



Independent Viability Experts

FAO Mr Mark Niland
South Holland District Council

CP Viability Ltd

Sent by email only

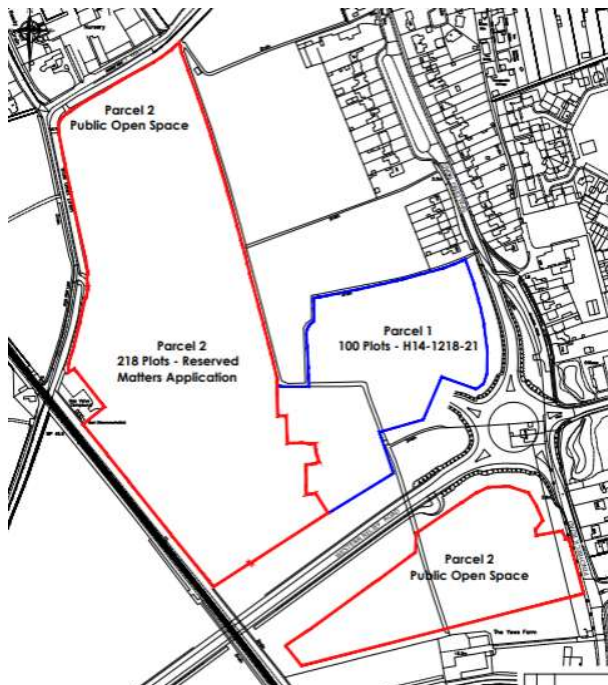
Our ref: DN-1384
Your ref: H14-0083-26
Date: 5th June 2026

Dear Mr Niland,

PROPERTY ADDRESS: Kendall Grove Pinchbeck Spalding PE11 5AT

INSTRUCTING BODY: South Holland District Council

APPLICANT: Ashwood Homes



Further to your instruction dated 19th February 2026, receipt of additional information from the applicant and the independent QS review (by Thornton Firkin dated 27th May 2026) we are pleased to report as follows.

1. Property Overview

- 1.1. The subject property is located on the southern fringe of the village of Pinchbeck and to the northern edge of the town of Spalding, circa 6 miles west of Holbeach, 13 miles south west of Boston and 17 miles north of Peterborough. Main road access to and from the village is via the B1356 (Spalding Road) which runs into the village from the south, to the east of both Pinchbeck and Spalding is the A16, which connects with the A1 (M) in the south beyond Peterborough. The nearest rail connection to the subject site is at Spalding train station, around 1.25 miles to the south with services to Peterborough, Lincoln and Doncaster.
- 1.2. More specifically, the subject property lies in an edge of settlement location between the village of Pinchbeck and the town of Spalding. Existing residential dwellings are located to the north and south with open agricultural fields to the west and a mixture of residential and industrial units to the east. To the south east is Johnson Community Hospital. Shopping facilities are located in both Pinchbeck and Spalding with a designer outlet and shopping centre situated to the south east of the subject site, with the industrial estate. To the north the land is bounded by Market Way to the west by Blue Gowt Lane and the railway line. To the south of the site is Vernatts Drain and to the east is land forming Phase 1 of the same development and Spalding Road. A newly established roundabout serves to provide access to phase 1 which will in turn provide access to this phase.
- 1.3. The site is comprised of a field formerly in agricultural use. A railway line is located to the western boundary and a former ditch bisects the site from west to east. Drains run along boundary edges, apart from on the south east and eastern boundaries. The site has no significant features. Adjacent to the site, on the south eastern side is Phase 1 of the development. We understand that this is under construction with over 12 dwellings built.

- 1.4. According to the 'Viability Assessment' dated 16th February 2026 submitted by the applicant company, the site as a whole extends to 16.04 Ha (39.63 acres) on a gross basis. Phase 1 is comprised of 3.41 Ha (8.43 acres) with a remaining balance of 12.63 Ha (31.21 acres) in respect of Phase 2.
- 1.5. Previous planning applications of relevance in respect of the site includes:
H14-1218-21 *"Hybrid planning application seeking full planning permission for 100 new homes, landscaping and infrastructure and outline planning permission (all matters reserved except access) for up to 300 new homes, landscaping and infrastructure"* This was approved 13th October 2023. The application is subject to two separate S106 agreements, H14-1218-21/FULL and H14-1218-21/OUT both agreements are signed 11th October 2023. The agreement in respect of phase 2 (H14-1218-21/OUT) requires the following contributions / affordable housing provisions:
- Affordable Housing totalling 75 dwellings (25% of the total number) to be provided as 70% rented, 25% First Homes and 5% shared ownership.
 - Education Contribution £2,645,249.64 (subject to indexation)
 - Health Care Facilities Contribution £660 per dwelling (subject to indexation)
 - Open Space Contribution £100 per dwelling (subject to indexation)
 - Spalding Western Relief Road Contribution
- 1.6. We note that the applicant's appraisal includes S106 agreements financial contributions totalling £1,750,104 (equivalent to £8,028 per gross number of units 218). However, based upon the formulas set out within the signed S106 agreement and the dwelling mix provide we calculate a total contributions (minus Spalding Relief Road Contribution) of £2,822,329.64 (equivalent to £12,946 per gross number of units 218). The S106 agreement sets out the affordable housing requirements as indicated above.

1.7. However, the applicant within their appraisal allow for 7% affordable housing as per the requirement on phase 1 (as set out in relevant legal agreement). For the purposes of viability testing and consistency we have applied the applicants' costs and affordable housing provision. The council are required to confirm the S106 contributions and affordable housing provisions applicable, any significant changes may affect the viability of the scheme.

1.8. The current (reserved matters) planning application for the subject site is as follows:

H14-0083-26 - *"Reserved Matters application providing details of appearance, landscaping layout and scale. Erection of 218 dwellings including roads public open space, drainage, infrastructure and landscaping – outline approved under Hybrid application H14-1218-21"*

1.9. This envisages the development of a mix of 1/2/3/4 bed house types including quad, terraced, semi-detached and detached dwellings.

1.10. We understand from the Ashwood Homes "Viability Assessment" dated 16th February 2026 that the accommodation to be provided will be as follows:

Description	Beds	Units	Unit size (sq ft)	Gross internal area (sq ft)
Quad	1	4	575	2,300
Semi/End Terr	2	44	732	32,208
Mid Terr	2	12	732	8,784
Semi	3	15	796	11,940
Semi/End Terr	3	32	902	28,864
Mid Terr	3	2	902	1,804
Semi	3	2	902	1,804
Semi	3	6	910	5,460
Semi	3	5	1,079	5,395
Semi	4	2	1,120	2,240
Detached	3	17	1,079	18,343
Detached	3	18	1,079	19,422
Detached	3	18	1,077	19,386
Detached	4	9	1,283	11,547
Detached	4	8	1,310	10,480
Detached	4	5	1,442	7,210
Detached	4	13	1,456	20,098
Detached	4	4	1,578	6,312
Detached	4	2	1,770	3,540
Total		218		217,137

2. Scope of Assessment and General Assumptions

- 2.1. As indicated above, Ashwood Homes submitted their viability review in Feb 2026. In it, Ashwood Homes consider 3 appraisal scenarios. They conclude that in each scenario the provision of affordable housing and section 106 contributions 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 5th 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. Ashwood Homes' appraisal – summary

3.1. As stated above, Ashwood Homes' Feb 26 appraisal tests the following:

- **Scenario 1** - with 7% affordable, a S106 contribution of £1,750,104. With a fixed land value of £3,473,250 this results in a profit on GDV of -4.59%.
- **Scenario 2** - with 0% affordable and a reduced S106 contribution of £1,090,000. With a fixed land value of £3,473,250 results in a profit on GDV of -0.92%.
- **Scenario 3** - with 0% affordable and no S106. Results in a profit on GDV of 1.07%.

3.2. Ashwood Homes consider a profit of 17.5% on market value revenue and 6% on affordable to be the minimum requirement. None of the above achieve this. Ashwood Homes subsequently conclude that *"Planning approval is sought with no affordable housing provision and no s106 financial contributions due, to facilitate the viability of the development, as supported by the appraisals presented..."*.

3.3. They carry out sensitivity testing on the outcome of their appraisal, examining the impact of changes in revenues and costs in increments (up and down) of 5% and state "...Scenario 1 does not show a meaningful reduction in the deficit of the scheme." And "...Scenario 3 shows that with a 5% improvement in sales values and 5% reduction in build costs, (the most favourable option to aid viability) the deficit is reduced to c.£5.4m..."

3.4. To summarise Ashwood Homes' 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 price per sq ft	Total
Market Value dwellings	203	£253	£51,879,288
Affordable Rented dwellings	11	£119	£1,019,599
Intermediate tenure dwellings	4	£170	£556,104
Total	218		£53,454,991

Gross Development Cost (Outgoings)

Type	Notes	Total
Estate housing	£121.57 per sq ft (217,137 sq ft GIA)	£26,398,170
Garages	153@ £12,176.47 each	£1,863,000
Electric Charging	218 @ £750 each	£163,500
ASHP	218 @ £6,962 each	£1,517,716
Building Safety Levy		£501,608
External works	22.12% of build costs	£6,623,692
Contingency	2.89% of build costs	£1,055,927
Professional fees	4.99% of build costs	£1,825,442
Abnormal works	Various (£200,925 per acre)	£7,962,642
Planning contributions	S106	£1,750,104
Marketing & sales	3% of GDV	£1,556,379
Sales legal fees		£213,000
Finance	% debit	£798,000
Arrangement fee		£20,000
Benchmark land value	£121,408 per acre	£3,473,250
Acquisition costs	Legals and SDLT	£185,163
Total		£55,907,593

- 3.5. This produces a financial loss of (minus) -£2,452,601. Ashwood Homes conclude that *“Planning approval is sought with no affordable housing provision and no s106 financial contributions due, to facilitate the viability of the development, as supported by the appraisals presented within this assessment.”*

4. CP Viability’s appraisal

Viability testing general comments

- 4.1. We are conscious that the Planning Inspectorate “Planning obligations: good practice advice” (updated April 2023) states the following with regards to S106 modifications: *For obligations entered into after 6 April 2010 – an application can be made after 5 years beginning with the date the obligation has been entered into to.*
- 4.2. There are subsequently 2 scenarios whereby a S106 agreement can be varied:
- (i) If less than 5 years have passed since the S106 agreement was signed (as is the case here), then this can only be modified through agreement from all parties.
 - (ii) If more than 5 years have passed since the S106 agreement was signed, then an application can be made to modify the agreement.
- 4.3. The S106 agreement for the subject scheme was entered into in October 2023. The 5-year period does not therefore lapse until October 2028. As less than 5 years have passed since the S106 agreement has been signed, there is subsequently no obligation on the Local Authority to agree to modify the terms of the S106 agreement. **On this basis, and regardless of the viability outcome of the scheme, the Council may therefore choose to impose the terms of the S106 agreement if it so wishes.**

- 4.4. The viability testing and the subsequent outcome from the modelling therefore needs to be considered by the Local Authority within the context of the above.

Gross Development Value (Revenue)

- 4.5. We have based our assessment of value for the completed dwellings on the mix detailed above (see para 1.10).
- 4.6. In their appraisal, Ashwood Homes have adopted the following sales values:
- £252.66 psm in respect of market value properties
 - £119.39 psm in respect of affordable rented properties
 - £170.17 psm in respect of shared ownership dwellings
- 4.7. To arrive at these values, Ashwood Homes consider the following:
- A review of local market evidence from Broadgate Homes, Bellway Homes and D Brown Builders (Keston Fields).
 - A review of Yews Farm, a development by the applicant, carried out in September 2025 by CP Viability.
- 4.8. 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. The results have been limited to new build houses sold within the last 18-month period of a similar size and style to those proposed at the subject site (and within a circa 3 miles radius of the subject site).

Keston Fields. Located less than 250m to the west of the subject site.

	Address	SQFT	£psf	Price	Date	Type
16	RAVENSBORNE ROAD	1421	£229	£325,000	31/01/2025	Det
2	FARNBOROUGH CLOSE	1421	£229	£325,000	27/06/2025	Det
			£229	£325,000		
17	KESTON ROAD	1722	£247	£425,000	12/05/2025	Det
21	KESTON ROAD	1722	£247	£425,000	28/03/2025	Det
31	KESTON ROAD	1722	£247	£425,000	26/03/2025	Det
37	KESTON ROAD	1722	£232	£400,000	17/01/2025	Det
2	RAVENSBORNE ROAD	1722	£241	£415,000	21/11/2025	Det
4	RAVENSBORNE ROAD	1722	£241	£415,000	30/05/2025	Det
			£242	£417,500		

Surfleet Spalding. Located 2 miles to the north east.

	Address	SQFT	£ psf	Price	Date	Type
6	ANCHOR AVENUE	904	£254	£230,000	18/10/2024	Semi
15	ANCHOR AVENUE	1066	£263	£280,000	21/03/2025	Det
1	RIVERSIDE CLOSE	1066	£263	£280,000	28/02/2025	Det
			£263	£280,000		
3	DOBNEY STREET	1281	£262	£335,000	02/05/2025	Det
5	DOBNEY STREET	1281	£262	£335,000	28/03/2025	Det
			£262	£335,000		

Glenfields Emerald Homes. Located circa. 2.8 miles to the north east.

	Address	SQFT	£psf	Price	Date	Type
2	PEGGYS WAY	775	£232	£180,000	31/03/2025	Semi
4	PEGGYS WAY	775	£232	£180,000	28/03/2025	Semi
			£232	£180,000		
7	PEGGYS WAY	915	£251	£230,000	18/10/2024	Semi

4.9. We have also considered available new build homes:

Yews Farm by Ashwood Homes. Located around 250m to the south east of the site.

Dee 2b semi	£207,000	732 sq ft (£283 psf)
Clyde 3b semi	£240,000	783 sq ft (£306.51 psf)
Aire 3b semi	£250,000	902 sq ft (£277 psf)
Lock 3b detached	£299,950	1,079 sq ft (£278 psf)
Mere 3b detached	£280,000	1,080 sq ft (£259 psf)
Rutland 3b detached	£305,000	1,099 sq ft (£277.52 psf)
Severn 4b detached	£375,000	1,415 sq ft (£265 psf)
Humber 4b detached	£405,000	1,578 sq ft (£257 psf)
Tay 4b detached	£410,000	1,770 sq ft (£232 psf)

Pinchbeck Fields by Bellway Homes. Located around 450m to the east of the site.

The Thespian 3b detached	£270,000	905 Sqft (£298.34 psf)
The Chandler 3b detached	£275,000	937 Sqft (£293.49 psf)
The Quilter 3b detached	£280,000	939 Sqft (£298.18 psf)
The Mason 3b detached	£292,500	1059 Sqft (£276.20 psf)
The Scrivener 4b detached	£320,000	1197 Sqft (£267.34 psf)
The Milliner 4b detached	£345,000	1271 Sqft (£271.44 psf)

4.10. We consider the asking prices from Yews Farm to provide a good indication of market expectations for the subject site, albeit accepting that these are asking prices rather than transactions. Even so, allowing an average 5% deduction from the asking prices to reflect sales incentives, this shows Ashwood Homes' adopted values to be below expectations. We consider the following to be reasonable in light of the above:

Type	Beds	NSA sq ft (each)	£ per sq ft	£ each
Quad	1	575	260.87	150,000
Semi/End Terr	2	732	268.85	196,798
Mid Terr	2	732	266.00	194,712
Semi	3	796	266.00	211,736
Semi/End Terr	3	902	263.15	237,361
Mid Terr	3	902	256.50	231,363
Semi	3	902	263.15	237,361
Semi	3	910	263.15	239,467
Semi	3	1,079	247.00	266,513
Semi	4	1,120	240.38	269,228
Detached	3	1,079	264.10	284,964
Detached	3	1,079	264.10	284,964
Detached	3	1,077	264.10	284,436
Detached	4	1,283	261.25	335,184
Detached	4	1,310	256.50	336,015
Detached	4	1,442	251.75	363,024
Detached	4	1,546	244.15	377,456
Detached	4	1,578	244.15	385,269
Detached	4	1,770	220.40	390,108

4.11. As for the affordable housing, Ashwood Homes's allowances equate to the following:

- Affordable Rented 47.25% of market value
- Intermediate / Shared ownership 67.35% of market value

4.12. These allowances are considered to be broadly reasonable and have been accepted in our appraisal.

Construction costs

4.13. In their assessment, AH's appraisal shows the following build costs:

- Estate housing	£26,398,170 (£121.57 per sq ft)
- Garages	£1,863,000 (£12,176.47 per garage)
- Electric charging	£163,500 (£750 per unit)
- Air source heat pumps	£1,517,716 (£6,962 per unit)
- Standard external works	£6,623,692 24.16% of build costs
- Building Safety Levy	£501,608
- Contingency	2.89% of combined build costs
- Abnormal works	£7,962,642 (£200,925 per acre)

4.14. To arrive at their plot construction costs AH refer a previous viability appraisal undertaken within the district, which we were involved (Horseshoe Road, Spalding, H16-0515-25), we applied the Build Cost Information Service ("BCIS"), from September 2025, using the lower quartile rate of £1,283 per sq m. AH have applied these figures and then uplifted the costs by 2% for build cost inflation, to arrive at a rate of £1,308.66 per sq m (or £121.57 per sq ft). Their plot costs therefore derives from the BCIS (albeit adjusted for inflation), which is a database regularly used in the development industry as a point of reference for construction costs.

4.15. We agree that it is appropriate to refer to the BCIS in order to establish plot costs for a scheme of this scale and nature. Please note that BCIS data excludes external works, garages, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.

- 4.16. To give the BCIS data some context, between January 2015 and Oct 2024 there were 149 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.98 houses per scheme submitted into the data. 58.39% of the sample comprised schemes consisting of 20 houses or less and only 10.74% of the sample (16 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. The efficiency savings that a volume housebuilder is able to make with respect to both labour and material are not therefore reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs incurred by 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).
- 4.17. We initially reviewed the BCIS costs rebased to South Holland, however, as the sample size is '6'. Where BCIS location factors are derived from a sample size of fewer than 20 projects, the resulting index should be treated with caution as it is statistically less robust and may be subject to increased volatility and reduced reliability. We have rebased the data to the wider Lincolnshire area which has a sample size of '90', note the following current rates:
- 4.18. We note the following current rates (rebased to Lincolnshire):

£/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 Lincolnshire (102; sample 90)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,678	891	1,449	1,619	1,840	4,144	1262
810.1 Estate housing							
Generally (15)	1,647	818	1,393	1,575	1,803	5,630	1271
Single storey (15)	1,886	1,091	1,579	1,811	2,054	5,630	197
2-storey (15)	1,590	818	1,367	1,539	1,749	3,421	1007
3-storey (15)	1,668	1,016	1,420	1,615	1,851	3,322	62
4-storey or above (15)	3,413	1,670	2,733	3,050	4,540	5,071	5

4.19. We consider the 2-storey rate lower quartile rate of £1,367 per sq m (£126.99 per sq ft) to be appropriate.

4.20. AH allow £1,863,000 for the construction of garages, this equates to an average of £12,176.47 per garage. This is considered broadly reasonable and is adopted within our appraisal.

- 4.21. For electric vehicle charging AH allow £750 per dwelling. This is broadly reasonable and is accepted.
- 4.22. AH allow an allowance of £6,962 per unit for ASHP, in preparation for Future Homes Standard. We do not consider it appropriate to allow for Future Homes Standard, as this has yet to be introduced and the full details have yet to be confirmed. Furthermore, as per the Government's Future Homes Cost Impact Assessment from Dec 2023, it is acknowledged that the standard is likely to be offset by increases in sales values. More significantly, as the sales values used in the viability modelling for this scheme are based on 'non-Future Homes' standard, it is reasonable to exclude the costs of Future Homes in the modelling. Again, this is consistent with other appraisals we have undertaken across the area. The aforementioned Horseshoe Rd scheme no additional allowance was made for Air Source heat pumps. We consider it appropriate to adopt the same approach here.
- 4.23. Within their report, AH, refer to the Building Safety Levy (England, Regulations 2025), stating that the levy will come into operation 1st October 2026, with any application for building control approval on or after that date will be subject to the levy. Furthermore, AH advise that the Council's Greenfield rate is £22.79 per sq m. They include an allowance of £501,608 (discounted for affordable homes).
- 4.24. The Building Safety Levy is a national charge; rates have been set by Government for South Holland at £11.49 per sq m (Brownfield) and £22.79 per sq m (Greenfield). The levy is applicable to new open market dwellings from 1st October 2026.

4.25. The regulation 6 of the levy states that this will apply to major developments and defines major development as resulting in the provision of (a) at least 10 dwellings or (b) at least 30 bedspaces (PBSA). However, the regulation contains notable exemptions which include affordable housing and supported housing from the levy. It should also be noted that the regulation (Regulation 1) clearly states that '*...that the regulations come into force on 1st October 2026...*' and that '*...these regulations do not apply in relation to any building control application made before the day on which these regulations come into force...*'. Official Government Guidance (DLUHC), Chapter 2.2 states that where applications for building control approval have.

- A. application for building control approval with full plans made to the local authority building control or building safety regulator.
- B. building control approval applications submitted to the building safety regulator.
- C. initial notices submitted.

4.26. It is our professional opinion that developers are aware of the implications of the new levy, and guidance is clear that applications for building control approval submitted in advance of the 1st October 2026 will not be liable. We do not consider it appropriate to include the levy, on the basis that the applicant has sufficient time to submit an application for building control prior to the commencement date.

4.27. In terms of what we deem to constitute 'standard' externals AH have provided no breakdown of allowance within their 'all in' build costs, in terms of what we deem to constitute 'standard' externals (i.e. external works that would typically be expected on all housing schemes) the expectation is that external works refers to the groundworks and site features outside the building footprint, but within the site boundaries, including drainage, utility connections, paving, driveways, boundary features and site-specific landscaping. Infrastructure and Groundworks would include the following (this is not an exhaustive list):

- Drainage: Installation of both surface water and water drainage systems, to include attenuation and pumping stations where required.
- Utilities: Provision and connection of all necessary services, such as gas, electricity and water to the properties.
- Site levels: Grading and shaping the land (earthworks) to achieve the correct finished levels for stable foundations and drainage.
- Access Road: construction of roads, driveways, paths for vehicles and pedestrians.
- Parking areas: creation of designated private parking areas and hard standings.
- Boundary features: Installation of fences, gates and boundary walls.
- Paving: layout of footpaths and other paved areas around the property.
- Landscaping: Planting of trees, shrubs and grassed areas as per the plans to enhance the appearance of external areas and create outdoor spaces.

4.28. AH have included an allowance of £6,623,392 (22.12% of AH's plot costs, garages, air source heat pumps and electric vehicle charging points). At the aforementioned Horseshoe Rd scheme, the agreed allowance was equivalent to 15.5% of the construction costs. This is consistent with other appraisals we have been involved with across the district. For consistency, we have adopted 15.5% of the wider costs, in keeping with other schemes across the district.

- 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.
- 4.30. 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. Again, this is consistent with the aforementioned Horseshoe Rd scheme.
- 4.31. With respect to what we deem to be abnormal / site specific infrastructure works costs, AH £7,962,642 within the original assessment, their revised figure totals £8,724,662, as shown below:

Item	Ashwood Homes Original Figures	Ashwood Homes Revised Figures
E/O piled plots	2,180,000	2,180,355
E/O piled garages	382,000	381,995
E/O road fill	569,630	569,630
Triax Geogrid	93,737	93,737
Concrete protection	120,625	120,625
Constrained working	55,000	55,000
Dewatering	150,000	150,000
Storm attenuation	1,004,900	1,004,900
Wheolite storage	30,260	30,260
Phase 2 pump station	180,000	180,000
E/O fill raise levels	2,670,500	2,670,537
E/O raise slab	54,500	54,500
Clearance of riparian ditch	10,000	10,000
LEAP	70,000	58,818
Railing fence to LEAP	10,990	10,990
Electric POC	109,000	109,000
Electric substation	45,000	45,000
Archeaology	63,405	63,405
Acoustic fencing	30,720	34,560
Acoustic ventilation	66,000	180,600
Network Rail spec	27,000	27,000
Retaining gravel board	39,375	693,750
Total	7,962,642	8,724,662

4.32. The original total£7,962,642 (equivalent to £200,925 per net acre), the revised total of £8,724,662 (equivalent to £279,547 per net acre).

4.33. To arrive at their original abnormal construction costs, AH refer to a schedule provided within appendix 3 of their report (abnormal schedule - undated).

- 4.34. 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 AH abnormal costs. Following an initial review of costs by TF (see Appendix 1), March 2026, cost items (totalling £76,720) were reduced, more significantly, TF stated that in their opinion they did not consider costs totalling £4,073,275 to be abnormal costs. For the majority of the costs, they indicated that, at the time of the initial review, they were unable to finalize their review due to a lack of supporting information on the proposed costs. It was stressed that, as per the requirements of the Planning Practice Guidance: Viability it is up to the applicant to justify a viability argument and to provide the necessary information / evidence. To include providing supporting information / evidence to justify any abnormal costs associated with the scheme. Thornton Firkin advised that the required level of information provided in March 2026, was insufficient to confirm whether the costs put forward were justified or not. It was requested that the applicant prepare a suite of information/evidence to justify their suggested abnormal costs and to liaise directly with Thornton Firkin on this matter.
- 4.35. Further to the request for information / evidence was concluded 27th May 2026 (see Appendix 2). TF state *“Based on the revised totals presented in the Applicant response to our original Commentary, and pending Applicant confirmation, we calculate their abnormal FVA total to be £8,714,662. Against this, we have calculated our own estimate of the abnormals to be £3,143,492”*. For ease we have extracted the summary table from TF’s updated review below:



Ref	Item	Original £	Revised £	Revised £
4.01	E/o piled plots	2,180,000	2,180,355	2,180,355
4.02	E/o piled garages	382,000	381,995	381,995
4.03	E/o road fill 6P5 to road below capping layer	559,630	559,630	-
4.04	Triax Geogrid to Roads and Footpaths	93,737	93,737	93,737
4.05	Concrete protection to shallow drainage	120,625	120,625	-
4.06	Constrained working due to HP gas main	55,000	55,000	55,000
4.07	Dewatering and shoring excavations	150,000	150,000	-
4.08	Storm attenuation crates	1,004,900	1,004,900	-
4.09	Wheelite storage to pump station	30,260	30,260	-
4.10	Phase 2 pump station	180,000	180,000	-
4.11	E/o fill to raise Levels	2,670,500	2,670,537	216,440
4.12	E/o to raise slab levels	54,500	54,500	-
4.13	Clearance of riparian ditch on site	10,000	10,000	10,000
4.14	LEAP	70,000	58,818	-
4.15	Railing/ fence and gates to LEAP	10,990	10,990	-
4.16	Electric POC E/o	109,000	109,000	-
4.17	Electric substation	45,000	45,000	-
4.18	Archaeology works	63,405	63,405	63,405
4.19	Acoustic fencing	30,720	34,560	30,960
4.20	Acoustic ventilation	66,000	180,600	84,600
4.21	Network Rail spec fence along railway boundary	27,000	27,000	27,000
4.22	Retaining. Gravel board/slab an edge	39,375	693,750	-
TOTAL		£7,952,642	£8,714,662	£3,143,492

4.36. For the purposes of viability testing, we have applied Thornton Firkin' abnormal costs totalling £3,143,492 within our appraisal.

Professional fees

4.37. AH have allowed for professional fees totalling £1,825,442 (equivalent to 4.99% of their build costs).

- 4.38. At the aforementioned Horseshoe Rd scheme, the allowance in our appraisal was equivalent to 5.5% of the construction costs. For consistency we consider it reasonable to adopt the same allowance for the subject scheme.

Planning policies

- 4.39. 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. The current application is a reserved matters application, reference the outline consent H14-1218-21, granted planning 13 October 2023. Following a review of the signed and dated s106 agreement, (Application No. H14-1218-21) for the outline consent states that that 25% affordable housing is required on site. Based on the number dwellings within the current application (218 dwellings), this would equate to 54 dwellings rounded, 38 rented and 16 Low-Cost Home Ownership (LCHO).
- 4.40. AH have accounted for in their appraisal, 6.9% within their scenario 1, split 11 rented (73%) and 4 LCHO (27%).
- 4.41. In addition, AH have included £1,750,104 (£8,028 per dwelling) s106 Developer' contributions. **We have adopted the same in our appraisal; the Council are required to confirm the total Developer's contributions applicable.**

Marketing / legal costs

- 4.42. To cover sales and marketing, AH have allowed the equivalent of 3% 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 market dwellings and £667 per unit the affordable housing legal fees.
- 4.43. At the aforementioned Horseshoe Rd scheme, the allowance in our appraisal was equivalent to 2.5% on revenue plus £1,000 per unit for legals. For consistency we consider it reasonable to adopt the same allowance for the subject scheme.

Programme, Timescales and Sales Profile

- 4.44. AH state a 108-month programme for phases.
- Phase 2 – AH have assessed the sales rate as between 2-2.5 sales a month, the higher rate equates to 30 sales a year, 6.7-year sale period, the lower rate would equate to 8.5 years, and a total build period of 9 years (108 months).
- 4.45. For the purposes of our policy compliant scheme, we have assumed the following:

Phase 2	
Construction	50 months
Show home Opens	Jan 2027
First Open Market Sales	Build 6 (4 OM / 2 AH) a month / sales rate of circa 4 per month, first sales October 2026

- 4.46. In total we have assumed a project programme of 58 months, within our appraisal.

Finance

- 4.47. AH have allowed for finance costs totalling £818,000. We consider that based upon the current Bank of England base interest rates, that a debit rate of 7% and credit rate of 4% is appropriate. We have applied this to our appraisal.
- 4.48. 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

- 4.49. AH consider that the appropriate level of developer's profit for this scheme should be 17.5% of total revenue for the market value and 6% of cost for the affordable.
- 4.50. 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.
- 4.51. The Planning Practice Guidance ("PPG") on viability shows that profit is a reflection of risk and is subject to adjustment to take into account site specific circumstances. The PPG suggests that developer profit should fall within a range of 15% to 20% on revenue, unless firm evidence suggests otherwise (whilst this is within the context of Local Plan viability testing the recent viability consultation process suggested that this was a reasonable range to apply to decision making viability assessments). With regard to the affordable housing, the PPG states that: "A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk." This is conventionally around 6 % to 8% on revenue.

- 4.52. On balance and 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. This is consistent with the approach adopted on the aforementioned Horseshoe Rd scheme.

Benchmark land value

- 4.53. 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.
- 4.54. 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.
- 4.55. 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:

- 4.55.1. 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.
- 4.55.2. The EUV should disregard any hope value.
- 4.55.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.
- 4.55.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.
- 4.55.5. 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.
- 4.55.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.

- 4.55.7. 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.
- 4.56. 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.
- 4.57. In their appraisal, to establish the benchmark land value, AH follow guidance and adopt the 'existing use value plus premium' approach. For the existing use value AH refers to agricultural land value being around £25,000 per gross hectare, providing an EUV of £315,750. AH then discuss the appropriate premium being £275,000 per hectare (c11 times the existing use value). Applied to the gross area this derives a benchmark land value of £3,789,000 (£121,408 per gross acre).
- 4.58. 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 (£43,578 per ha), 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 AH assessment of £25,000 per hectare. On balance we consider the AH allowance of £25,000 per hectare broadly reasonable.

4.59. As for the premium uplift, the guidance does not provide any indication of what a reasonable return equates to. However, as suggested above, there are now planning appeal decisions which provide some assistance. Taking into account the above, given the level of abnormal costs associated with the subject site, we consider AH's suggested approach to be reasonable, and we have subsequently adopted the same in our appraisal.

5. Appraisal results and conclusions

5.1. As discussed above in paragraph 4.1 onwards, given that the S106 agreement was only signed in 2024, the '5 year rule' means that the Council is under no obligation to agree to any changes to the S106 agreement.

5.2. Notwithstanding this, we have undertaken the viability testing upon the request of the Council. We have initially run an appraisal with 25% onsite affordable housing plus S106 costs totalling £1,750,104. However, this generates a residual land value below the benchmark land value £3,789,000 and is therefore deemed to be unviable.

5.3. On a 'trial and error' basis we have subsequently reduced the affordable housing provision to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal (Appendix 3). With 9 (4.13% onsite affordable) and nil S106 contributions this generates a residual land value of £3,786,661. This is close enough to the benchmark land value of £3,789,000 to be regarded as being viable.

5.4. For illustrative purposes, we have compared our appraisal to AH's submission:

Input	Ashwood appraisal	CPV appraisal
Average market value	£252.66 psf	£260.14 psf
Plot Construction	£121.57 psf	£126.99 psf
External Works	£6,623,692	£4,588,258
Air source heat pumps	£1,517,716	£0
Professional Fees	£1,825,442	£1,880,446
Marketing / disposal	3% on revenue	2.5% on revenue

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

Sales: Rate /ft²					
Construction: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	17.300% (£3,343,203)	17.300% (£4,261,312)	17.300% (£5,174,116)	17.300% (£6,081,262)	17.300% (£6,984,725)
-2.500%	17.300% (£2,644,073)	17.300% (£3,564,932)	17.300% (£4,482,805)	17.300% (£5,395,416)	17.300% (£6,302,508)
0.000%	17.300% (£1,942,688)	17.300% (£2,865,923)	17.300% (£3,786,661)	17.300% (£4,704,298)	17.300% (£5,616,715)
+2.500%	17.300% (£1,239,295)	17.300% (£2,164,889)	17.300% (£3,087,773)	17.300% (£4,008,390)	17.300% (£4,925,778)
+5.000%	17.300% (£533,576)	17.300% (£1,461,704)	17.300% (£2,387,030)	17.300% (£3,309,623)	17.300% (£4,230,119)

5.6. This shows the impact on the residual land value if sales values were to increase / decrease at 2.5% intervals and likewise if construction costs were to increase / decrease at 2.5% intervals. By way of explanation, if the overall sales values decreased by 2.5% and the construction costs remained the same, the residual land value would be £2,865,923, which is below the benchmark land value of £3,789,000 and therefore unviable.

5.7. In summary, we agree with the applicant that the scheme cannot viably support the full planning affordable housing policy requirements. However, contrary to Ashwood's conclusions, we find that the scheme is able to viably support 9 (4.13%) onsite affordable housing (with nil S106).

- 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.