elms, Chatteris - Lovell	Fenland DC	Feb-25	54	6.67%
Land at Railway Rd, Downham Market	Kings Lynn & West Norfolk	Sep-25	26	8.18%
Land at Grimston Rd, South Wootton	Kings Lynn & West Norfolk	Aug-25	54	8.20%
36 Lime Walk, Long Sutton PE12 9HG	South Holland DC	Jun-24	70	5.27%
Ivanda Nursery, Spalding	South Holland DC	Feb-24	70	6.04%
				6.52%

4.37. Across the sample, the average professional fee allowance equates to 6.52%. We also note that the Kendall Grove scheme in Pinchbeck referred to above had an allowance of 5.5% of the standard plot costs. Having considered the evidence, we deem an allowance of 6.5% to be reasonable.

Planning policies

4.38. 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 accounted for 20% in their appraisal, with 8 units in total, split between 5 Social/Affordable Rented dwellings, 3 Intermediate tenure.

4.39. In addition, RGP note that the following S106 developer' contributions have been requested (totalling £784,788). RGP state these contributions have been excluded from their appraisals.

- Education £502,838
- Health £36,590
- Highways £245,000

Marketing / legal costs

4.40. To cover sales and marketing, RGP have allowed the equivalent of 2.5% of the revenue for the market value dwellings in their appraisal. A further allowance equivalent to £1,000 per unit is allowed for the sales legal fees for all of the dwellings (irrespective of tenure). This is in keeping with expectations and what we have applied elsewhere and is therefore agreed.

Programme, Timescales and Sales Profile

4.41. RGP allow a 30-month construction period. The private units first sale is expected in month 14, with an average of 2.11 handovers / sales per month. RGP have cash flowed sales revenue between months 15-33.

Pre-construction	3 months
Construction	27 months
Showhome Opens	9 months (into construction)
First Open Market Sales	10 months (into construction). Drives a sales rate of circa 2.13 per month. Sales rate of open market units equates to 2.13 per month.
First Affordable Homes	13 months (into construction) As an average we have assumed 1 handover per month, in accordance with the build programme (equivalent to 0.53 homes from month 9) We have assumed the contractual payments from a Registered Provider will across the construction phase of the development.

Finance

4.42. RGP have allowed for finance costs at a debit interest rate of 8% and an arrangement fee of £48,815. We consider this higher than our expectations, consistent with other appraisals we have been involved we have applied a rate of 7% in 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 for this scheme should be 17.5% of total revenue for the market value and First Homes dwellings and 6% of total revenue for the affordable dwellings, using the argument that the subject scheme has a greater degree of risk due to several macro-economic and site-specific factors.

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).

4.47. 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.

4.48. On balance, taking into account the specific nature of the subject site, we consider 17.5% on revenue to be a reasonable allowance for market value units, reduced to 6% for any affordable.

Benchmark land value

4.49. 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.

4.50. 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.

4.51. 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:

4.51.1. 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.

4.51.2. The EUV should disregard any hope value.

4.51.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.

4.51.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.

4.51.5. 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.

4.51.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.

4.51.7. 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.

4.52. 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.

4.53. 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 £588,500.

4.54. Following a review of the latest RICS / RAU Farmland Market director of sales for H2 2025, published in May 2026 stated the National Weighted Average for sites smaller than 50 acres was £17,636 per acre, reducing to £12,511 per acre (£30,915 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.

4.55. As for the premium uplift, the guidance does not provide any indication of what a reasonable return equates to. However, RGP's allowance (at around 10 times the existing use value) is deemed to be reasonable and is accepted.

5. Appraisal results and conclusions

5.1. We have initially run an appraisal with 25% onsite affordable housing. However, this generates a residual land value below the benchmark land value and is therefore deemed to be unviable.

5.2. 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. Based on nil affordable housing and a reduced S106 total 'pot' of £367,000, the scheme generates a residual land value of £589,442. As this is just above the benchmark land value of £588,500 this is deemed to be viable.

5.3. For illustrative purposes, this poor viability outcome is despite the following adjustments in our appraisal:

Input	RGP appraisal	CPV appraisal
Estate Build Cost	£6,360,139	£5,332,173
Abnormal Costs	£799,523	£427,223
Professional fees	£626,165	£448,591
Finance	£692,171	£192,522

5.4. 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%	17.500% (£486,383)	17.500% (£680,935)	17.500% (£875,487)	17.500% (£1,070,039)	17.500% (£1,264,587)
-2.500%	17.500% (£343,346)	17.500% (£537,912)	17.500% (£732,464)	17.500% (£927,016)	17.500% (£1,121,569)
0.000%	17.500% (£198,746)	17.500% (£394,890)	17.500% (£589,442)	17.500% (£783,994)	17.500% (£978,546)
+2.500%	17.500% (£49,512)	17.500% (£251,741)	17.500% (£446,419)	17.500% (£640,971)	17.500% (£835,523)
+5.000%	17.500% £104,296	17.500% (£103,595)	17.500% (£303,287)	17.500% (£497,948)	17.500% (£692,500)

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 increased by 2.5% and the construction costs remained the same, the residual land value would be £783,994, which is above the benchmark land value of £588,500 therefore viable.

5.6. In summary, we agree with the applicant that the scheme cannot viably support the full planning affordable housing policy requirements. However, our modelling shows that the scheme is able to support a capital contribution of £367,000. Alternatively, if the Council prefers onsite affordable housing we estimate this would be equivalent to 5 onsite units (albeit dependent on the tenure basis for these units).

5.7. Given the poor current viability, the Council may wish to consider imposing a Review Mechanism during the delivery of the scheme. This would allow the Council to recover lost policy provisions, in the event that market conditions improved in the future. We can advise separately on this, if required.

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.