Independent Viability Experts

FAO Mr Mark Niland
Planning Officer
South Holland District Council

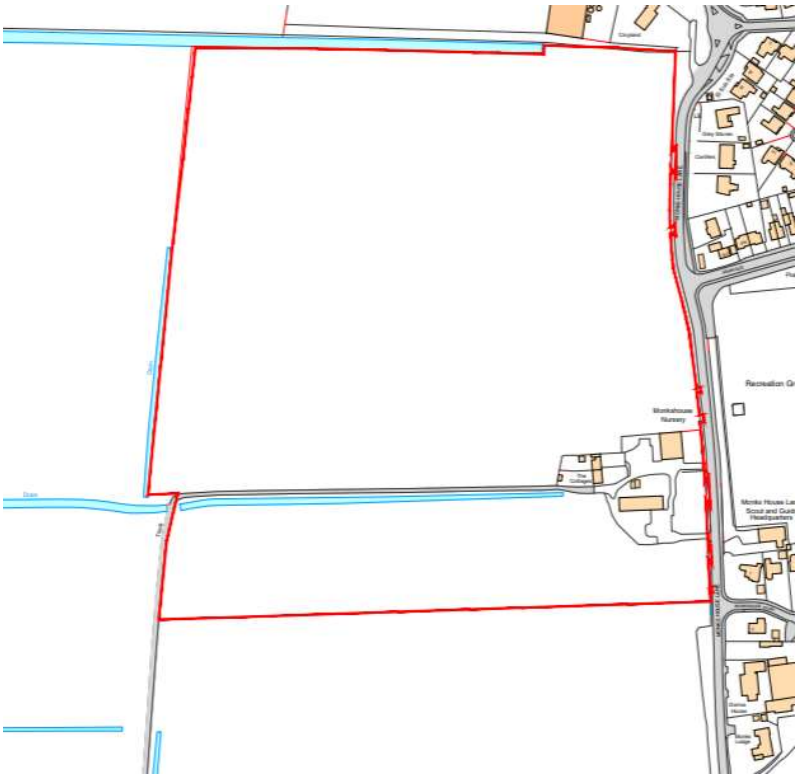
CP Viability Ltd

Sent by email only

Our ref: DN-1297
Your ref: H16-0584-25
Date: 4th March 2026

Dear Mr Niland,

PROPERTY ADDRESS: **Land off Monks House Lane Spalding Lincolnshire PE11 3LH**
INSTRUCTING BODY: **South Holland District Council**
APPLICANT: **Seagate Homes Limited**



Further to your instruction dated 6th October 2025 and receipt of the applicant's appraisal on 10th February 2026, we are pleased to report as follows.

1. Property Overview

1.1. The subject property is located on the western side of of Spalding, a market town on the River Welland in the South Holland district of Lincolnshire, circa 7 miles west of Holbeach, 15 miles north of Peterborough and 22 miles south east of Grantham. Main road access to and from the town is via the A16 which wraps around the eastern extent of the town and connects with the A15 in the south, giving access to Peterborough. The B1173 (Cowbit Road) runs centrally through the town and joins with Winsover Road/Bourne Road, giving direct access to Monks House Lane. The nearest rail connection to the subject site is at Spalding station, around 0.8 miles to the east of the site, with regular connections to Lincoln, Peterborough and Doncaster.

1.2. Spalding has a range of facilities with an extensive high street, a number of supermarkets, a football club and a sports and leisure centre. To the north of the town is the Springfields Designer Outlet and Johnson community Hospital, alongside a large industrial/commercial estate separating the site from the adjacent village of Pinchbeck.

1.3. More specifically, the subject property lies in an edge of settlement location on the outskirts of existing residential development. The site is located to the west of Monks House Lane and north of the junction of Bourne Road/ Broadway and Monks House Lane. To the east on the opposite side of Monks House Lane are residential houses of varying architectural style and ages, with an open space, used for informal play. Monks House Primary School is located to the rear (north east) of this piece of open space. To the west and north are parcels of open agricultural land, through which it is proposed to construct the Spalding Western Relief Road.

1.4. The site is comprised of land in agricultural use. A number of vacant buildings are located on the Monks House Lane frontage, which are to be demolished as part of the development. There is little in the way of vegetation on the site, with a ditch running east to west. Some hedgerow is located along the eastern boundary line.

1.5. According to the 'Viability Assessment' dated 20th April 2025 submitted by Maxey Grounds ("MG") on behalf of the applicant company, the site is irregularly shaped, generally flat and extends to 14.36 Ha (35.48 acres) on a gross basis.

1.6. The current planning application for the subject site is as follows:

H16-0584-25 - *"Hybrid application: Full planning application for the erection of 160 dwellings and associated infrastructure, demolition of existing buildings and outline planning application for the erection of up to 274 dwellings"*

1.7. This envisages the development of a mix of 2/3/4/5 bed house types including bungalows, semi-detached and detached dwellings.

1.8. We understand from the MG "Viability Assessment" dated 20th April 2025 that the accommodation to be provided will be as follows:

Description	Type	Beds	Units	Unit size (sq m)	Gross internal area (sq m)
S105	Flat	1	10	49.00	490.00
S107	Quarter House	1	20	51.00	1,020.00
S108	Semi	1	10	49.00	490.00
S202	End Terrace	2	2	70.00	140.00
S203	Semi	2	36	75.00	2,700.00
S206	Flat	1	2	67.00	134.00
S213	Semi	2	99	69.00	6,831.00
S303	Semi	3	54	83.00	4,482.00
S305	Detached	3	15	87.00	1,305.00
S306	Detached	3	20	87.00	1,740.00
S308	Detached	3	2	87.00	174.00
S310	End Terr	3	2	89.00	178.00
S312	Detached	3	12	89.00	1,068.00
S318	Semi	3	26	82.00	2,132.00
S319	Semi	3	26	83.00	2,158.00
S403	Detached	4	5	99.00	495.00
S405	Detached	4	7	107.00	749.00
S406	Detached	4	5	119.00	595.00
S409	Detached	4	5	114.00	570.00
S412	Detached	4	5	265.00	1,325.00
S415	Detached	4	5	258.00	1,290.00
S430	Semi	4	15	125.00	1,875.00
S503	Detached	5	5	214.00	1,070
Total			**388**		**33,011.00**

2. Scope of Assessment and General Assumptions

2.1. As indicated above, acting for the applicant, MG submitted a viability 20th April 2025. In it, MG consider 4 appraisal scenarios. They conclude "*…the site clearly cannot support contributions on the basis of the proposed Section 106 agreement…".*

- Scenario 1: 160 dwellings, with 40 affordable units plus s106 contributions totalling £3,405,478 (First Phase only).
- Scenario 2: 160 dwellings, with no affordable units and no s106 financial contributions (First Phase only).
- Scenario 3: 388 dwellings, with 97 affordable units plus s106 contributions totalling £8,258,285.
- Scenario 4: 388 dwellings, with no affordable units and no s106 financial contributions.

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 4th March 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. MG's appraisal – summary

3.1. As stated above, MG's "Viability Assessment" dated 20th April 2025 considers.

- **Scenario 1** – Phase 1 only 160 units with 40 affordable housing and a Section 106 contribution of £3,405,478. This results in a deficit of (minus) -£6,082,019.
- **Scenario 2** – Phase 1 only 160 units with no affordable housing and no Section 106 contribution. This results in a deficit of (minus) -£1,173,296.
- **Scenario 3** – 388 units with 97 affordable units and Section 106 contributions of £8,258,285. This results in a deficit of (minus) £-13,749,636.
- **Scenario 4** – 388 units with no affordable housing and no Section 106 contributions. This results in a deficit of (minus) -£7,538,588.

3.2. MG conclude that "...*the site clearly cannot support contributions on the basis of the proposed Section 106 agreement*…" and go on to state "…*it is only likely to be delivered either with the benefit of additional funding from outside sources or at a lower return to the developer*."

3.3. MG 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 2.5%.

3.4. To summarise MG's assessment (focusing on their fully policy compliant scenario for the full site), 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 m	Total
Market Value dwellings	291	£2,591.44	£69,290,000
Affordable Rented dwellings	68	£1,734.55	£7,246,963
Intermediate tenure dwellings	29	£1,805.91	£3,783,371
Total			**£80,320,334**

Gross Development Cost (Outgoings)

Type	Notes	Total
Estate housing	£1,376.53 per sq m (33,011 sq m GIA)	£45,440,778
Garages – single	£12,000 per garage (No. 13)	£156,000
Garages - Double	£20,000 per garage (No. 19)	£380,000
Garages - Triple	£30,000 per block (No. 2)	£60,000
Garages – semi pairs	£20,000 per pair (No. 16)	£320,000
Air Source Heat Pumps	388 @ £5,000 each	£1,940,000
EV Charging points	388 @ £650 each	£252,200
Biodiversity Net Gain		£125,000
External works	24.16% of build costs	£11,760,000
Contingency	2.04% of build costs	£1,233,819
Professional fees	6.53% of build costs	£3,948,921
Abnormal works	Various (£113,884 per acre)	£4,041,000
Planning contributions	Education / Transport / Health	£8,258,285
Marketing & sales	3.00% of GDV	£2,078,700
Sales legal fees	£750 per dwelling (MV)	£218,250
Sales Legal fees	£103 per dwelling (RP)	£10,000
Finance	8% debit/4% credit	£7,539,729
Arrangement Fee	Arrangement fee / miscellaneous	£30,000
Developer profit	17.5% MV/5.07% AH of GDV	£12,684,561
Benchmark land value	£111,291 per gross acre	£3,949,000
Acquisition costs	Legals and SDLT	£226,440
Total		**£104,652,683**

3.5. This produces a deficit of (minus) -£24,332,349. MG conclude that "*... the site is not viable for development on the basis of the provision of affordable housing of the level proposed…"* and "*If all Section 106 requirements are removed the site still shows a deficit and requires the developer to accept a lower return than a profit level of 17.5% to be delivered."*

3.6. As an additional comment, we note that in MG's appraisal testing, even with nil affordable housing and nil S106 contributions, the scheme generates a deficit of (minus) -£7,538,588. Put another way, if the scheme were to come forward the developer would need to accept a reduced profit of around 8.69% on revenue. This is significantly below the 17.5% on revenue minimum requirement suggested by MG. This suggests that either there are other assumptions in MG's appraisal which are not realistic/reflective of the market (which serve to arbitrarily reduce the viability outcome) or the applicant is willing / able to bring forward the scheme at a significantly reduced profit.

4. CP Viability's appraisal

Gross Development Value (Revenue)

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

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

Description	Type	Beds	NSA sq m (each)	£ per sq m	£ each
S202	End Terr	2	70.00	2,607	182,500
S206	Flat	2	67.00	2,463	165,000
S213	Semi	2	69.00	2,609	180,000
S303	Semi	3	83.00	2,711	225,000
S305	Detached	3	87.00	2,644	230,000
S305	Detached	3	87.00	2,701	235,000
S306	Detached	3	87.00	2,644	230,000
S306	Detached	3	87.00	2,701	235,000
S308	Detached	3	87.00	2,644	230,000
S310	End Terr	3	89.00	2,640	235,000
S312	Detached	3	89.00	2,753	245,000
S312	Detached	3	89.00	2,697	240,000
S318	Semi	3	82.00	2,744	225,000
S318	Semi	3	82.00	2,683	220,000
S319	Semi	3	83.00	2,651	220,000
S403	Detached	4	99.00	2,778	275,000
S405	Detached	4	107.00	2,710	290,000
S406	Detached	4	119.00	2,689	320,000
S409	Detached	4	114.00	2,675	305,000
S412	Detached	4	265.00	2,132	565,000
S415	Detached	4	258.00	2,132	550,000
S430	Semi	4	125.00	2,520	315,000
S503	Detached	5	214.00	2,336	500,000

4.3. To arrive at these values, MG consider the following:

- New build evidence from Broadgate Homes St John's Cross, Ashwood Homes Riverside Walk, Bellway Homes Pinchbeck Fields, Keston Fields (including both asking and sold values).

4.4. 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 900m to the southeast of the subject site.

	Address	Town/City	Sq M	£ psm	Price	Date	Property Type
5	GASKELL PLACE	SPALDING	83.00	£ 2,542	£210,995.00	12.07.2024	semi-detached
3	GASKELL PLACE	SPALDING	83.00	£ 2,542	£210,995.00	02.08.2024	semi-detached
			83.00	**2,542.14**	**£210,995.00**		
13	BLYTON LANE	SPALDING	82.00	2,548.74	£208,995.00	08.03.2024	detached
			82.00	**2,548.74**	**208,995.00**		
22	SALINGER WALK	SPALDING	102.00	2,245.11	£229,000.00	29.08.2024	terraced
8	SALINGER WALK	SPALDING	102.00	2,264.67	£230,995.00	13.09.2024	terraced
62	CIRCUS APPROACH	SPALDING	102.00	2,274.48	£231,995.00	11.10.2024	terraced
			102.00	**2,261.42**	**230,663.33**		
50	CIRCUS APPROACH	SPALDING	114.00	2,105.25	£239,995.00	14.06.2024	semi-detached
54	CIRCUS APPROACH	SPALDING	114.00	2,070.16	£235,995.00	28.03.2024	semi-detached
52	CIRCUS APPROACH	SPALDING	114.00	2,061.43	£235,000.00	22.08.2024	semi-detached
6	SALINGER WALK	SPALDING	114.00	2,096.47	£238,995.00	17.10.2024	terraced
2	SALINGER WALK	SPALDING	114.00	2,061.39	£234,995.00	29.08.2024	terraced
1	HUXLEY AVENUE	SPALDING	114.00	2,078.93	£236,995.00	17.10.2024	terraced
3	HUXLEY AVENUE	SPALDING	114.00	1,947.35	£221,995.00	27.11.2024	terraced
			114.00	**2,060.14**	**234,852.86**		
10	SALINGER WALK	SPALDING	101.00	2,118.79	£213,995.00	22.11.2024	terraced
			101.00	**2,118.79**	**213,995.00**		
22	THE CIRCUS	SPALDING	133.00	2,030.05	£269,995.00	03.12.2024	semi-detached
			133.00	**2,030.05**	**269,995.00**		
6	BALLARD CLOSE	SPALDING	95.00	1,894.70	£179,995.00	30.05.2024	terraced
8	BALLARD CLOSE	SPALDING	95.00	1,894.70	£179,995.00	25.04.2024	terraced
4	BALLARD CLOSE	SPALDING	95.00	1,894.70	£179,995.00	04.07.2024	terraced
			95.00	**1,894.70**	**179,995.00**		

Keston Fields. Located just over 1.5 miles to the north in Pinchbeck.

	Street	Town/City	SQM	£ psm	Price	Date	Property Type
31	KESTON ROAD	SPALDING	160.00	£2,656	£425,000	26.03.2025	detached
4	RAVENSBOURNE ROA	SPALDING	160.00	£2,594	£415,000	30.05.2025	detached
37	KESTON ROAD	SPALDING	160.00	£2,500	£400,000	17.01.2025	detached
			160.00	**£2,583**	**£413,333**		
24	RAVENSBOURNE ROA	SPALDING	106.00	£2,359	£250,000	11.03.2024	semi-detached
			106	**£2,359**	**£250,000**		

4.5. 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 Mere	3-bed detached	£290.000	100 sqm (£2,900 psm)
The Lock	3-bed detached	£299,950	100 sqm (£2,999 psm)
The Severn	4 bed detached	£375,000	131 sqm (£2,863 psm)
The Rutland	3-bed detached	£315,000	102 sqm (£3,088 psm)
The Humber	4 bed detached	£399,000	147 sqm (£2,714 psm)
The Tay	4 bed detached	£410,000	164 sq m (£2,500 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	EoT 70.00 sqm	£2,607 psm
Semi 84 sqm	£2,976 psm	Semi 83 sqm	£2,651 - £2,711 psm
Det 100 - 102 sqm	£2,900-£3,088 psm	Det 87-89 sqm	£2,644- £2,753 psm
Det 131 sqm	£2,863 psm	Det 114-119 sqm	£2,675 - £2,689 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 1.8 miles to the northeast:

The Chandler	3 bed semi	£255,000	87 sqm (£2,931 psm)
The Chandler	3 bed semi	£275,000	87 sqm (£3,160 psm)
The Thespian	3 bed detached	£270,000	84 sqm (£3,214 psm)
The Quilter	3-bed detached	£280,000	87 sqm (£3,218 psm)
The Quilter	3-bed detached	£290,000	87 sqm (£3,333 psm)
The Mason	3-bed detached	£292,500	97 sqm (£3,015 psm)
The Chandler	3 bed semi	£290,000	87 sqm (£3,333 psm)
The Scrivener	4 bed detached	£325,000	111 sqm (£2,927 psm)
The Scrivener	4 bed detached	£320,000	111 sqm (£2,883 psm)
The Millner	4 bed detached	£345,000	118 sqm (£2,924 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. This suggests that demand levels have been limited.

4.6. We are also conscious that the applicant recently submitted a viability appraisal for a development of 76 dwellings on Horseshoe Road (ref **H16-0515-25**), which is around 350m to the south of the subject site. Acting for the applicant, RG+P submitted a viability appraisal and put forward a number of values which are higher than proposed by MG in their appraisal (which we have agreed through our review of the Horseshoe Rd scheme). For example, the House Type S319 at the subject site MG adopt an average value of £220,000, however at Horseshoe Rd RG+P put forward a value of £227,500 (which we accepted in our review). Similarly, at Horseshoe Rd for House Type S415 had a value of £577,500, whilst at the subject site it is valued at £550,000. The respective sites are close to one another with a similar setting and therefore we are of the view that no discernible difference in value is identifiable. We therefore consider it reasonable to adopt the values agreed at Horseshoe Rd at the subject site (and make adjustments those that are similar to the dwellings proposed at Horseshoe Rd). We have subsequently adopted the following market values in our appraisal:

Description	Type	Beds	NSA sq m (each)	£ per sq m	£ each
S202	End Terr	2	70.00	2,607	182,500
S206	Flat	2	67.00	2,463	165,000
S213	Semi	2	69.00	2,645	182,500
S303	Semi	3	83.00	2,741	227,500
S305	Detached	3	87.00	2,701	235,000
S305	Detached	3	87.00	2,759	240,000
S306	Detached	3	87.00	2,701	235,000
S306	Detached	3	87.00	2,759	240,000
S308	Detached	3	87.00	2,644	230,000
S310	End Terr	3	89.00	2,640	235,000
S312	Detached	3	89.00	2,753	245,000
S312	Detached	3	89.00	2,697	240,000
S318	Semi	3	82.00	2,774	227,500
S318	Semi	3	82.00	2,774	227,500
S319	Semi	3	83.00	2,741	227,500
S403	Detached	4	99.00	2,778	275,000
S405	Detached	4	107.00	2,780	297,500
S406	Detached	4	119.00	2,752	327,500
S409	Detached	4	114.00	2,763	315,000
S412	Detached	4	265.00	2,208	585,000
S415	Detached	4	258.00	2,238	577,500
S430	Semi	4	125.00	2,520	315,000
S503	Detached	5	214.00	2,453	525,000

4.7. MG state they anticipate the below average allowances for affordable housing:

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

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

Construction costs

4.9. In their assessment, MG's appraisal shows the following build costs:

- Estate housing	£45,440,778 (£1,376.53 per sq M)
- Garages – Single	£156,000 (£12,000 per garage)
- Garages – Double	£380,000 (£20,000 per garage)
- Garages – Triple	£60,000 (£30,000 per block)
- Garages – Semi-pairs	£320,000 (£20,000 per pair)
- Air source heat pumps	£1,940,000 (£5,000 per unit)
- Electric charging	£252,200 (£650 per unit)
- BNG	£125,000
- Standard external works	£11,760,000 24.16% of build costs
- Contingency	2.04% of combined build costs
- Abnormal works	£4,041,000 (£113,884 per acre)

4.10. To arrive at their plot construction costs MG refer to the Build Cost Information Service ("BCIS"), applying a rate being the mid-point between lower and median rates. Their plot costs therefore derives from the BCIS, a database regularly used in the development industry as a point of reference for construction costs.

4.11. 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.

4.12. 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).

4.13. We note the following current rates (rebased to South Holland):

BCIS®

£/M2 STUDY

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

Last updated: 21-Feb-2026 08:01

Rebased to South Holland (98; sample 6)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810,1 Estate housing							
Generally (15)	1,568	782	1,333	1,501	1,719	5,383	1271
Single storey (15)	1,793	1,043	1,500	1,722	1,961	5,383	199
2-storey (15)	1,514	782	1,306	1,464	1,665	3,238	1004

4.14. We consider the 2-storey rate lower quartile rate of £1,306 per sq m to be appropriate. This is consistent with the approach adopted on the aforementioned, recently appraised Horseshoe Rd scheme.

4.15. MG allow £916,000 for the construction of garages (Singe £12,000; double £20,000; Triple £30,000 and semi pairs £20,000), this equates to an average of £18,320 per garage. This is considered broadly reasonable and is adopted within our appraisal.

4.16. Furthermore, MG's allowances of £650 per dwelling is deemed appropriate for the electric vehicle charging. However, in 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.

4.17. MG's allowance for BNG of £125,000 is deemed reasonable and accepted in our appraisal.

4.18. In terms of what we deem to constitute 'standard' externals (i.e. external works that would typically be expected on all housing schemes) MG include the following:

Externals	
Site prep/demolition	310,000
Roads & sewers	6,955,000
Services	50,000
Landscaping	60,000
Drainage/SUDS	1,915,000
POS	110,000
Plot externals	2,360,000
	11,760,000

4.19. The above is equivalent to 24.16% of MG's plot costs, garages, air source heat pumps, electric vehicle charging points and BNG allowances. At the aforementioned Horseshoe Rd scheme the agreed allowance was equivalent to 15.5% of the construction costs. It is therefore unclear why the subject site would attract significantly higher costs for what are 'standard' externals requirements. For consistency, we have adopted 15.5% of the wider costs, in keeping with the Horseshoe Rd scheme.

4.20. 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.

4.21. 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.

4.22. With respect to what we deem to be abnormal / site specific infrastructure works costs, MG allow:

Footbridge / archaeology					1,045,000
Piled foundations - housing	388	at	7,000	per unit	2,716,000
Piled foundations - garages	50	at	5,600	av per unit	280,000
					4,041,000

4.23. These total £4,041,000 (equivalent to £113,884 per net acre).

4.24. We would stress that to some degree the impact of abnormal costs can be offset in the land price (at least when determining viability). The Planning Practice Guidance ('PPG') on viability makes it clear that abnormal costs must be factored into the assessment of land value, with the implication being the higher the abnormal costs the greater the downward pressure on land value.

4.25. In practical terms, it is not the case that if abnormal costs go up by £100,000 per acre the land value will always decrease by £100,000 per acre, as the land value still has to be at a sufficient level to incentivise a landowner to release the site for development. For example, if a site has an existing use value as an agricultural field at £10,000 per acre and, after abnormal costs are deducted, a residential scheme can only deliver a land value of £15,000 per acre then this would not represent a sufficient incentive for a landowner to release the site for development. There still has to be some sort of suitable premium above the existing use value.

4.26. However, it is reasonable that the burden of the higher abnormal costs on a development should not fall solely on the Council through a reduction in their planning policies. The principle that the land value must bear the most significant proportion of any abnormal costs is a sound one.

4.27. In short, changes in abnormal costs are of course significant. However, when assessing viability, they should be balanced against land value (which can serve to dampen the effect of abnormal costs on the overall viability outcome).

4.28. Having considered these factors, for the purposes of our base viability modelling we have applied MG's abnormal costs, albeit on the basis that these costs are balanced with the appropriate level of the benchmark land value, as per the requirements of the Planning Practice Guidance.

Professional fees

4.29. MG have allowed for professional fees totalling £3,948,921 (equivalent to 6.53% of their build costs).

4.30. 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

4.31. 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. MG have accounted for in their appraisal, with 97 units in total, split between 68 Social/Affordable Rented dwellings, 29 Intermediate tenure.

4.32. In addition, the Council has confirmed the following S106 requirements (totalling £8,258,285):

Education	4,817,501
Transport	3,184,704
Health	256,080

Marketing / legal costs

4.33. To cover sales and marketing, MG have allowed the equivalent of 3% of the revenue for the market value dwellings in their appraisal. A further allowance equivalent to £750 per unit is allowed for the sales legal fees for market dwellings and £10,000 for the affordable housing legal fees.

4.34. 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

4.35. MG all a 78-month programme for phases 1 and 2 proposed development.

- Phase 1 – Preconstruction 7 months, the private units first sale is expected month 8, with an average 5.71 sales a month (17 months - October 26 until June 28), Affordable housing sales are 2.35 handovers (21 months - October 26 until February 28). (Total 28-months)
- Phase 2 – construction start on site July 28, the private units first sale is expected month 8, with an average 4 sales a month (43 months - March 29 until Sept 32), Affordable housing sales are 3.35 handovers (17 months - October 29 until February 31). (Total 51-months)

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

Phase 1	
Pre-construction	3 months
Construction	25 months
Show home Opens	7 months (into construction inclusive of pre-con)
First Open Market Sales	8 months (into construction). Build / Sales rate of circa 5.71 per month (as per MG's appraisal).
First Affordable Homes	8 months (into construction) we have applied the same contract period as per MG. We have assumed the contractual payments from a Registered Provider will across the construction phase of the development.
Phase 2	
Construction	44 months
Show home Opens	July 2028
First Open Market Sales	Starting August 2028, Build / sales rate of circa 3.9 per month (as per MG's appraisal).
First Affordable Homes	8 months (into construction Phase 2) we have applied the same contract period as per MG (17 months). We have assumed the contractual payments from a Registered Provider will across the construction phase of the development.

4.37. In total we have assumed a project programme of 72 months (across both phases), within our appraisal.

Finance

4.38. MG 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.

4.39. 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

4.40. MG 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.

4.41. 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.

4.42. 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.

4.43. 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

4.44. 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.

4.45. 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.

4.46. 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:

4.46.1. 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.

4.46.2. The EUV should disregard any hope value.

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

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

4.46.5. 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.

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

4.46.7. 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.

4.47. 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.

4.48. In their appraisal, to establish the benchmark land value, MG follow guidance and adopt the 'existing use value plus premium' approach. For the existing use value MG 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 £3,949,000.

4.49. Following a review of the latest RICS / RAU Farmland Market director of sales for H1 2025, published in September 2025 stated the National Weighted Average for sites smaller than 50 acres was £14,578 per acre (£36,023 per ha), increasing to £16,744 per acre (£41,375 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 MG assessment of £25,000 per hectare. On balance we consider the MG allowance of £25,000 per hectare broadly reasonable.

4.50. 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 MG'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 £8,258,285. However, this generates a residual land value below the benchmark land value and is therefore deemed to be unviable.

5.2. On a 'trial and error' basis we have subsequently reduced the affordable housing provision to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal. With 52 (13.40%) onsite affordable dwellings (split as 33 rented and 19 shared ownership) and the full S106 financial contributions (£8,258,285), returns a residual land value of £3,975,794, which is just above the benchmark land value of £3,949,000 and is therefore deemed to be viable.

5.3. For illustrative purposes, we have compared our appraisal to MG's submission:

Input	MG appraisal	CPV appraisal
Average market value	£2,591.44 psm	£2,643.49 psm
Plot Construction	£1,376.53 psm	£1,306 psm
External Works	£11,760,000	£6,882,863
Air source heat pumps	£1,940,000	Inc in plot costs
Contingency	£1,233,819	£1,538,653
Professional Fees	£3,948,921	£2,820,864
Marketing / disposal	3% on revenue	2.5% on revenue
Legals	£750 per unit	£1,000 per unit
Interest	8%	7%

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

	Sales: Rate /m²				
Construction: Rate /m²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000% 1,240.70 /m²	16.090% (£3,183,728)	16.090% (£4,602,228)	16.090% (£6,020,332)	16.090% (£7,438,160)	16.090% (£8,855,829)
-2.500% 1,273.35 /m²	16.090% (£2,160,869)	16.090% (£3,579,761)	16.090% (£4,998,236)	16.090% (£6,416,340)	16.090% (£7,834,163)
0.000% 1,306.00 /m²	16.090% (£1,137,248)	16.090% (£2,556,956)	16.090% (£3,975,794)	16.090% (£5,394,244)	16.090% (£6,812,348)
+2.500% 1,338.65 /m²	16.090% (£101,307)	16.090% (£1,533,623)	16.090% (£2,953,023)	16.090% (£4,371,827)	16.090% (£5,790,252)
+5.000% 1,371.30 /m²	16.090% £1,020,970	16.090% (£505,178)	16.090% (£1,929,758)	16.090% (£3,349,101)	16.090% (£4,767,860)

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 £2,556,956, which is below the benchmark land value of £3,949,000 and therefore unviable.

5.6. In summary, we agree with the applicant that the scheme cannot viably support the full planning affordable housing policy requirements. However, contrary to MG's conclusions, we find that the scheme is able to viably support 52 (13.40%) onsite affordable housing plus S106 contributions totalling £8,258,285. Alternatively, if the Council favour's affordable housing, with 25% onsite affordable housing we calculate that the total S106 contribution that could be provided is around £2million (dependent on the mix of affordable units).

5.7. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this timeframe, then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.