



Independent Viability Experts

FAO Mr Mark Niland
Principal Planning Officer
South Holland District Council

CP Viability Ltd

Sent by email only

Our ref: DN-1281
Your ref: H16-0515-25
Date: 30th July 2026

Dear Mr Niland,

PROPERTY ADDRESS: Land off Horseshoe Road Spalding Lincolnshire PE11 3JB
INSTRUCTING BODY: South Holland District Council
APPLICANT: Seagate Homes

Further to our previous viability advice in connection with the above scheme (from an initial report in Sept 2025 and a rebuttal response report in May 2026). We understand that the scheme layout has changed which requires an updated viability assessment. Please note, this addendum should be read alongside our original Sept 25 report and also our rebuttal response report dated 8th May 2026.

1. Background

- 1.1. RG+P Living (“RGP”) submitted a viability review on behalf of the applicant, dated Apr 25. This concluded that the scheme was unviable with the full planning policies applied.
- 1.2. Acting as an independent assessor we reviewed the viability of the scheme, submitting our own report on 30th Sept 25. We concurred with RGP that the scheme was unable to viably support the full planning policy contributions/provisions. However, our modelling did show that the scheme was viable with either:

- 15 onsite affordable (19.74%) but nil S106 or
- Nil onsite affordable and S106 contributions of £710,000

1.3. We reached a different conclusion to RFP due to the following adjustments in our appraisal:

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%

1.4. RGP then provided a rebuttal response to our findings (via email, dated 11th November 25). This considered our approach to the BCIS costs, Thornton Firkin's comments upon the abnormal costs, our affordable housing revenue and finance costs.

1.5. We responded on 21st November 2025 with the following:

- We were not persuaded to adjust our approach to the BCIS figure.
- We requested further input from Thornton Firkin on the abnormal costs.
- We corrected an error in the affordable housing revenue in our appraisal.
- We maintained our approach to the finance costs.
- We advised that once Thornton Firkin had reviewed the latest comments on the abnormals we would be able to update our appraisal.

1.6. Having received Thornton Firkin's latest comments, we updated our appraisal on 25th November 2025. We concluded that the scheme was viable either with:

- 12 (15.79%) onsite affordable units or
- Nil affordable and a S106 payment of £550,000.

1.7. On 10th Feb 2026 the applicant submitted further rebuttal comments to the Council (received by us on 19th Feb 26). This raised the following comments:

- The approach to the BCIS data, specifically that the applicant's position was that the individual rates for terraced, semi-detached and detached should be applied, rather than a general rate.
- The approach to the costs of Air Source Heat Pumps. The applicant suggested £5,600 per dwelling.
- Raising the dwellings by 700mm, which the applicant argued should be an additional cost of £91,200.
- The cost of SUDS should be in addition to the general externals allowance of £1,412,577.
- The cost of Biodiversity Net Gain should be separately allowed for.
- The professional fees allowance is too low.
- The finance costs are too low.

1.8. We provided a response, via an email to the Council dated 7th March 2026. We agreed to allow £35,000 for the raising of the dwellings by 700mm (a cost indicated by Thornton Firkin, the 3rd party independent quantity surveyor) and we also allowed the biodiversity net gain sum of £25,000 as an additional cost. We were not persuaded to adjust our position on the other assumptions in the appraisal. We concluded that the scheme was viable with 11 (14.47%) onsite affordable, split as 9 rented and 2 intermediate, but nil S106 contributions.

- 1.9. On 23rd April 2026, via an email to the Council, the applicant raised a number of further comments, being in the form of comments overlaid onto our 7th March 2026 email.
- 1.10. On 8th May 2026 we submitted our rebuttal response report. We responded to the latest comments from the applicant, which included:
- Detached unit construction costs: we were not persuaded to adjust our approach.
 - Air Source Heat Pumps: we agreed to include an additional allowance of £4,000 per dwelling.
 - Raising of dwelling 700mm: we maintained our position on these costs, which was based on 3rd party, independent advice from Thornton Firkin.
 - SUDS: we maintained our position on these costs, which was based on 3rd party, independent advice from Thornton Firkin.
 - BNG: we agreed to include a separate allowance of £25,000 for this.
 - Professional fees: we were not persuaded to adjust our approach.
 - Finance: we were not persuaded to adjust our approach.
- 1.11. With the above adjustments, our appraisal showed that the scheme was viable with 7 (9.21%) onsite affordable units (provided as 5 rented and 2 intermediate), but nil S106 contributions.
- 1.12. On 22nd July 2026 the Council advised (via email) that the scheme layout had been amended. The number of total dwellings remained at 76, however the dwellings types had been adjusted (and the double garages had been removed).
- 1.13. The purpose of this addendum is to assess the amended scheme layout to determine whether this has an impact on the overall scheme viability.

2. Latest schedule of accommodation

2.1. We understand that the latest layout comprises the following:

Description	Type	Beds	Units	NSA sq m (each)	NSA sq m (total)
S409 v1	Detached	4	2	113.80	227.60
S407	Detached	4	1	118.80	118.80
S405	Detached	4	2	107.40	214.80
S409 v2	Detached	4	1	113.80	113.80
S305 v3	Detached	3	1	86.80	86.80
S107	Quarter	1	4	52.20	208.80
S319 v2	Semi	3	9	83.40	750.60
S318 v2	Semi	3	8	82.00	656.00
S213 v3	Semi	2	10	68.60	686.00
S213 v3	End Terr	2	3	68.60	205.80
S213 v3	Mid Terr	2	4	68.60	274.40
S303 v2	Semi	3	10	83.10	831.00
S312 v2	Detached	3	4	89.30	357.20
S306 v3	Detached	3	5	86.80	434.00
S301 v4	Detached	3	2	86.60	173.20
S301 v5	Detached	3	4	86.60	346.40
S303 v5	Mid Terr	3	2	83.10	166.20
S108		1	4	49.70	198.80
Sub totals			76		6,050.20

2.2. Previously, the mix of 76 house types resulted in a total area of 6,783.70 sq m. The latest mix therefore has resulted in a loss of 733.50 sq m of accommodation. This is a significant reduction. For illustration, previously the average dwelling size was 89.26 sq m. Based on the amended mix the average has reduced to 79.61 sq m. Whilst the overall total number of houses has not changed (remaining at 76) the fact that the mix of houses are, on average, now significantly smaller means that there is less capital available in the scheme for the developer to draw from.

2.3. Furthermore, as indicated above in Section 1, the applicant has now removed the double garages from proposed scheme. This will impact on the appraisal in 2 ways:

- The values have to be adjusted, as buyers attribute values to garages and the fact that these have been removed therefore means a reduction in value.
- The costs of the garages (plus abnormal piling works) will also need to be removed from the appraisal.

2.4. By removing the double garages, the costs in the appraisal associated to garages reduces from £351,000 to £155,000, a reduction of £196,000. Furthermore, we consider it reasonable to reduce the piling works associated with the garages, from £73,500 to say £25,000 (a saving of £48,500). Overall, the removal of the double-garages means a reduction in the total development costs by £244,500.

2.5. In terms of the reduction in value, whilst we do not consider that 'cost equals value' it is reasonable to make a deduction in the values to reflect the fact that the double garages have now been excluded. This is difficult to gauge, however for the purposes of the exercise we have taken a bullish approach and only reduced the total scheme revenue by £175,000. In other words, the cost savings over removing the double garages outweighs the loss in sales revenue.

3. Updated appraisal and conclusions

- 3.1. Please see attached our updated appraisal, which is based on the amended site layout and our adjustments above for costs and sales revenue. With nil affordable housing and nil s106 contributions, the scheme generates a residual land value of £772,676. This is just below the benchmark land value of £785,125 and therefore fails to reach the viability threshold, even before any affordable housing is factored in.
- 3.2. In summary, based on the amended site layout, we are now in agreement that the scheme is unable to viably support any affordable housing or S106 contributions.