



Independent Viability Experts

FAO Mr Mark Niland
Principal Planning Officer
South Holland District Council

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Sent by email only

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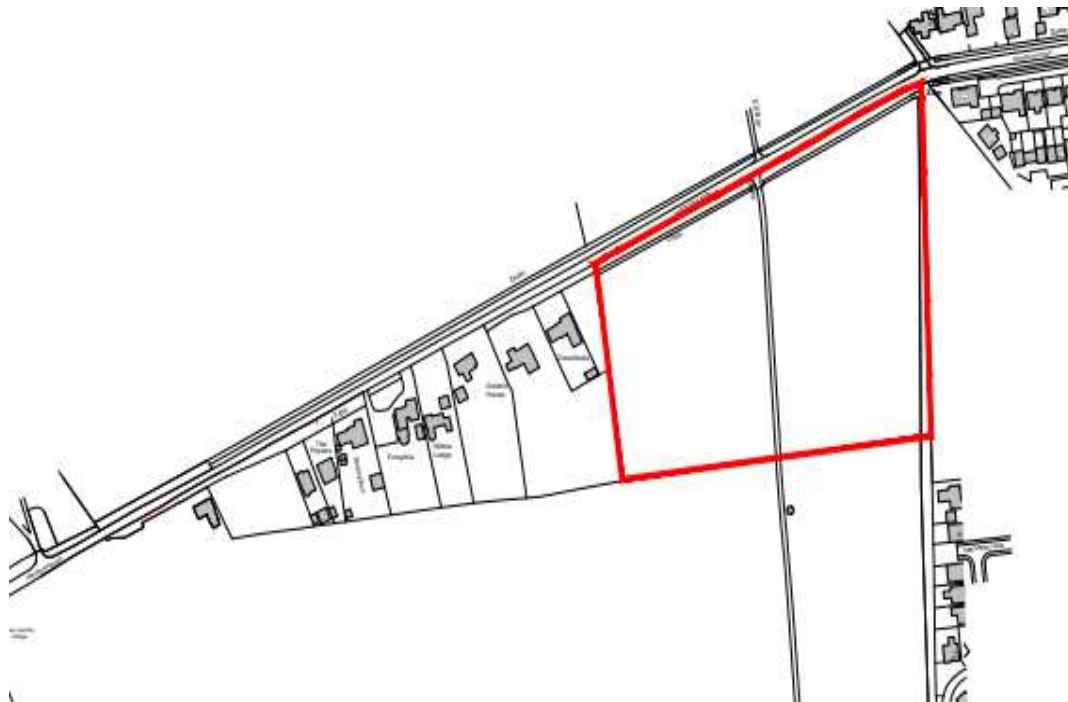
Date: 30th September 2025

Dear Mr Niland,

PROPERTY ADDRESS: Land off Horseshoe Road Spalding Lincolnshire PE11 3JB

INSTRUCTING BODY: South Holland District Council

APPLICANT: Seagate Homes



Further to your instruction dated 10th September 2025, we are pleased to report as follows.

1. Property Overview

- 1.1. The subject property is located on the southwestern fringe of the market town of Spalding, circa 14 miles northwest of Wisbech and 15.3 miles north of Peterborough. Main road access to and from the town is via the A16 (Main Road) which skirts around the south and the east of the town and connects with the A1175 in the south giving access to the A15 around 9 miles to the south at Market Deeping.
- 1.2. More specifically, the subject property lies in an edge of settlement location immediately to the south of Horseshoe Road. To the west there is a cluster of existing residential dwellings. To the east there is an undeveloped field, beyond which is a modern development by Broadgate Homes. To the north, on the other side of Horseshoe Rd, there are allotments, whilst to the south there are open fields.
- 1.3. The site is comprised of two fields which are bisected by a track called The Raceground which runs from north to south through the centre of the site. The fields are in agricultural use, with limited boundary features.
- 1.4. According to the 'Financial Viability Appraisal Report dated April 2025 submitted by RG+P Living ("RGP") on behalf of the applicant company, the site is an open flat landscape and extends to 2.855 Ha (7.05 acres) on a gross basis.
- 1.5. There have been no planning applications of relevance in respect of the site. The site is, though, allocated for residential development under Policy 11 Distribution of New Housing (Site Mon005) of the Southeast Lincolnshire Local Plan (2019).
- 1.6. The current planning application for the subject site is as follows: **H16-0515-25** - *"Residential development of 76 dwellings and associated infrastructure"*

1.7. We understand from the RGP “Financial Viability Appraisal Report” dated 21st April 2025 that the accommodation proposed will be as follows:

Description	Type	Beds	Units	Unit size (sq m)	Gross internal area (sq m)
S107	Quarter House	1	4	52.20	208.80
Maisonette	Maisonette	1	2	48.00	96.00
Maisonette	Maisonette	1	2	52.00	104.00
S213 v3	Semi/Terrace	2	17	68.60	1,166.20
S301 v4	Detached	3	1	86.60	86.60
S303 v2	Semi	3	10	83.10	831.00
S303 v5	Terrace	3	3	83.10	249.30
S305 v2	Detached	3	1	86.80	86.80
S306 v3	Detached	3	3	86.80	260.40
S312 v2	Detached	3	3	89.30	267.90
S318 v2	Semi	3	8	82.00	656.00
S319 v2	Semi	3	8	83.40	667.20
S405	Detached	4	2	107.40	214.80
S406 v2	Detached	4	2	118.80	237.60
S407	Detached	4	1	118.80	118.80
S409 v1	Detached	4	2	113.80	227.60
S409 v2	Detached	4	1	113.80	113.80
S415	Detached	4	1	243.90	243.90
S422	Detached	4	1	143.00	143.00
S423	Detached	4	2	188.00	376.00
S503	Detached	5	2	214.00	428.00
Total			76		6,783.70

2. Scope of Assessment and General Assumptions

- 2.1. RGP' viability review considers 2 appraisal scenarios; with and without affordable housing and S106 contributions). They conclude “...our hope is that the LPA will agree a deviation from the S106 contributions and affordable housing requirements as the scheme cannot meet them”.
- 2.2. We have been instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to whether this can provide any 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 30th September 2025.
- 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 April 2025 viability review considers the following:
- Scenario 1: 25% affordable, S106 £1,656,987. Results in a deficit of £4,940,604.
 - Scenario 2: 0% affordable/nil S106. Results in a deficit of £2,148,265.
- 3.2. RGP also carry out sensitivity testing, examining the impact of changes in sales rates and construction rates up and down in 2.5% increments.
- 3.3. To summarise RGP’s assessment (Scenario 1-policy compliant), 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	57	£2,662	£14,730,000
Affordable Rented dwellings	13	£1,202	£938,750
Intermediate tenure dwellings	6	£1,792	£841,710
Total			£16,510,460

Gross Development Cost (Outgoings)

Type	Notes	Total
Build costs Mais/Out	£1,426 per sq m (408.80 sq m GIA)	£582,949
Build costs terraced	£1,238.15 per sq m (730 sq m GIA)	£903,850
Build costs Semi	£1,279 per sq m (2,840.30 sq m GIA)	£3,632,744
Build costs Detached	£1,406.90 per sq m (2,805.20 sq m GIA)	£3,946,626
Garages Dble detached	Single shared, single, double	£351,000
EV charging	76 @ £736 each	£55,935
External works	15.58% of build costs	£1,412,577
Contingency	3.59% of build costs	£390,613
Professional fees	9.57% of build costs	£1,041,635
Abnormal works	Various (£302,800 per acre)	£2,134,743
Planning contributions	Education/Health/Highway/Comm	£1,656,987
Marketing & Sales	2.50% of GDV	£368,250
Sales legal fees	£1,000 per dwelling	£76,000
Finance	8% debit/4% credit	£1,317,994
Arrangement fee		£80,692
Developer profit	17.50% MV/6% AH of GDV	£2,684,578
Benchmark land value	Including £28,756 acquisition costs	£813,881
Total		£21,451,054

- 3.4. This produces a deficit of £4,940,604. RGP conclude that *“The development with the standard inputs is not viable to achieve a developers return for a lower density scheme of 76 units and 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 1.7).

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

- 2b Semi	68.60 sq m	£182,500 (£2,600 psm)
- 2b Terr	68.60 sq m	£177,500 to £182,500 (£2,587-£2,660 psm)
- 3b Terr	83.10 sq m	£222,500 to £227,500 (£2,677-£2,738 psm)
- 3b Semi	82-83.40 sq m	£227,500 (£2,728 - £2,774 psm)
- 3b Det	86.60-89.30 sq m	£235,000 to £240,000 (£2,688-£2,765 psm)
- 4b Det	113.80-243.90 sq m	£297,500 to £577,500 (£2,368-£2,790 psm)
- 5b Det	214 sq m	£525,000 (£2,453 psm)

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

- A report provided by Rosedale Land and New Homes dated 11th April 2025.
- A report provided by Sharman Quinney dated 3rd April 2025.

- 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 Rosedale and Sharman Quinney Land & New Homes Agents, 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, taking into account our comments above, we have initially considered Land Registry data for new build recent sales in Spalding within a circa 3 mile radius.

Broadgate Homes. Located circa 300m to the southeast of the subject site. This is considered to be the strongest comparable due to its close proximity.

Address		Sq m	£ psm	Price	Date	Type
6 MELVILLE WAY	SPALDING	72	£ 2,542	£ 182,995	15/09/2023	Terr
9 BLYTON LANE	SPALDING	72	£ 2,569	£ 184,995	14/12/2023	Semi
		72	£ 2,555			
13 BLYTON LANE	SPALDING	82	£ 2,549	£ 208,995	08/03/2024	Det
3 GASKELL PLACE	SPALDING	83	£ 2,542	£ 210,995	02/08/2024	Semi
5 GASKELL PLACE	SPALDING	83	£ 2,542	£ 210,995	12/07/2024	Semi
		83	£ 2,542			
50 CIRCUS APPROACH	SPALDING	114	£ 2,105	£ 239,995	14/06/2024	Semi
52 CIRCUS APPROACH	SPALDING	114	£ 2,061	£ 235,000	22/08/2024	Semi
54 CIRCUS APPROACH	SPALDING	114	£ 2,070	£ 235,995	28/03/2024	Semi
2 SALINGER WALK	SPALDING	114	£ 2,061	£ 234,995	29/08/2024	Terr
6 SALINGER WALK	SPALDING	114	£ 2,096	£ 238,995	17/10/2024	Terr
1 HUXLEY AVENUE	SPALDING	114	£ 2,079	£ 236,995	17/10/2024	Terr
3 HUXLEY AVENUE	SPALDING	114	£ 1,947	£ 221,995	27/11/2024	Terr
		114	£ 2,060			

These compare to the values proposed in RGP's appraisal as follows:

- Semi / Terr pf 68.60 sq m have values of £2,587 to £2,660 psm. This compares to £2,555 psm above. The uplift in RGP's appraisal is deemed to be a reasonable reflection of sales price inflation since the above sales were.

- A semi of 83 sqm which achieved on average £2,542 psm, against a semi of 83.40 sqm at the subject site which has a proposed value of £2,728 psm and a semi of 83.10 sqm which has a proposed value of £2,738 psm. Again, RGP's adopted values appear reasonable in the context of the Broadgate Homes scheme, taking into account house price inflation.
- A detached dwelling of 82 sqm which achieved £2,549 psm against a detached of 86.80 sqm at the subject site which has a proposed value of £2,765 psm. Again, this appears reasonable in the context of this evidence.
- At this development semi/terraced dwelling of 114 sqm achieved on average £2,060 psm, at the subject site a detached property of 113.80 sqm is proposed at a value of £2,790 psm. This appears to be a reasonable uplift to reflect the uplift in value for a detached and inflation.

Keston Fields. Located just over 2 miles to the north in Pinchbeck.

Address			SQM	£ psm	Price	Date	Type
10 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	106	£ 2,358	£ 250,000	18/12/2023	Semi
14 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	106	£ 2,443	£ 259,000	08/09/2023	Semi
22 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	106	£ 2,443	£ 259,000	01/11/2023	Semi
24 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	106	£ 2,358	£ 250,000	11/03/2024	Semi
			106	£ 2,401			
18 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	132	£ 2,500	£ 330,000	01/12/2023	Det
20 RAVENSBOURNE ROAD	PINCHBECK	SPALDING	132	£ 2,462	£ 325,000	12/08/2024	Det
			132	£ 2,481			

- A semi of 106 sqm achieved an average of £2,401 psm whilst a detached property of 107.40 sqm has a proposed value of £2,770 psm.
- A detached property of 132 sqm achieved £2,481 on average with a larger detached property of 143 sqm at the subject site has a proposed value of £2,517 psm. Please note, when considering a specific dwelling type, the larger the unit the lower the rate per sq m, for reasons of quantum.

4.14. We have then considered available new build properties within the Spalding area.

Yews Farm by Ashwood Homes. Located on the opposite side of Spalding around 2 miles to the northeast of the subject site. This development is situated between existing residential development and an industrial/commercial area, close to Johnson Community Hospital. The following properties are currently available for sale:

The Dee	2 bed semi	£207,000	68 sqm (£3,044 psm)
The Aire	3 bed semi	£250,000	84 sqm (£2,976 psm)
The Ribble	4 bed detached	£365,000	119 sqm (£3,067 psm)
The Severn	4 bed detached	£375,000	131 sqm (£2,863 psm)
The Humber	4 bed detached	£415,000	147 sqm (£2,823 psm)
The Tay	4 bed detached	£425,000	164 sq m (£2,591 psm)

The table below shows a difference in values between the asking prices at Yews Farm and those values proposed at the subject site.

Yews Farm Property/Size	Yews Farm Asking Price	Subject site Property/Size	Subject site Proposed Value
Semi 68 sqm	£3,044 psm	Semi 68.60 sqm	£2,660 psm
Semi 84 sqm	£2,976 psm	Semi 83.40 sqm	£2,728 psm
Det 119 sqm	£3,067 psm	Det 118.80 sqm	£2,504-2,757 psm
Det 147 sqm	£2,823 psm	Det 143 sqm	£2,517 psm

However, we would stress that the above are asking prices only and are likely to be subject to sales incentives which means ultimately the net sales prices is likely to be lower than the asking price. This is especially the case here as a number of the dwellings have already been marketed for an extended period of time (since May 25) without having secured a sale.

Pinchbeck Fields by Bellway. Located around 2.35 miles to the northeast of the subject site, in a semi-rural location beyond the industrial/ commercial area to the northeast of Spalding, this development has the following relevantly sized properties available.

The Chandler	3 bed semi	£250,000	87 sqm (£2,874 psm)
The Chandler	3 bed semi	£290,000	87 sqm (£3,333 psm)
The Thespian	3 bed detached	£270,000	84 sqm (£3,214 psm)
The Scrivener	4 bed detached	£320,000	111 sqm (£2,883 psm)
The Milliner	4 bed detached	£375,000	118 sqm (£3,178 psm)

We are able to compare:

- A 3-bed semi of 87 sqm which at Pinchbeck Fields has an asking price of between £2,874 and £3,333 psm and a 3-bed semi at the subject site of 83.40 sqm which has a proposed value of £2,728 psm.
- A 3-bed detached of 84 sqm which has an asking price of £3,214 psm with a 3-bed detached at the subject site of 86.60 sqm which has a proposed value of £2,714 psm.
- A 4-bed detached of 111 sqm which has an asking price of £2,883 psm and a 4-bed detached of 107.40 sqm which has a proposed value of £2,770 psm.
- A 4-bed detached of 118 sqm has an asking price of £3,178 psm whilst a 4-bed detached at the subject site has a proposed value of £2,504 to £2,770 psm.

For each of the properties listed above the values proposed at the subject site are lower than the advertised prices at Pinchbeck Fields. However, as indicated above, these are asking prices only, and the final value may be subject to negotiation or incentives. Furthermore, we note that a number of the dwellings have been marketed for extended periods of time and have been subject to recent price reductions at the start of September 2025. This suggests that demand levels have been limited.

Unit Type	Sharman Quinney	Rosedale L & NH	Mid £value	RGP £value	CPV £value 67.5% of MV
S213 v3 Semi Detached LCHO	£180,000	£185,000	£182,500	£113,750	£123,187.5
S303 v2 Semi Detached LCHO	£230,000	£225,000	£227,500	£153,553	£154,562.5
S303 v2 Semi Detached AH – Rent	£230,000	£225,000	£227,500	£91,250	£113,750

Construction costs

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

- Maisonette / Quarter houses £582,949 (£1,426 per sq m)
- Terraced £903,850 (£1,238 per sq m)
- Semi £3,632,744 (£1,279 per sq m)
- Detached £3,946,636 (£1,407 per sq m)
- Double garages detached £160,000 (£20,000 per garage)
- Double garages attached £36,000 (£18,000 per garage)
- Single garages detached £105,000 (£15,000 per garage)
- Single garages shared detached £50,000 (£12,500 per garage)

- Electric charging £55,935 (736 per unit)
- Standard external works £1,412,577 (15.58% of base build costs)
- Contingency 3.59% of combined build costs
- Abnormal works £2,134,743 (£302,800 per acre)

4.19. To arrive at their plot construction costs RGP refer to the Build Cost Information Service (“BCIS”) lower quartile rate for 2 storey housing, rebased to South Holland. Their plot costs therefore derive from the BCIS; a database regularly used in the development industry as a point of reference for construction costs.

- Semi-detached house 2-storey lower quartile rate of £1,279/m2 based on a sample of 256 (default period).
- Detached house. Due to the sample being 18 RGP have undertaken analysis from BCIS elemental analysis for a pair of semi-detached houses, updating quantities for the detached unit, with some specific upgrades. This applies a rate of £1,407 /m2 (additional 10%) rather than the BCIS lower quartile rate of £1,483/m2 with a default period.
- Terrace house 2-storey lower quartile rate of £1,239/m2 based on a sample of 167 (default period).
- Maisonettes 1-2-storey lower quartile rate of £1,426/m2 based on a sample of 162 (default period).

4.20. 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.

- 4.21. To give the BCIS data some context, between January 2015 and Aug 2023 there were 141 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 25.28 houses per scheme submitted into the data. 59.57% of the sample comprised schemes consisting of 20 houses or less and only 10.64% of the sample (15 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.
- 4.22. 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. For schemes like the subject development, the lower quartile rate is typically used (which is the approach adopted by RGP).
- 4.23. 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).

4.24. Having considered all of the above, we are of the view that referring to the BCIS general rate is appropriate for the housing. We note the following currently for South Holland:



£/M2 STUDY

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

Last updated: 20-Sep-2025 07:33

Rebased to South Holland (98; sample 6)

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							
810,1 Estate housing							
Generally (15)	1,539	769	1,305	1,475	1,684	5,291	1288
Single storey (15)	1,769	1,035	1,475	1,693	1,931	5,291	200
2-storey (15)	1,483	769	1,283	1,437	1,632	3,188	1018

4.25. We consider the 2-storey rate lower quartile rate of £1,283 per sq m to be appropriate.

4.26. RGP allow £351,000 for the construction of garages (double detached £20,000; double attached £18,000; single detached £15,000 and single shared £12,500), this equates to an average of £16,714 per garage. This is considered broadly reasonable and is adopted within our appraisal.

- 4.27. Furthermore, RGP’s allowance of £736 per dwelling is deemed appropriate for the electric vehicle charging and has been accepted in 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 £1,412,577 is equivalent to 15.51% of our adjusted plot costs.
- 4.29. By way of evidence, we have reviewed other viability appraisals we have been involved with for similar scale schemes. We have identified the standard externals put forward by the applicants in their own viability appraisals (therefore not our opinion). We note the following:

Site Address	Local Authority	Date	Units	Externals
Land at Harrington Drive, Crowland	South Holland DC	Sep-22	52	18.05%
Crossroads Nursery, Quadring PE11 4PJ	South Holland DC	Nov-23	68	16.48%
Ivanda Nursery, Monks House Lane, Spalding	South Holland DC	Feb-24	70	25.72%
36 Lime Walk, Long Sutton PE12 9HG	South Holland DC	Jun-24	70	34.32%
Yews Farm, Spalding (near Pinchbeck)	South Holland DC	Jan-22	100	22.37%
				23.39%

- 4.30. We would stress that not all of the above allowances were accepted following review. However, this does point to RGP’s allowance as being broadly reasonable (and in keeping with expectations) and subsequently we have accepted their allowance in our own appraisal.
- 4.31. 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.

4.32. 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.

4.33. With respect to what we deem to be abnormal works RGP adopt the following:

Offsite highway works	53,630
Foul Pump station	129,271
Electric substation	30,000
Site clearance	21,668
ASHP	425,600
S278	50,800
Piling plots	532,000
Piling garages	105,000
Raising of dwellings	91,200
Raising of dwellings	64,800
Raising of external areas	102,780
Bird and Bat boxes	2,000
LAP	28,367
Metal fence to LAP	9,495
SUDS below ground	66,474
SUDS basin	9,521
Filter strips	21,736
Foul rising main	80,335
Electric point off site	20,000
Culverting works	55,776
Foul treatment works	48,000
Attenuation tanks	24,000
Cycle way	27,750
Archaeological exploratory trench	30,000
Enhanced entrance road	52,000
Addt sewer lengths	10,000
BNG	25,000
Clearing watercourse	17,539

- 4.34. These total £2,134,743 (equivalent to £302,800 per net acre).
- 4.35. To arrive at these abnormal construction costs, RGP refer to an Abnormal Costs Plan dated April 2025, and abnormal costs build up analysis accompanying the report.
- 4.36. 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. Please see attached (Appendix 1) Thornton Firkins’s findings. In short, Thornton Firkin calculate a total abnormal construction cost, including off-site external works but excluding contingency of £1,116,121 (Rounded). This is a reduction of £1,074,557 compared to the RGP adopted figures. We have included £1,116,121 in our appraisal.

Professional fees

- 4.37. RGP have allowed for professional fees totalling £1,041,635 (equivalent to 9.57% of their build costs).
- 4.38. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.29. We note the following (please note that the professional fees, just for the purposes of the analysis, are shown as a percentage of the standard costs only, excluding any abnormals):

Site Address	Local Authority	Date	Units	Prof fees
Land at Harrington Drive, Crowland	South Holland DC	Sep-22	52	5.11%
Crossroads Nursery, Quadring PE11 4PJ	South Holland DC	Nov-23	68	6.63%
Ivanda Nursery, Monks House Lane, Spalding	South Holland DC	Feb-24	70	6.04%
36 Lime Walk, Long Sutton PE12 9HG	South Holland DC	Jun-24	70	5.27%
Yews Farm, Spalding (near Pinchbeck)	South Holland DC	Jan-22	100	4.73%
				5.56%

4.39. Across the sample, the average professional fee allowance equates to 5.56%. We therefore consider RGP's allowance of 9.57% to be above our expectations and subsequently we have reduced this to 5.5% in our appraisal.

Planning policies

4.40. 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 in their appraisal, with 19 units in total, split between 13 Social/Affordable Rented dwellings, 6 Intermediate tenure.

4.41. In addition, the Council has confirmed the following S106 requirements (totalling £1,656,987):

Education	993,299
Health	50,160
Highway	610,028
Community	3,500

Marketing / legal costs

4.42. 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

4.43. RGP allow a 30-month construction period. The private units first sale is expected in month 16, with an average of 4.22 handovers / sales per month. RGP have cash flowed sales revenue between months 15-33.

4.44. For the purposes of our policy compliant scheme, we have assumed the following:

Pre-construction	3 months
Construction	27 months
Showhome Opens	9 months (into construction)
First Open Market Sales	10 months (into construction). Build rate of circa 4.22 per month. Sales rate of open market units equates to 3 per month.
First Affordable Homes	10 months (into construction) As an average we have assumed 1 handover per month, in accordance with the build programme. We have assumed the contractual payments from a Registered Provider will across the construction phase of the development.

4.45. In total we have assumed a project programme of 31 months, within our appraisal.

Finance

4.46. RGP have allowed for finance costs at a debit interest rate of 8%. However, we consider that with the recent reductions in Bank of England base interest rates, that a rate of 7% is appropriate. We have reduced the rate accordingly.

4.47. 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

4.48. 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.

4.49. 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.

4.50. 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).

4.51. 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.

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, 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 £785,125.
- 4.58. Following a review of the latest RICS / RAU Farmland Market director of sales for H2 2024, published in March 2025 stated the National Weighted Average for sites smaller than 50 acres was £16,256 per acre, increasing to £16,965 per acre (£41,821 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.
- 4.59. 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, in particular the following cases:

- Warburton Lane, Trafford appeal from Jan 2021 (ref 3243720) solidified the key viability principle that there is a relationship between the level of site specific infrastructure / abnormal costs and the corresponding benchmark land value (on the basis that as site specific infrastructure / abnormal increase the benchmark land value decreases and vice versa). In this decision the Inspector agreed with the Council that 10 times multiple of the existing use value was appropriate. In that particular case the site-specific infrastructure / abnormal costs were in excess of £400,000 per net acre.

 - Halton Heights, Forge Weir View involving Wrenman Homes and Lancaster City Council (ref 3285794) dated 29th July 2022. The Inspector accepts an existing use value of £10,000 per acre and a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the site-specific infrastructure / abnormal costs equated to £164,544 per net acre. The guidance states that the higher the site-specific infrastructure / abnormal costs, the lower the benchmark land value (as the existing use value is fixed the only way this can be accounted for is by reducing the premium uplift).
- 4.60. The 2 appeal cases discussed above therefore allow premium uplifts in high value areas of 10 to 15 times the existing use value for site specific infrastructure / abnormal costs ranging from circa £165,000 to £400,000 per net acre. This suggests that for every increase in costs of circa £50,000 per net acre, the multiplier reduces by 1.
- 4.61. Taking into account the above, given the level of abnormal costs associated with the subject site, we consider RGP's suggested approach to be reasonable and we have subsequently adopted the same in our appraisal.

5. Appraisal results and conclusions

- 5.1. We have initially run an appraisal with 25% onsite affordable housing plus S106 costs totalling £1,656,987. 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 S106 contributions / affordable housing provision to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal. Based on 15 onsite affordable units (19.74% and nil S106 contributions, the development generates residual land value of £790,498. As this above our benchmark land value of £785,125 this is deemed to be a viable outcome.
- 5.3. For illustrative purposes, we have compared our appraisal to RGP's submission:

Input	RGP appraisal	CPV appraisal
Estate Build Cost	£9,066,178	£8,703,487
Contingency	£390,613 (3.59%)	£315,690 (3%)
Abnormal Costs	£2,134,743	£1,116,121
Professional fees	£1,041,635	£578,765
Finance	8%	7%

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

Sales: Rate /m ²					
Construction: Rate /m ²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	16.660%	16.660%	16.660%	16.660%	16.660%
1,218.85 /m ²	(£611,300)	(£902,238)	(£1,193,177)	(£1,484,115)	(£1,775,048)
-2.500%	16.660%	16.660%	16.660%	16.660%	16.660%
1,250.93 /m ²	(£409,833)	(£700,899)	(£991,837)	(£1,282,776)	(£1,573,715)
0.000%	16.660%	16.660%	16.660%	16.660%	16.660%
1,283.00 /m ²	(£207,044)	(£499,478)	(£790,498)	(£1,081,436)	(£1,372,369)
+2.500%	16.660%	16.660%	16.660%	16.660%	16.660%
1,315.08 /m ²	£3,570	(£297,896)	(£589,124)	(£880,097)	(£1,171,036)
+5.000%	16.660%	16.660%	16.660%	16.660%	16.660%
1,347.15 /m ²	£222,649	(£90,730)	(£387,542)	(£678,758)	(£969,696)

- 5.5. This shows the impact on the residual land value if sales values were to increase / decrease at 2.5% intervals and likewise if construction costs were to increase / decrease at 2.5% intervals. By way of explanation, if the overall sales values decreased by 2.5% and the construction costs remained the same, the residual land value would be £499,478, which is lower than the benchmark land value of £785,125 and therefore unviable.
- 5.6. In summary, we agree with RGP that the scheme cannot viably support the full planning affordable housing policy requirements and S106 contributions. However, contrary to RGP's findings, our modelling shows that the scheme is viable with 15 onsite affordable units (19.74%), provided as 13 affordable rented and 2 shared ownership. However, this is only achievable if the S106 contributions are set at zero.
- 5.7. Alternatively, if the Council favours the S106 contributions over affordable housing, we calculate that the scheme is viable on the basis of nil onsite affordable housing and S106 contributions of £710,000.
- 5.8. Given the current viability pressure on the scheme, the Council should consider imposing an overage / review mechanism in a S106 agreement. This would allow viability to be revisited in the future, potentially when market conditions have improved. We can provide advice on this, if required.

5.9. 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.