

# Value and Risk Advisory

## Financial Viability Assessment report

Client: North Lincolnshire Council

Property: Land west of Carisbrooke Manor Lane, Burringham,  
at Lincolnshire Lakes, Scunthorpe

Date: January 2024

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**Appendix 1**..... Viability Appraisal Print-Out

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes, Scunthorpe

## Executive Summary

Key Property Facts	
Macro Location:	Sub Regional
Micro Location:	Secondary
Sector:	Development
County:	Lincolnshire
Total Property Area:	Gross – 29.43 ha (72.73 acres) Net – 15.36 ha (37.95 acres)
Net Sales Area:	55,326.04 sq m (595,524 sq ft)
Tenure:	Freehold
Applicant:	Keepmoat Homes
Current policy requirements:	20% affordable housing
Benchmark Land Value (BLV)	£6,420,000
Residual land value	£6,590,000
Gross Development Value (GDV)	£127,942,000
Build cost	£70,232,286
Build cost contingency (3%)	£2,106,969
Acquisition costs	£415,674
Abnormal costs	£13,067,273
Abnormal costs Contingency (5%)	£653,364
Professional fees (6%)	£3,711,425
Marketing and Disposal fees	£2,687,950
Finance (7.00%)	£821,617
Planning Gain	£6,334,477 + 20% AH
Community Infrastructure Levy (CIL)	£0
Developers profit (20% POC)	£21,323,669



## Location

- Lincolnshire Lakes is a new urban extension of Scunthorpe with proposals to deliver up to 6,000 new homes along with a commercial park and associated uses.
- The site is located to the west of Scunthorpe which is an industrial town in North Lincolnshire.
- Scunthorpe is located c. 17.5 miles south west of Hull, 20 miles north east of Doncaster and c. 23 miles west of Grimsby.

## Description

- The property comprises an irregular shaped development land parcel which extends to 29.43 ha (72.73 acres) gross and 15.36 ha (37.95 acres) net.
- The subject site has a planning application submitted (ref PA/2023/1124) for the development of 599 No. dwellings and lake, along with associated infrastructure, including landscaping, public open space and play area, pedestrian and cycle links, pumping station and sub-station.
- The site is currently a greenfield land parcel which is used for agricultural (arable) purposes.

## Transaction Summary

- This report has been produced to support S106 viability negotiations between North Lincolnshire Council and Keepmoat Homes.
- The report is to examine the commercial viability of the proposed residential development at the address known as Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes, Scunthorpe.

## Viability Assessment Findings – Non technical Summary

- We have carried out a viability appraisal on the proposed scheme assuming the required planning gain of £6,334,477 and 20% on site affordable housing provision.
- This appraisal results in a Residual Land Value (RLV) of £6,590,000, which is above the Benchmark Land Value (BLV) of £6,420,000 and hence demonstrates the scheme is therefore deemed viable and able to provide 20% on site affordable housing, and the full S106 requirement of £6,334,477.

This Overview forms part of the Viability Assessment Report dated January 2024 and should not be read in isolation.

This FVA has been commissioned to assess the viability of the subject site, based on all relevant national and local planning policy requirements. The Planning Practice Guidance for Viability ('PPGV') states that an executive summary of an FVA is to be made publicly available to promote greater transparency and accountability within the viability assessment process.



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North Lincolnshire Council  
Church Square House  
30-40 High Street  
Scunthorpe  
DN15 6NL

Your ref N/A  
Our ref HP/435004LEE  
Direct line [REDACTED]  
[REDACTED]

18 January 2024

Dear Directors

Terms of Reference

**Addressee:**

The Directors  
North Lincolnshire Council  
Church Square House  
30-40 High Street  
Scunthorpe  
DN15 6NL  
For the attention of Millie Arden and Kate Mills

**Property Address:**  
**("The Property")**

Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes,  
Scunthorpe

**Reliance:**

This report is confidential to the party to whom it is addressed.

We appreciate that any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances, however, if at any stage it is intended to distribute the report, or any reference thereto, our written consent will be required. No part of this report may be disclosed to any third parties without our prior written approval of the form and context in which it will appear.

Save in respect of our liability for death or personal injury caused by our negligence, or the negligence of its employees, agents or subcontractors or for fraud or fraudulent misrepresentation (which is not excluded or limited in any way):

a) we shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with this report; and

b) Our total liability in respect of this report shall not exceed £5,000,000. Please note the exclusions and limitations of liability in our General Terms and Conditions of Business or pre-agreed terms of engagement or service agreement agreed between us.

**Applicant:**

Keepmoat Homes

**Tenure:**

Freehold

**Viability Assessment Date:**

January 2024



Our assessment is provided, as at the date on this report, and as the market changes over time, the advice provided may not be valid on an earlier or later date.

**Instruction Date:** 23 August 2023

**Instruction and Purpose:** In accordance with the Letter of Engagement dated 23 August 2023 we are instructed to provide you with a report and Economic Viability Appraisal Review.

The purpose of this assessment is to review the Financial Viability Assessment report dated June 2023 produced by the Applicants' consultant Allsop, and to inform discussions regarding the level of S106 obligations that can be provided on the site taking into account the proposed development, the policy requirements set by the Council, as well as national planning policy and guidance.

**Basis of Valuation:** We confirm that our viability assessment and report has been prepared in accordance with the current RICS Professional Standard – Financial Viability in Planning: Conduct and Reporting, 1<sup>st</sup> Edition, May 2019, as well as the RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021.

As per the RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021 “FVAs are not valuations as such, but there is significant valuation content within an FVA. The valuation aspects are within the jurisdiction of the Red Book and other RICS mandatory statements and professional guidance. All RICS members must adhere to these provisions.

Advice given in this report is expressly provided to support S106 negotiations and is in accordance with the current UK national supplement published by the RICS (the RICS Red Book).

The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business.

No allowance has been made for any expenses of realisation, or for taxation (including VAT) that might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges that may be secured thereon.

**Software:** The viability assessment has been undertaken using ARGUS Developer 8.30.3.

**Personnel:** The viability assessment has been prepared by Hannah Partington MRICS under the direction of Mabel Kenyon MRICS, Director.

We confirm that the personnel responsible for this viability assessment are in a position to provide an objective and unbiased viability assessment and are competent to undertake the assignment in accordance with the current UK national supplement and are RICS Registered Valuers.

**Status:** In preparing this viability assessment we have acted as External Valuers, subject to any disclosures made to you.

When carrying out the enclosed Financial Viability Assessment, the RICS members who have undertaken this report have acted objectively, impartially, and without interference.

**Disclosure:** We confirm there are no conflicts of interest, or risk of conflict whilst undertaking this report.



We can confirm that we have not advised either the applicant or the LPA on the relevant planning application and have not previously provided advice in area-wide FVAs to help formulate policy for the LPA.

**Contingent Fees:**

We confirm that in preparing this report, no performance-related or contingent fee has been agreed.

**Sources of Information:**

We have carried out all the necessary enquiries with regard to planning issues and development considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises and have relied on the floor areas provided.

We have been provided with the following reports, which we have relied upon:

- Financial Viability Assessment – June 2023 – Prepared by Allsop on behalf of Keepmoat Homes.
- Planning layout plan with reference n1720 008 C, dated 18.12.23, produced by nineteen47 on behalf of Keepmoat Homes
- Location Plan ref n1720 001, dated 29.05.23 produced by Nineteen47
- Lincolnshire Lakes\_Abnormal Cost Assessment\_JLL Comments 17.10.2023
- PA.2023.1124 Lincolnshire Lakes Keepmoat – S106 liabilities

**Market Conditions Explanatory Note:**

Transactions across markets and sectors remain low, for a variety of reasons. The full implications of wars in the Middle East and Ukraine are unknown. Instability in these regions and beyond may compound already difficult real estate market conditions. This is likely to be exacerbated when coupled with inflationary pressures and other factors impacting the global economy, including the cost and availability of debt. The combination heightens the potential for volatility and quick changes in consumer and investor behaviours.

In recognition of the potential for market conditions to change rapidly, we highlight the critical importance of the valuation date and confirm the conclusions in our report are valid at that date only, and advise you to keep the valuation under regular review.

The development market especially faces challenges that are influencing the costs of construction and construction programmes. These issues, together with the risk of developer and/or contractor insolvency and a limited skilled labour force, risk causing increased volatility in land value and development project viability.

For the avoidance of doubt, due to the functioning nature of the market, our FVA is NOT reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

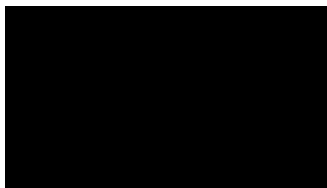


**Confidentiality and  
Publication:**

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours sincerely

Yours sincerely



Hannah Partington MRICS

Mabel Kenyon MRICS

Director

Director

For and on behalf of Jones Lang LaSalle Limited

For and on behalf of Jones Lang LaSalle Limited

# 1. Introduction

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## 1.1. Property Address

Property known as Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes, Scunthorpe.

## 1.2. Overview

This viability assessment review has been prepared by JLL on behalf of North Lincolnshire Council, the “Client” who are the “Local Authority” in relation to the proposed residential development of the Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes, Scunthorpe.

JLL have been instructed by of North Lincolnshire Council to review the Financial Viability Assessment (FVA) dated June 2023, produced by Allsop on behalf of Keepmoat Homes, the “Applicant”, with regards to the proposed scheme at Land west of Carisbrooke Manor Lane, Burringham, at Lincolnshire Lakes, Scunthorpe comprising 599 residential dwellings, (planning ref PA/2023/1124).

This report will include a market based S106 viability assessment to assist in discussions between North Lincolnshire Council and Keepmoat Homes, with regards to the level of S106 contribution the scheme can support, whilst ensuring a commercial level of developers profit to ensure delivery, and a residual land value that is in line with benchmark land values in order to incentivise the release of the land for residential development (RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021).

The report will include:

- A Residential Market Review;
- Review of justification and costs, inputs and assumptions contained within the Applicant’s FVA;
- Independent viability testing using Argus Developer and review of the Applicant’s FVA viability testing;
- Independent Viability Sensitivity Analysis and review of the Applicant’s FVA Sensitivity Analysis; and
- Conclusion.

Please note that where there is a grey shaded box within this report, this represents JLL’s comments with regards to the comments and assumptions contained within the (FVA) dated June 2023, produced by Allsop on behalf of Keepmoat Homes

In order to assist our assessment, and draw appropriate conclusions, we have had regard to the scheme detailed within the Financial Viability Assessment (FVA) dated June 2023, produced by Allsop on behalf of Keepmoat Homes, the “Applicant”, which provides us with a layout and schedule of accommodation.

This report has been prepared to provide an independent review of these proposals and uses up to date assumptions to demonstrate whether the subject site has the capability to viably be delivered. It provides recommendations based on those results.

In accordance with National Planning Policy, as decision maker, the Local Planning Authority must determine the weight to be given to the submitted assessment, having regard to all circumstances, including whether the plan and viability evidence underpinning it is up to date, and whether there have been any changes in the site circumstances since the plan was brought into force.

### Planning Policy

Section 38(6) of the Planning and Compulsory Purchase Act (2004) requires decisions of development proposals to be taken in accordance with the adopted development plan for the area unless material considerations indicate

otherwise. The National Planning Policy Framework, Planning Practice Guidance and local planning policies, including Supplementary Planning Documents, are all material considerations.

### National Planning Policy Framework

National planning policy is set within the new National Planning Policy Framework (NPPF), which was updated on 19 December 2023. This edition replaces the previous National Planning Policy Framework published in July 2021, and earlier revisions. Paragraphs 2 and 47 state that planning decisions should be made in accordance with the Development Plan unless material considerations suggest otherwise. The NPPF is a material consideration.

A presumption in favour of sustainable development lies at the heart of the Framework (Paragraphs 10 and 11). However, Paragraph 12 confirms that this does not preclude the Development Plan being the starting point for decision making. Paragraph 58 states that it is for the applicant to determine whether there are circumstances to justify the need for a viability assessment as part of a planning application. The decision maker should determine the weight to be afforded to the viability statement, taking into account all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any changing circumstances that have occurred since the plan was adopted. It also states that the viability assessment should reflect the recommended approach set out in national planning guidance, including standardised inputs.

As set out in the RICS Professional Standard, LPAs will have objectives to secure appropriate contributions from development to meet the community and infrastructure needs within their local area. The RICS Professional Standard further states that other stakeholder expectations need to be considered as part of the viability process; namely developers who will expect to make a suitable return, and landowner expectations which are crucial in ensuring the voluntary release of land for development.

### Planning Practice Guidance

Planning Practice Guidance (PPG) provides an understanding of how to undertake viability assessments at both plan making and decision taking levels. PPG notes at paragraph 7 that it is for the applicant to demonstrate whether a planning application should be accompanied by a viability assessment. The decision taker should apply appropriate weight. Paragraph 10 confirms that decision making for viability will strike a balance between the aspirations of developer and landowners with regard to returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through granting planning permission. Paragraph 20 details that viability assessments should set out the assumptions made about costs and values. This should include gross development value, benchmark land value including the landowner premium, developer's return and costs. Where different figures from those set out in the Local Plan arise, these should be explained and supported with evidence.



## Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

There are also a number of bus stops along the Burringham Road (B1450) which provides connections to Ashfield and Scunthorpe.

The nearest train station is Althorpe station which is c. 2.0 miles from the site which is situated on the Northern line between Doncaster and Scunthorpe. Scunthorpe train station which is located 2.4 miles from the site and is also situated on the Northern line between Doncaster and Scunthorpe.

### 2.3. Situation

The site is situated to the west of the town of Scunthorpe.

To the immediate north of the site is agricultural fields which form part of the wider Lincolnshire Lakes masterplan.

To the north east of the subject site is the Parklands Mobile Home estate.

To the immediate east of the site is Carisbrooke Manor Lane, the Carisbrooke Manor Assisted living centre, Lindsey Lodge Hospice and the Ashfield Park Home estate. Further to the east is an Asda supermarket, residential estates and Scunthorpe Town.

To the immediate south of the site is Burringham Road (B1450) and beyond is agricultural fields which form part of the wider Lincolnshire Lakes masterplan.

To the immediate west of the site is the M181 and beyond is agricultural fields which form part of the wider Lincolnshire Lakes masterplan.

With regards to amenities in proximity to the subject site, there is the Ashby Decoy Golf Club, The Silica Lodge, Garden Centre, Burringham Skate Park, One Stop convenience store and as already mentioned, an Asda supermarket.

With regards to schools, The Oasis Academy Parkwood is 1.2 miles from the site and is rated Ofsted Good, The Westcliffe Primary School is located 1.1 miles from the site and is rated Ofsted Good, the South Park Enterprise College is located 1.4 miles from the site and is rated Ofsted Requires Improvement, and The Enderby Road Infant School is located 1.2 miles from the site and is rated Ofsted Good.

The land use of the surrounding area is predominantly a mix of open countryside and residential uses.



## 3. Description

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### 3.1. Site

#### 3.1.1. Characteristics

The property comprises an irregular shaped development land parcel which extends 29.43 ha (72.73 acres) gross and 15.36 ha (37.95 acres) net.

The wider Lincolnshire Lakes development has outline planning consent for 2,500 dwellings including a village centre (Use Classes A1, A2, A3, A4, A5, B1 and D1), a health care facility (Use Class D1), community facilities (Use Class D1), a 3 form of entry primary school (Use Class D1), new roads and footpaths, informal areas of open space, play spaces and new wildlife habitats, water bodies and wetlands with all matters reserved for subsequent approval (ref PA/2015/0396).

The subject site has a planning application submitted (ref PA/2023/1124) for the development of 599 No. dwellings and lake, along with associated infrastructure, including landscaping, public open space and play area, pedestrian and cycle links, pumping station and sub-station.

The site is currently a greenfield land parcel which is used for agricultural (arable) purposes.

The site is currently accessed from Burringham Road (B1450) via an agricultural access on the southern site boundary.

The site topography is generally level.

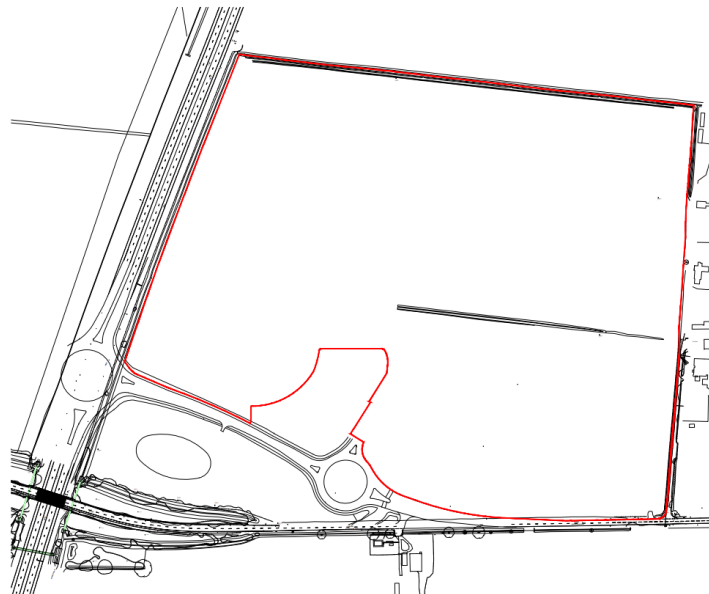
The site covering comprises predominantly arable crops.

There is a sporadic mature tree line that runs along the south west corner of the site boundaries although there are no trees within the site itself.

The norther site boundary is demarked by a drain. The eastern site boundary is demarked by Carisbrooke Manor Lane. The Southern site boundary is demarked by Burringham Road, (B1450) and the western site boundary is demarked by the M181.

There are some overhead power cables that run across the south of the site running in an east/west direction. There are also power cables that run across the eastern part of the site running in an north/south direction.

The property is shown for identification purposes on the plan below.

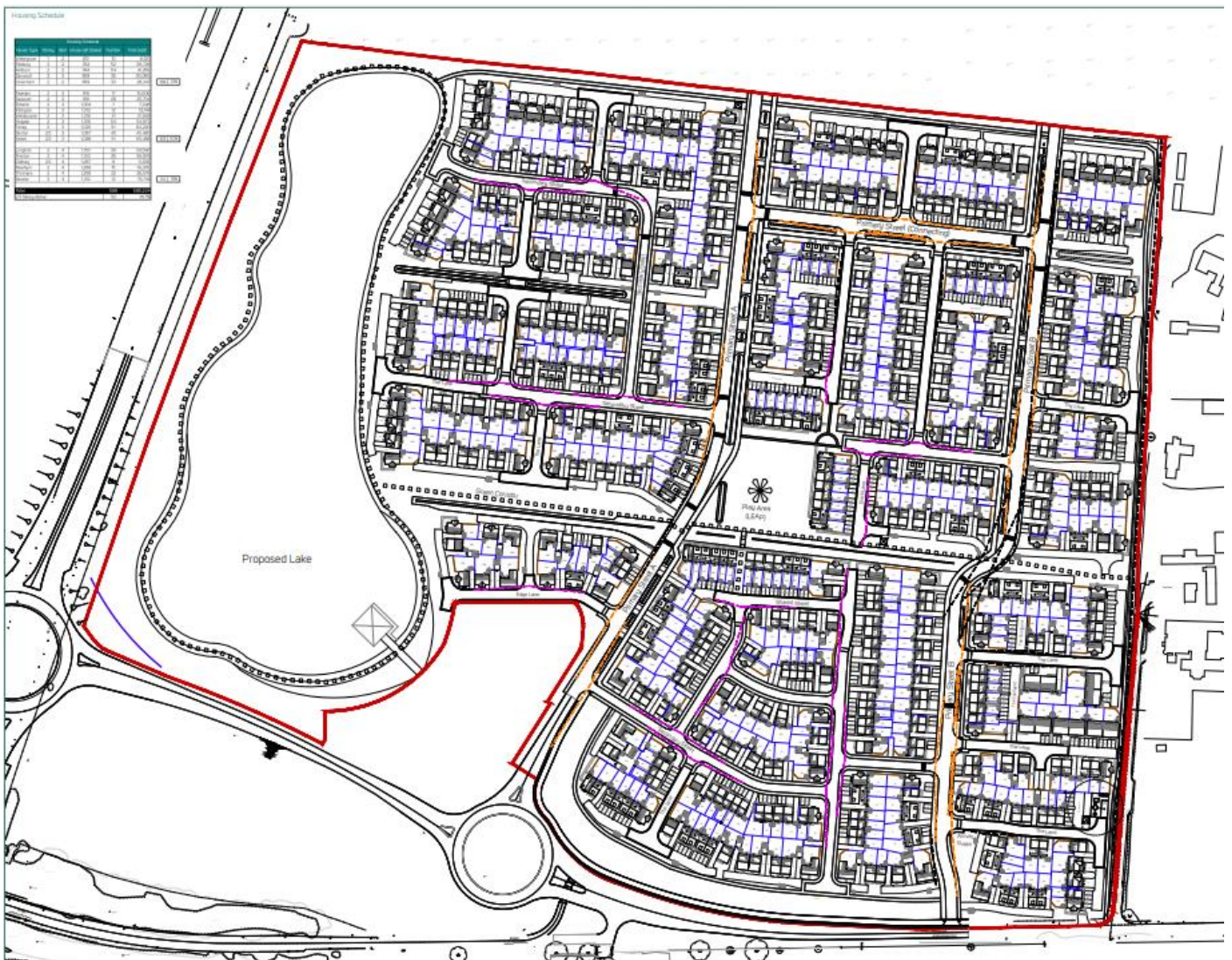


## 3. Proposed Development

### 3.1. Proposed Development

Keepmoat Homes have submitted a full planning application (PA/2023/1124) for the development of 599 No. dwellings and lake, along with associated infrastructure, including landscaping, public open space and play area, pedestrian and cycle links, pumping station and sub-station. 21/12/2023 - ADDITIONAL DOCUMENTS - Air Quality Assessment, Drainage Feasibility, Proposed Lake Sections, Planning Layout, Revised Travel Assessment, Shadow Habitats Regulations Stage 1 Screening Report, Travel Plan, Presentation Layout (n1720\_009), Materials Plan (n1720\_600B), Boundary Treatment Plan (n1720\_700B), Phase II Geo-Environmental Assessment Report, Updated Noise Impact Assessment.

The plan below illustrates the proposed residential scheme:



Upon completion, the proposed scheme will provide 599 new build dwellings, as shown in the below table, subject to achieving the required planning approval.

Amongst the 20 house types there is a combination of terraced, semi-detached and detached properties.

## Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

The site is accessed from a newly created roundabout to the south of the site boundary. We have assumed that the internal estate roads will be adopted upon completion and that all necessary rights of access and servicing are available.

We have obtained from the North Lincolnshire Planning portal a planning layout plan with reference n1720 008 C, dated 18.12.23, produced by nineteen47 on behalf of Keepmoat Homes.

RICS property measurement (incorporating International Property Measurement Standards Residential) 2nd edition, May 2018, requires us to report IPMS measurements in the report for this Property. As IPMS areas are not available to us for comparable data we have reported only Net Sales Areas (NSA) which we assume have been measured on the basis of the RICS Code of Measuring Practice 6th Edition 2007. We outline the sizes adopted for the purposes of this valuation exercise below:

House Type	Description	Beds	Storeys	Parking	Sq M	Sq Ft	No	Total Sq M	Total Sq Ft
Watergrove	Semi-detached	2	1	CPS	75.44	812	10	754.37	8,120
Padbury	Mid Terrace	2	2	CPS	70.98	764	10	709.78	7,640
Padbury	End -Terrace	2	2	CPS	70.98	764	18	1,277.60	13,752
Padbury	Semi-detached	2	2	CPS	70.98	764	24	1,703.47	18,336
Ashburn	Mid Terrace	2	2	CPS	70.98	764	1	70.98	764
Ashburn	End -Terrace	2	2	CPS	70.98	764	1	70.98	764
Ashburn	Semi-detached	2	2	CPS	70.98	764	52	3,690.86	39,728
Darracott	Mid Terrace	2	2	CPS	79.80	859	5	399.02	4,295
Darracott	End -Terrace	2	2	CPS	79.80	859	10	798.04	8,590
Darracott	Semi-detached	2	2	CPS	79.80	859	20	1,596.08	17,180
Covenham	Mid Terrace	2	2	CPS	79.80	859	3	239.41	2,577
Covenham	End -Terrace	2	2	CPS	79.80	859	6	478.82	5,154
Covenham	Semi-detached	2	2	CPS	79.80	859	24	1,915.29	20,616
Fewston	Mid Terrace	3	2	CPS	85.29	918	1	85.29	918
Fewston	End -Terrace	3	2	CPS	85.29	918	2	170.57	1,836
Fewston	Semi-detached	3	2	CPS	85.29	918	14	1,193.99	12,852
Seacourt	Mid Terrace	3	2	CPS	85.29	918	4	341.14	3,672
Seacourt	End -Terrace	3	2	CPS	85.29	918	8	682.28	7,344
Seacourt	Semi-detached	3	2	CPS	85.29	918	16	1,364.56	14,688
Eldwick	Detached	3	2	CPS	93.27	1,004	7	652.92	7,028
Killington	Detached	3	2	ISG	94.02	1,012	12	1,128.22	12,144
Westbourne	Mid Terrace	3	2	CPS	94.58	1,018	1	94.58	1,018
Westbourne	End -Terrace	3	2	CPS	94.58	1,018	2	189.15	2,036
Westbourne	Semi-detached	3	2	CPS	94.58	1,018	28	2,648.11	28,504
Holgate	Mid Terrace	3	2	CPS	94.58	1,018	3	283.73	3,054
Holgate	End -Terrace	3	2	CPS	94.58	1,018	6	567.45	6,108
Holgate	Semi-detached	3	2	CPS	94.58	1,018	36	3,404.71	36,648
Holgate	Detached	3	2	CPS	94.58	1,018	9	851.18	9,162
Farley	End -Terrace	3	2	CPS	94.76	1,020	1	94.76	1,020
Farley	Semi-detached	3	2	CPS	94.76	1,020	14	1,326.66	14,280
Farley	Detached	3	2	CPS	94.76	1,020	46	4,359.01	46,920
Denton	Mid Terrace	3	2.5	CPS	100.99	1,087	1	100.99	1,087
Denton	End -Terrace	3	2.5	CPS	100.99	1,087	2	201.97	2,174
Denton	Semi-detached	3	2.5	CPS	100.99	1,087	37	3,736.47	40,219
Selset	Mid Terrace	3	2.5	CPS	101.08	1,088	4	404.31	4,352
Selset	End -Terrace	3	2.5	CPS	101.08	1,088	7	707.55	7,616
Selset	Semi-detached	3	2.5	CPS	101.08	1,088	40	4,043.14	43,520
Longford	Semi-detached	4	2	DSG	107.12	1,153	4	428.47	4,612

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

House Type	Description	Beds	Storeys	Parking	Sq M	Sq Ft	No	Total Sq M	Total Sq Ft
Longford	Detached	4	2	DSG	107.12	1,153	26	2,785.05	29,978
Prenton	Semi-detached	4	2	DSG	107.12	1,153	10	1,071.17	11,530
Prenton	Detached	4	2	DSG	107.12	1,153	16	1,713.88	18,448
Oldbury	Semi-detached	4	2.5	CPS	119.57	1,287	8	956.53	10,296
Oldbury	Detached	4	2.5	CPS	119.57	1,287	1	119.57	1,287
Newham	Detached	4	2	DSG/DDG	119.75	1,289	15	1,796.28	19,335
Thirlmere	Detached	4	2	ISG	120.68	1,299	22	2,654.99	28,578
Devoke	Detached	4	3	CPS	121.89	1,312	12	1,462.67	15,744
							<b>599</b>	<b>55,326.04</b>	<b>595,524</b>

Rebuttal – The scheme accommodation mix adopted within the Allsop’s FVA dated June 2023 does not tally with the latest scheme as attached to the planning application ref PA/2023/1124.

This viability assessment will also test the deliverability of this provision and whether this is deemed viable on the proposals.

This assessment does not provide critique of the development design, our role is limited to testing the viability of the proposals as detailed in the relevant planning application.

## 4. Planning

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### 4.1. Planning

#### 4.1.1. General

The property falls within the jurisdiction of North Lincolnshire Council.

The local planning policy falls under the North Lincolnshire Local Plan as adopted in May 2003. This plan has been replaced by the Local Development Framework.

Some of its policies have been replaced following the adoption of the Core Strategy and the Housing and Employment Land Allocations DPD.

The Lincolnshire Lakes Development falls within the Lincolnshire Lakes Area Action Plan (AAP) which was adopted on 10 May 2016 and will set out the planning policy framework to deliver the vision.

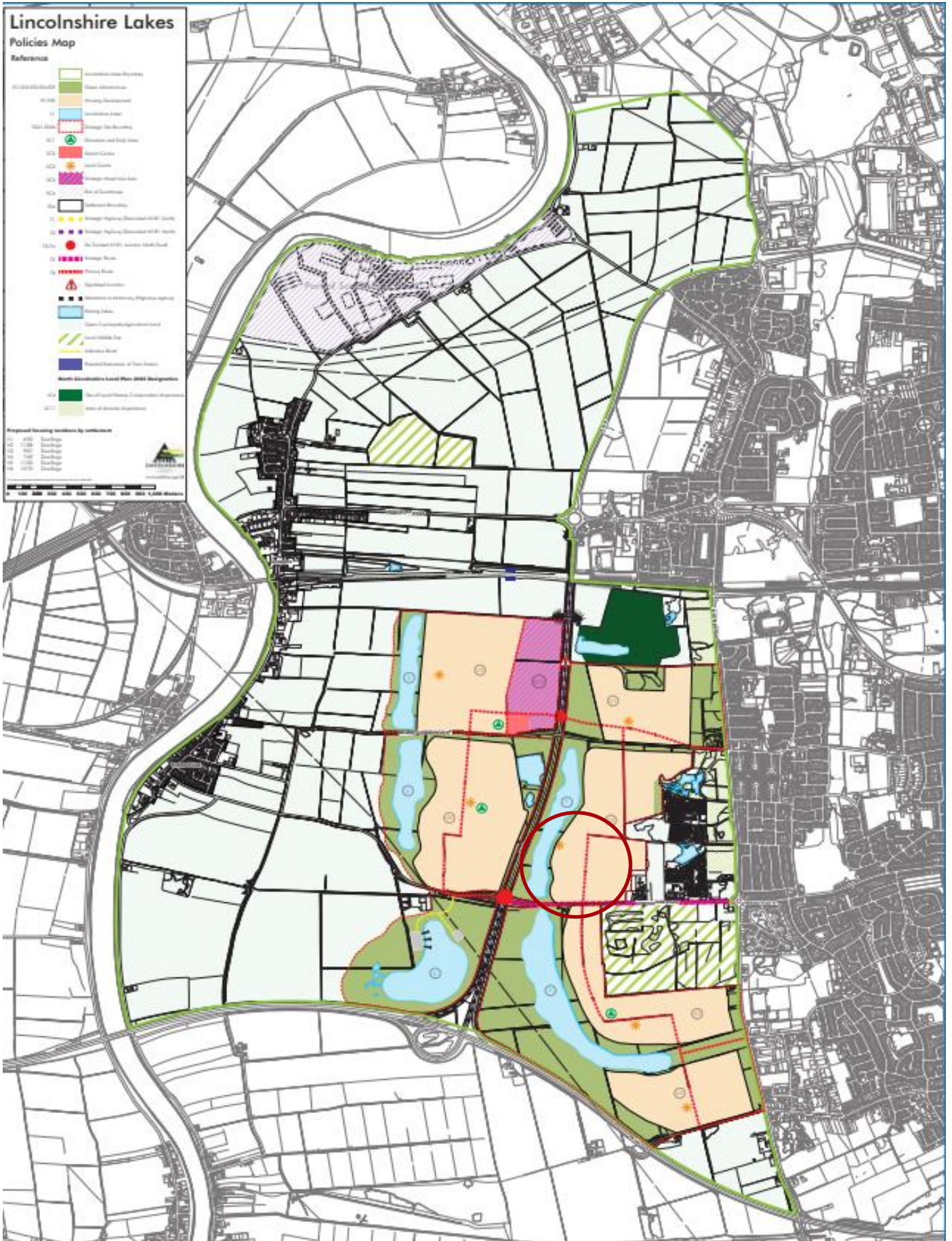
The Lincolnshire Lakes development is the creation of one of the largest residential developments, not just in the Yorkshire and Humber Region but in the whole of the UK, within North Lincolnshire on land west of Scunthorpe, creating new building jobs plus thousands more as new businesses are created.

North Lincolnshire Core Strategy which was adopted in June 2011 and provides a long term spatial planning framework for the development of North Lincolnshire up to 2026 (paragraph 5.29) identifies the following transformational principles of the Lincolnshire Lakes development:

- Residential development (6,000 new homes) including affordable and sustainable low density housing;
- Business developments that diversify the employment offer of the town, including offices with an attractive waterside setting;
- Flood alleviation to both the new community and existing Trentside villages through mitigation provided by the water bodies;
- Community facilities (including schools, health facilities, libraries, community centres etc);
- Leisure facilities (including water sports, sport stadia and recreational opportunities);
- A sustainable energy landscape with biomass and wind power;
- Sustainable tourism associated with the lakes unique waterside landscape setting;
- Green infrastructure throughout which compliments and improves the location's biodiversity character; and
- Sustainable transport infrastructure through improved access into the town, strong public transport, park and ride facilities and walking and cycling routes within the site that provide direct links to the existing networks.

All of which will be set within a unique lakeside setting with several large artificially created lakes connected by water channels.

A new M181 junction will be created to improve access routes to the motorway and make the area more accessible as a place to live, visit and work.



## 4.1.2. History

**PA/2023/1124** - Planning permission for the development of 599 No. dwellings and lake, along with associated infrastructure, including landscaping, public open space and play area, pedestrian and cycle links, pumping station and sub-station. Awaiting Decision.

**PA/SCR/2022/1** - EIA screening request relating to the erection of 599 dwellings including public open space, drainage attenuation, a lake with recreational routes and landscaping.

**PA/2017/1386** - Planning permission for highway works to deliver a new terminating junction to the M181 motorway comprising a new at-grade roundabout to access the B1450 Burringham Road from the M181, new B1450 side roads and realignment of the existing B1450, two new additional roundabouts on the realigned B1450, drainage ponds and outfalls, landscaping and associated re-profiling and ancillary works. Approved with conditions. 17 January 2019.

**PA/2016/1736** - Planning permission for engineering and excavation to form a lake (Lake 1) as part of the wider Lincolnshire Lakes proposal. Approved with conditions 1 November 2017.

**PA/2015/0628** - Hybrid application for full planning permission for new road and footpaths, informal areas of open space, parklands, play areas and new wildlife habitats, attenuation ponds, recreational lakes and wetlands community; and outline planning permission with all matters reserved for non-residential institutions (Use Classes D1 and D2), leisure facilities (Use Classes A1 and A3) and storage (Use Class B8). Approved 5 August 2021.

**PA/2015/0627** - Planning permission for highway works to deliver the new terminating junction to the M181 motorway (due to the de-trunked section of the highway to the north and south of the terminating junction) and the development of the eastern and western sections of the east west link road connecting to the B1450 Burringham Road. Approved 5 August 2021.

**PA/2015/0396** - Outline planning permission for the development of up to 2,500 new homes including a village centre (Use Classes A1, A2, A3, A4, A5, B1 and D1), a health care facility (Use Class D1), community facilities (Use Class D1), a 3 form of entry primary school (Use Class D1), new roads and footpaths, informal areas of open space, play spaces and new wildlife habitats, water bodies and wetlands with all matters reserved for subsequent approval. Approved 5 August 2021.

## 4.1.3. S106 Agreement/Planning Gain

The Core Strategy states that –

- On a site of 15 or more dwellings in the Scunthorpe urban area a target of 20% affordable Housing.
- A target affordable housing tenure mix of 70% social rented and 30% intermediate tenure.

The Lincolnshire Lakes Area Action Plan (AAP) states that up to 20% of the dwellings will be required to be affordable homes for developments of greater than 15 dwellings. Affordable housing provision of less than 20% will be subject to assessment of viability (with a full viability assessment to be provided by the developer) and subject to agreement by the Council on a case by case basis.

The Lincolnshire Lakes Area Action Plan (AAP) also indicates that contributions will be required towards –

- Primary Education
- Secondary Education
- District and Local Centre
- Sports and Leisure
- Health & Social Care

We note that there has been a previous S106 Agreement put in place for a larger 2,500 unit consented scheme (ref PA/2015/0396).

The outline consent is subject to a S106 Agreement dated 5 August 2021 between Maltgrade Ltd, J Jackson Ltd and North Lincolnshire Council which sets out the following obligations –

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

Obligation	Amount	Trigger	Comment
Affordable Housing	5%	Not to occupy more than 80% of OM housing until all AH units are complete. Not to occupy 50% of OM housing on each phase until all AH units are complete for that phase.	Any phase other than phase 1 or if earlier than the first 650 units Discounted Price – 80% of OMV
Allotment Land	0.5 ha		
De-trunking Contribution	£500,000	Not to occupy more than 80% of OM housing	
Temporary Primary School Contribution	£250,000	385 units occupied	
Primary School Contribution	£6,000,000	20% - prior to first occupation 20% - prior to 100 <sup>th</sup> occupation 20% - prior to 400 <sup>th</sup> occupation 20% - prior to 1,000 <sup>th</sup> occupation 20% - prior to 2,000 <sup>th</sup> occupation	
Secondary Education Contribution	£5,000,000	1 <sup>st</sup> - £100,000 – 385 units occupied 2 <sup>nd</sup> - £1,000,000 – 750 units occupied 3 <sup>rd</sup> - £2,000,000 – 1,100 units occupied 4 <sup>th</sup> - £1,000,000 – 1,600 units occupied 5 <sup>th</sup> - £900,000 – 1,900 units occupied	
Highways Junction Improvements	£518,000	Prior to 600 units	
Public Transport Contribution	£1,343,977	Not to occupy more than 80% of OM housing.	
Strategic Route Improvement Contribution	£1,000,000	Prior to 600 units	
Open Space		Not to occupy more than 80% of OM housing on each phase until POS is laid out.	
Viability Reassessment	Net profit over the first 20% made from the Development	1,250 <sup>th</sup> dwelling	

We note that the Allsop's FVA utilises the above S106 costs, apportioned to the proposed 599 unit scheme. We consider that the subject site should be viewed in isolation.

The subject site has not received planning consent for the proposed 599 unit development, and hence there is no S106 Agreement available.

As such, North Lincolnshire Council have provided us with their expected S106 requirements, as detailed in the below table, which we have adopted within this FVA.

Obligation	Amount	Trigger	Comment
Affordable Housing	Up to 20% of houses onsite to be affordable products.  120 units if all 20% is provided.	30 dwellings prior to occupation of the 100 <sup>th</sup> dwelling 30 dwellings prior to occupation of the 200 <sup>th</sup> dwelling 30 dwellings prior to occupation of the 300 <sup>th</sup> dwelling 30 dwellings prior to occupation of the 400 <sup>th</sup> dwelling	50% affordable rent 50% intermediate home ownership products such as discounted market sale.
Primary Education Contribution	599 houses* x £4,807 = £2,879,393 * the number of eligible houses may be reduced if affordable dwellings are delivered	30% on occupation of 10 <sup>th</sup> dwelling 30% on occupation of 100 <sup>th</sup> dwelling 40% on occupation of 200 <sup>th</sup> dwelling	
Secondary Education Contribution	599 houses* x £5,795 = £3,471,205 * the number of eligible houses may be reduced if affordable dwellings are delivered	30% on occupation of 10 <sup>th</sup> dwelling 30% on occupation of 100 <sup>th</sup> dwelling 40% on occupation of 200 <sup>th</sup> dwelling	
Public Open Space	A minimum requirement of 10 sqm per dwelling of informal open space. All open space layout and play equipment specification to be agreed with the council.  Based on 5,990 sqm being provided, the Council would request a contribution of £162,881.40 to cover the maintenance of the land for a period of 10 years. This figure may increase once the open space has been measured if it exceeds 5990 sqm.	Open space to be provided prior to the occupation of the 200 <sup>th</sup> dwelling. The maintenance fee to be paid on occupation of the 200 <sup>th</sup> dwelling.  If management company, then the management company should be set up prior to occupation of the 1 <sup>st</sup> dwelling. Open space to be provided and transferred to the management company on occupation of the 200 <sup>th</sup> dwelling.	If the open space is to be maintained by a private management company, then no contribution will be requested but this option should be secured within the S106 to ensure perpetuity. The details of the management company should be submitted to the council.  <b>Assumed Management company in place so no contribution accounted for within this FVA.</b>

Obligation	Amount	Trigger	Comment
Area of Play	<p>An area of play is required and should consist of 13 pieces of play equipment. The area of play should be no less than 1400SqM in size.</p> <p>For the council to adopt and maintain this area of play, a contribution of £116,612.00 will be requested.</p>	<p>To provide the area of play prior to occupation of the 150<sup>th</sup> dwelling and the contribution to be payable on occupation of the 150<sup>th</sup> dwelling.</p> <p>If management company, then the management company should be set up prior to occupation of the 1<sup>st</sup> dwelling. Open space to be provided and transferred to the management company on occupation of the 150<sup>th</sup> dwelling.</p>	<p>If this area of play is transferred into a management company for perpetuity, then no contribution from the council will be requested. The details of the management company should be submitted to the council.</p> <p><b>Assumed Management company in place so no contribution accounted for within this FVA.</b></p>
Recreation Contribution	<p>A total Contribution of £472,249 is required towards the anticipated costs, which are broken down as follows:                      £54,579 for improvements towards natural Grass pitches for both adult and youth football                      £214,695 for swimming facilities,                      £195,379 towards sports hall and centre improvements                      £7,596 for improvements to indoor bowling facilities</p>	<p>50% prior to the occupation of the 150<sup>th</sup> dwelling                      50% prior to the occupation of the 300<sup>th</sup> dwelling</p>	
Lake			<p>The proposed lake on the development would need to be transferred into and maintained by a management company. This should be secured within the S106 agreement to ensure perpetuity. The details of the management</p>

Obligation	Amount	Trigger	Comment
			company should be submitted to the council. <b>Assumed Management company in place so no contribution accounted for within this FVA.</b>
Health contribution	£864.03 per market dwelling	On occupation of the 100 <sup>th</sup> dwelling	
Highways Contribution	A contribution of £5,000 towards a TRO and associated signage will be required to amend the speed limit. The highways department are in discussions regarding a further S106 contribution towards the roundabout at the site access and/or footway/cycleway improvements along Burringham Road.  The figure for above is yet to be confirmed, but for the purposes of the independent viability assessment, the highways department estimate the contribution to be around £365,000.	£5,000 for TRO to be payable on occupation of the 1 <sup>st</sup> dwelling.  Remaining unconfirmed figure to be paid on the occupation of the 50 <sup>th</sup> dwelling.	
BNG	A biodiversity net gain must be secured onsite, if this cannot be done through conditions onsite it may need to be included in a section 106 agreement.		
<b>Total</b>	<b>£7,710,401</b>	<b>Based on 100% open market units</b>	
<b>Total</b>	<b>£6,334,477</b>	<b>Based on policy complaint scheme with 20% on site affordable housing provision</b>	

#### 4.1.4. CIL

We note that North Lincolnshire Council have not adopted a CIL charging schedule. We have therefore assumed that the proposed scheme is not liable to pay any CIL.

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

#### **4.1.5. Listed Building Consent and Conservation Area**

We note that the property is not located in a conservation area, nor is the site impacted by any Listed Buildings.

## 5. Market Commentary

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### 5.1. Market Conditions Explanatory Note

Transactions across markets and sectors remain low, for a variety of reasons. The full implications of wars in the Middle East and Ukraine are unknown. Instability in these regions and beyond may compound already difficult real estate market conditions. This is likely to be exacerbated when coupled with inflationary pressures and other factors impacting the global economy, including the cost and availability of debt. The combination heightens the potential for volatility and quick changes in consumer and investor behaviours.

In recognition of the potential for market conditions to change rapidly, we highlight the critical importance of the valuation date and confirm the conclusions in our report are valid at that date only, and advise you to keep the valuation under regular review.

The development market especially faces challenges that are influencing the costs of construction and construction programmes. These issues, together with the risk of developer and/or contractor insolvency and a limited skilled labour force, risk causing increased volatility in land value and development project viability.

For the avoidance of doubt, due to the functioning nature of the market, our FVA is NOT reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

### 5.2. National Market Overview

- The Halifax House Price Index dated from December 2023 states that –
  - Average house prices rose by +1.1% in December, the third monthly rise in a row.
  - Property prices grew +1.7% overall in 2023.
  - Typical UK home now costs £287,105, just over £3,000 more than last month.
  - House prices predicted to fall by between -2% and -4% in 2024.
- Kim Kinnaird, Director, Halifax Mortgages, said: “In December, the cost of an average UK home rose for the third month in a row to £287,105, up +1.1% or £3,066, in November, reaching the highest level since March 2023.”
- “The housing market beat expectations in 2023 and grew by +1.7% on an annual basis. The average property price is now £4,800 higher than it was in December 2022. Whilst it’s encouraging that we saw growth in the last three months of the year, this was preceded with property price falls for six consecutive months between April and September. The growth we have seen is likely being driven by a shortage of properties on the market, rather than the strength of buyer demand. That said, with mortgage rates continuing to ease, we may see an increase in confidence from buyers over the coming months.
- “As we move through 2024, the UK property market will continue to reflect the wider economic uncertainty and buyers and sellers are likely to be naturally cautious when considering making a move. While wage growth is now above inflation, helping to ease cost of living pressures for some and improving housing affordability, interest rates are likely to remain elevated for as long as inflation remains markedly above the Bank of England’s target. Our latest forecast suggests house prices could fall between -2% and -4% during the coming year, although, as with recent years, forecast uncertainty remains high given the current economic climate.”

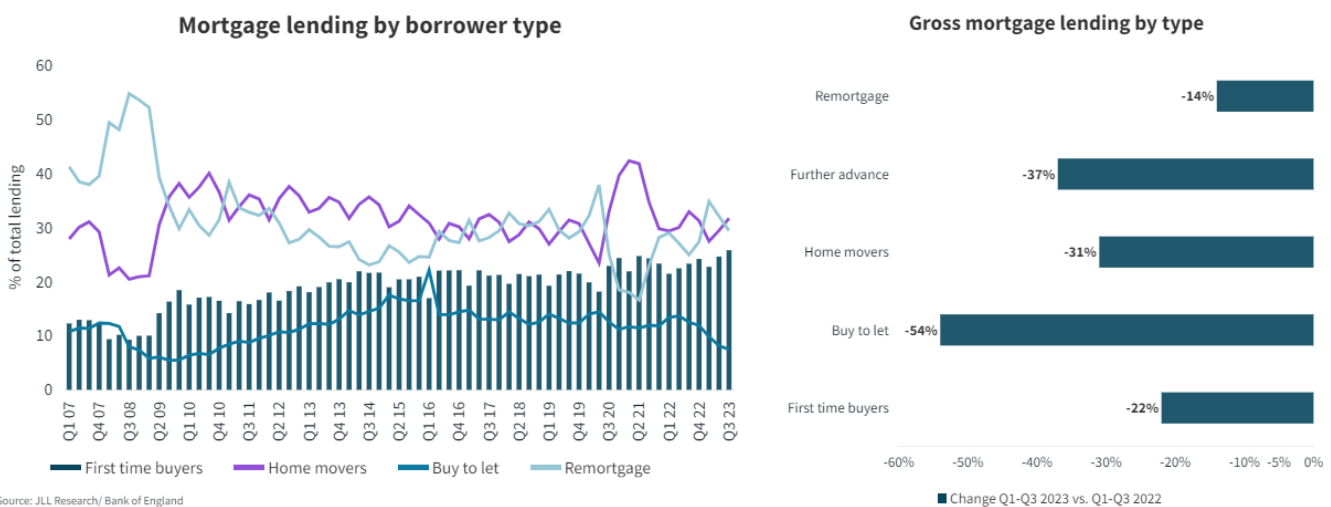
With regards to Housing activity –

- HMRC monthly property transaction data shows UK home sales decreased in November 2023. UK seasonally adjusted (SA) residential transactions in November 2023 totalled 80,780 – down by 1.2% from October’s figure of 81,770 (down 2.1% on a non-SA basis). Quarterly SA transactions (September 2023 – November 2023) were approximately 3.6% lower than the preceding three months (June 2023 - August 2023). Year-on-year SA transactions were 21.5% lower than November 2022 (22.0% lower on a non-SA basis). (Source: HMRC)

- Latest Bank of England figures show the number of mortgages approved to finance house purchases increased in November 2023, by 4.6% to 50,067. Year-on-year the November figure was 9.9% above November 2022. (Source: Bank of England, seasonally-adjusted figures).
- The RICS Residential Market Survey results for November 2023 point to a somewhat improved outlook with new buyer enquiries balance improving to -14%, its highest since May 2022 and up from -25% in October. Agreed sales improve to -11% (from -23%) and new instructions remain at -5%. (Source: Royal Institution of Chartered Surveyors (RICS) monthly report).

JLL Market Commentary – 2023 Residential Roundup

- **The Outlook Improving** - The latest monthly GDP estimates show a -0.3% fall in October, against expectations it would remain flat at 0.0%, and down from +0.2% in September. Yet despite the slightly disappointing October figure the outlook for the market has improved as we've moved through 2023. In January consensus forecasts expected the UK economy to contract by -1.0%. But as the year progressed, we saw the outlook improve. The latest December forecasts now expecting growth of +0.5% in 2023. Admittedly far from spectacular (and the 2024 forecast is similarly underwhelming too) but a far cry from the recessionary environment many were forecasting earlier in 2023.
- **Big Houses Sticking** - Post-lockdown, demand and buying power was focussed on the market for larger family homes. But rising mortgage rates mean ambitions have been curbed and interest in smaller homes is increasing. Upsizers are less active in the market, meaning listings for larger homes have risen, up 18% for properties with five or more bedrooms versus a -0.2% fall for smaller one and two bed homes.
- **Cash is King** - Figures from Zoopla suggest almost a third (32%) of purchasers in 2023 (data to November) bought with cash. With cash buyers more active, transaction volumes so far this year have fallen -17% compared with a -30% fall in mortgage approvals.
- **First Time Buyers Buying** - Combining the impact of the end of Help to Buy and higher mortgage rates meant we expected fewer first-time buyers in the market this year. But the latest Q3 figures from the Bank of England show more than a quarter (25.8%) of total lending in Q3 2023 went to first time buyers, the highest since the series started in 2007. Although worth noting that market share is buoyed by a drop off in home movers and investors.



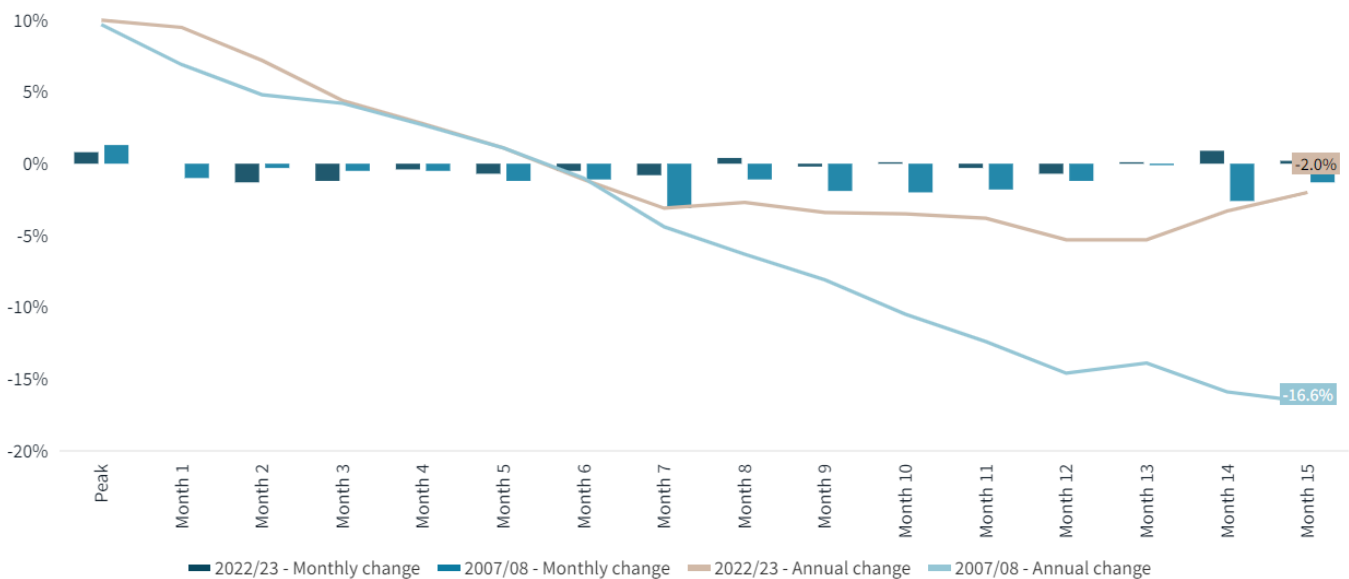
Source: JLL Research/ Bank of England

- **Fewer Bricks Being Laid** - In our latest JLL Residential Forecasts we outline five key challenges for the UK development market. Rising build costs, higher costs of debt (and increases in the risk-free rate), capacity to build, land availability, and regulation all impacting on our ability to deliver new homes at sufficient scale. Over the next five years, JLL predicts the rate of undersupply will worsen further with a cumulative shortfall of 720,000 homes between 2023 and 2028.
- **Nominal Versus Real** - More bearish forecasters have suggested house prices could fall by as much as -30% peak to trough in nominal terms. Our JLL forecast is more bullish, with non-inflation adjusted falls nearer to -12%. But rather than seeing significant nominal (non-inflation adjusted) price falls we expect higher inflation means that it will be real (inflation adjusted) house prices where falls will be more significant. Of course, this still means prices fall helping with affordability, but means less risk of negative equity, and protects lenders too.
- **Wages are Rising** - The latest wage figures show a rise in earnings (excluding bonuses) of 7.3% in the three months to October, with average earnings up 1.3% when adjusted for inflation. Average weekly wages are now

26% higher (in non-inflation adjusted nominal terms) than they were five years ago according to the ONS. Rising wages go some way to cushion the blow of higher rents and mortgage payments but challenge the Bank of England's 2% inflation target.

- **Fixed Start with a Four** - Those rolling off longer-term fixed rates have been bracing for higher repayments for some time now. Current rates would still make most wince, but the outlook for fixed rates are improving. Best buy rates for both two- and five-year fixes are now sub 5%, with two-year fixed rates now 100 basis points lower than they were back in July.
- **Gold Prices** - The price of gold reached record highs in December, breaching \$2,100 per ounce. Money continues to flow into the gold market, with geopolitical uncertainty, the prospect of a weakening of the U.S. dollar and possible interest rate cuts (more likely in the U.S. first) driving investment into gold.
- **Rents are Cooling** - Rental growth peaked annually in November 2022 at 11.1% according to Homelet, with annual growth in rents in double digits for seven of the last 12 months. The latest November figure shows an annual increase of 8.9%, the lowest since March 2022. We expect rental growth to cool a little next year, with our JLL Forecast expecting rents will rise 5% in 2024.

**Change in prices following October 2007 and August 2022 peak - UK**



Source: JLL Research/ Nationwide Index

- **Prices are Holding up** - According to Nationwide house prices peaked in August 2022. 15 months on prices are down -5.5% from their peak and are down -2.0% annually. Rewind back to the Global Financial Crisis (GFC) and prices 15 months from peak were -19.1% down and -16.6% lower annually.

■ **Forecasts**

**JLL UK house price forecasts**

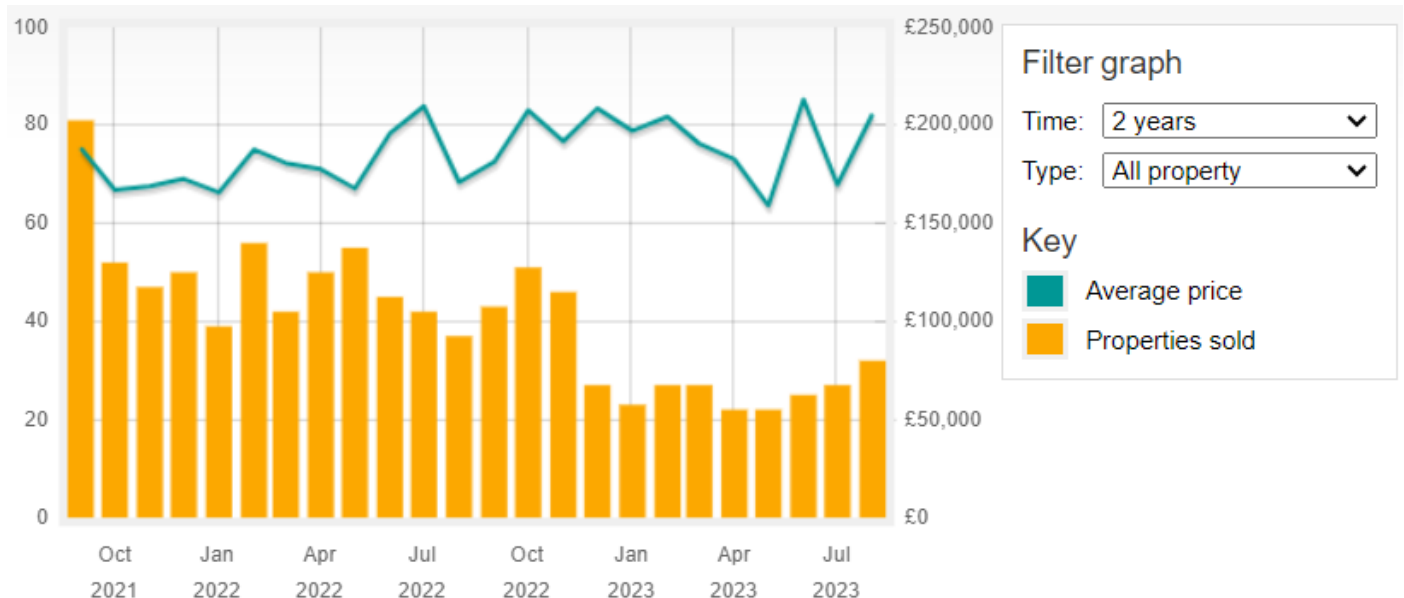
Sales price growth (% pa)	2024	2025	2026	2027	2028	Cumulative 2024-28	Average pa 2024-28
UK	-3.0	3.0	4.0	4.5	5.0	14.0	2.7
Central London	0.0	4.0	4.5	4.5	5.5	19.8	3.7
Greater London	-2.0	3.5	4.5	4.5	5.0	16.3	3.1
South East	-2.5	3.5	4.0	4.5	5.0	15.2	2.9
East of England	-3.0	4.0	4.5	4.0	5.0	15.1	2.9
South West	-4.0	2.0	3.5	5.0	5.5	12.3	2.3
East Midlands	-2.0	3.0	4.0	5.0	5.0	15.7	3.0
West Midlands	-3.5	3.5	4.5	5.0	5.0	15.1	2.8
Y&H	-3.0	2.5	3.5	4.0	4.5	11.8	2.3
North West	-3.5	3.0	3.5	4.5	4.5	12.3	2.4
North East	-3.0	2.0	3.0	3.5	4.0	9.7	1.9
Wales	-3.0	2.0	3.5	4.0	4.5	11.3	2.2
Scotland	-3.0	2.5	3.5	5.0	5.0	13.5	2.6

Source: JLL Research 2023

**5.3. Local Market Review**

According to Zoopla, there have been 720 sales in the last 12 months in Scunthorpe. In respect of property values, average house prices in Scunthorpe are below the national trends. According to Zoopla, as at January 2024, the average price paid was £172,158 in comparison to an average price for the UK of £336,235 (Zoopla, January 2024).

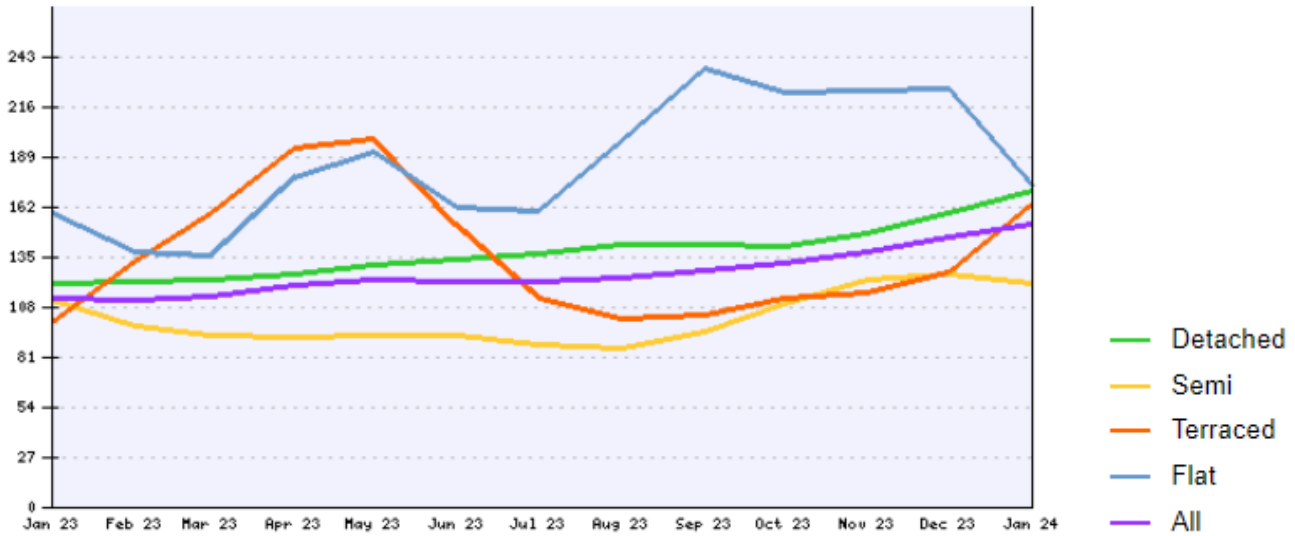
Below is a graph to show the average price change for sales over the past 24 months for properties in postcode area DN17 (Source: Rightmove).



According to [Home.co.uk](https://www.home.co.uk), the average selling time in DN17 is 123 days.

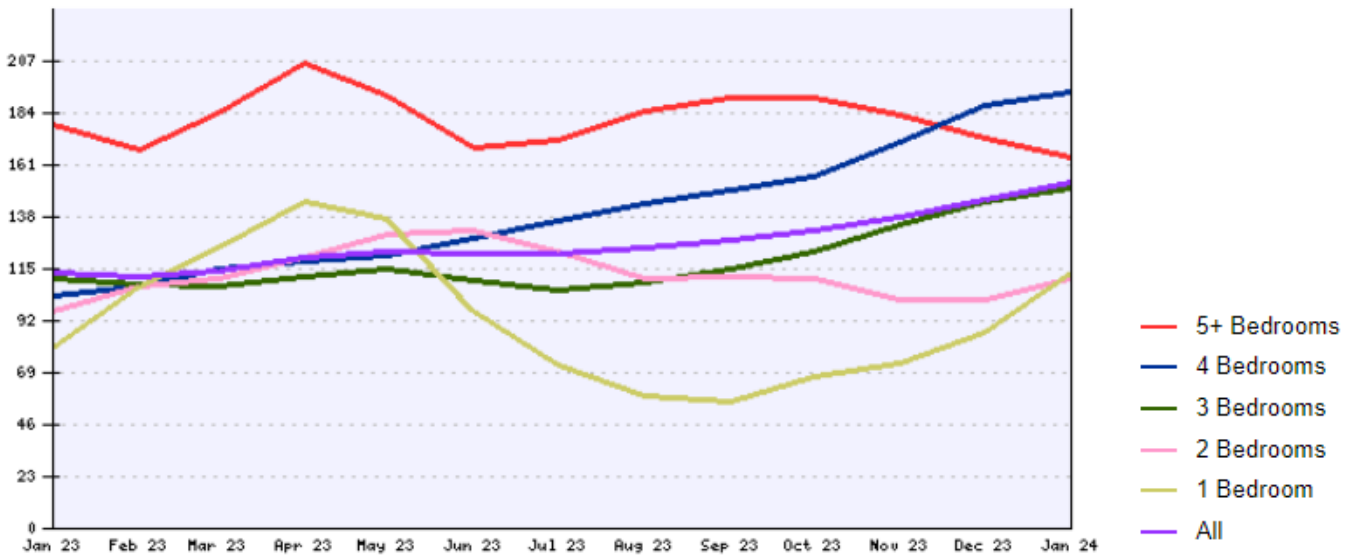
The below graph shows that average time on the market per dwelling type (Source: [Home.co.uk](https://www.home.co.uk)). The graph shows that semi-detached houses in general spent the least amount of time to sell whilst flats generally took the longest to sell.

Average Time On Market By Type in DN17 (days)



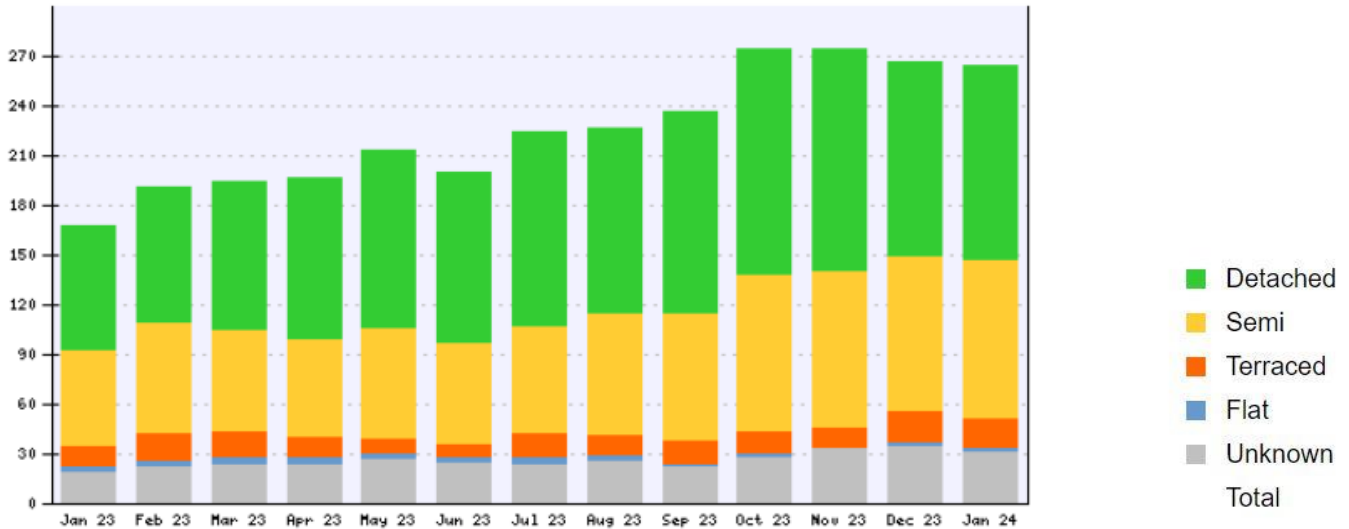
The below graph shows that average time on the market based on number of bedrooms (Source: [Home.co.uk](https://www.home.co.uk)). The graph shows that five bedroom properties take the longest time to sell, whilst 1-3 bed properties appear to sell the fastest.

Average Time On Market By Number of Bedrooms in DN17 (days)



The below graph shows the number of properties advertised for sale in DN17 based on dwelling type (Source: [Home.co.uk](https://www.home.co.uk)). The graph shows that the majority of stock available on the market are semi-detached and detached properties, with less terraced and flatted properties available for sale.

Number of Properties Found Advertised for Sale in DN17 by Type



## 5.4. Sales Comparables

### 5.4.1. New Build

- We have had regard to the below new build sales evidence in order to assist in forming our opinion of Gross Development Value.
- We comment that there is some new build sales evidence in the area immediately surrounding the subject property, as well as other comparable schemes within c. 7 miles of the subject site, although much of this evidence is deemed historic in nature, being from early-mid 2022 when market conditions differed from the Valuation Date. We have therefore made adjustments to our opinion of value of the subject development accordingly accounting for the date of valuation.
- Due to the significant delays in uploading recent new build house sales evidence by the Land Registry, it is increasingly more difficult to build a picture of current market conditions given the lag in sales data.
- As such we have also had regard to new build asking prices and to a less extent resales evidence. With regards to new build asking prices, we have taken additional care to note the level of incentives that are being offered on each plot type to ensure that the below evidence is reflective of the net sales values.
- Below we detail the relevant new build sales evidence that is currently available.

The Allsop's FVA details sale evidence from 2017 – 2023. Sales data from before 2022 would be deemed not relevant and not reflective of the current market conditions.

#### Keigar Homes Limited - Burdock Gardens

- This development is located 1.31 miles from the subject site to the south west of Scunthorpe which would be deemed a similar location to the subject site.
- The development comprised 77 dwellings.
- We note that the Keigar Homes product and specification is typically at the mid end of the range for SME housebuilders.
- Sales rate between January 2022 and December 2022 averaged c. 2.42 open market units per month
- The average gross price achieved between January 2022 and December 2022 was £248,594 which equates to an average £ per sq ft of £191 (av. unit size is 1,338 sq ft).
- Keigar Homes are currently offering incentives £6,000 - £12,000 mortgage subsidy on select plots.

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

- Current net asking prices range from £193,950 - £287,950 equating to an average net asking price on a £ per sq ft of £232 (av. unit size is 972 sq ft).
- Based on the above, we would anticipate the subject site to achieve lower sales values than this development given the lower specification product.
- Below is a table of completed relevant sales between January 2022 and December 2022:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
53, Appledore Crescent	16/12/2022	£239,950	Detached	1,109	£216
21, Appledore Crescent	25/11/2022	£194,950	Semi-Detached	904	£216
15, Appledore Crescent	04/11/2022	£194,950	Semi-Detached	904	£216
46, Dartmouth Road	21/10/2022	£327,500	Detached	2,174	£151
34, Appledore Crescent	30/09/2022	£149,950	Terraced	657	£228
10, Appledore Crescent	23/09/2022	£199,950	Semi-Detached	1,141	£175
6, Appledore Crescent	16/09/2022	£224,950	Detached	1,216	£185
28, Appledore Crescent	09/09/2022	£147,960	Semi-Detached	904	£164
16, Appledore Crescent	05/08/2022	£199,950	Detached	1,141	£175
44, Dartmouth Road	29/07/2022	£324,950	Detached	2,174	£149
14, Appledore Crescent	29/07/2022	£199,950	Semi-Detached	1,141	£175
12, Appledore Crescent	29/07/2022	£199,950	Semi-Detached	1,141	£175
42, Dartmouth Road	08/07/2022	£279,950	Detached	1,345	£208
18, Appledore Crescent	24/06/2022	£189,950	Semi-Detached	1,141	£166
4, Appledore Crescent	10/06/2022	£224,950	Detached	1,216	£185
8, Appledore Crescent	10/06/2022	£189,950	Semi-Detached	1,141	£166
33, Dartmouth Road	10/06/2022	£139,950	Semi-Detached	657	£213
19, Dartmouth Road	10/06/2022	£277,500	Detached	1,345	£206
2, Appledore Crescent	13/05/2022	£369,950	Detached	2,347	£158
34, Dartmouth Road	22/04/2022	£279,950	Detached	1,345	£208
22, Dartmouth Road	08/04/2022	£279,950	Detached	1,345	£208
36, Dartmouth Road	25/03/2022	£279,950	Detached	1,345	£208
27, Dartmouth Road	11/03/2022	£277,500	Detached	1,345	£206
9, Dartmouth Road	09/03/2022	£317,422	Detached	1,485	£214
25, Dartmouth Road	25/02/2022	£277,500	Detached	1,345	£206
24, Dartmouth Road	04/02/2022	£319,950	Detached	2,174	£147
14, Dartmouth Road	21/01/2022	£319,950	Detached	2,174	£147
30, Dartmouth Road	14/01/2022	£299,950	Detached	1,109	£271
20, Dartmouth Road	14/01/2022	£279,950	Detached	1,345	£208

- Current relevant asking prices at the development are as follows:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf	Net Price	Net £ psf
Plot 1 - The Kingston	Asking	£299,950	4 bed detached with integral garage	1,109	£270	£287,950	£260
Plot 25 - The Ancholme	Asking	£199,950	3 bed semi-detached with single detached garage	904	£221	£199,950	£221
Plot 245 - The Ancholme	Asking	£199,950	3 bed semi-detached with single detached garage	904	£221	£193,950	£215

### Gleeson Homes - Roman Court

- This development is located 1.42 miles from the subject site to the west of Scunthorpe which would be deemed a similar location to the subject site.
- The development comprised 85 no. 2, 3 and 4 bedroom dwellings.
- The development has now reached Practical Completion.
- We note that the Gleeson Homes product and specification is typically at the lower end of the range for volume housebuilders.
- Sales rate between January 2022 and June 2022 averaged c. 2.3 open market units per month
- The average gross price achieved between January 2022 and June 2022 was £147,924 which equates to an average £ per sq ft of £200 (av. unit size is 737 sq ft).
- Based on the above, we would anticipate the subject site to achieve higher sales values than this development given the small scale nature of this development which is not large enough to establish its own value tone.
- Below is a table of completed relevant sales between January 2022 and June 2022:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
4, Minerva Close, DN17 2FG	30/06/2022	£136,995	Semi-detached	667	£205
2, Minerva Close, DN17 2FG	30/06/2022	£128,995	Semi-detached	646	£200
24, Ceres Grove, DN17 2FL	29/06/2022	£164,995	Semi-detached	807	£204
6, Minerva Close, DN17 2FG	27/06/2022	£118,995	Terraced	667	£178
8, Minerva Close, DN17 2FG	10/06/2022	£151,995	Semi-detached	775	£196
10, Minerva Close, DN17 2FG	30/05/2022	£166,995	Terraced	775	£215
14, Minerva Close, DN17 2FG	29/04/2022	£170,995	Detached	818	£209
9, Minerva Close, DN17 2FG	29/04/2022	£127,995	Semi-detached	646	£198
7, Minerva Close, DN17 2FG	29/04/2022	£160,995	Semi-detached	775	£208
17, Minerva Close, DN17 2FG	29/04/2022	£120,995	Semi-detached	667	£181
15, Minerva Close, DN17 2FG	29/04/2022	£120,995	Semi-detached	667	£181
12, Minerva Close, DN17 2FG	29/04/2022	£172,995	Semi-detached	775	£223
11, Minerva Close, DN17 2FG	25/04/2022	£158,995	Semi-detached	818	£194
5, Minerva Close, DN17 2FG	31/01/2022	£167,995	Detached	818	£205

### Linden Homes - Falcons Place

- This development is located 2.63 from the subject site, to the south east of Scunthorpe which would be deemed a lower value area to the subject site.
- The latest phase of the development comprised 73 no. 2, 3 and 4 bedroom dwellings, with c. 51 affordable housing units.
- We note that the Linden Homes product and specification is typically at the mid end of the range for volume housebuilders.
- Sales rate between May 2022 to December 2022 averaged c. 2.86 open market units per month
- The average gross price achieved between May 2022 to December 2022 was £178,345 which equates to an average £ per sq ft of £205 (av. unit size is 879 sq ft).
- The plots remaining for sale comprise affordable housing units and hence we have not detailed them further here.
- Based on the above, we would anticipate the subject site to achieve higher sales values than this development given the inferior situation of the Linde Homes development .
- Below is a table of completed relevant sales between May 2022 to December 2022:

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
23, Bunting	23/12/2022	£187,995	Semi-Detached	861	£218
17, Bunting Mews	09/12/2022	£144,995	Semi-Detached	646	£225
15, Bunting Mews	02/12/2022	£144,995	Semi-Detached	646	£225
8, Bunting Mews	18/11/2022	£194,995	Terraced	969	£201
25, Greenshank Drive	09/11/2022	£195,000	Semi-Detached	969	£201
3, Bunting Mews	07/10/2022	£182,995	Terraced	861	£213
23, Greenshank Drive	30/09/2022	£189,995	Terraced	969	£196
14, Greenshank Drive	31/08/2022	£139,995	Semi-Detached	646	£217
10, Greenshank Drive	30/08/2022	£182,995	Semi-Detached	861	£213
12, Greenshank Drive	26/08/2022	£182,995	Semi-Detached	861	£213
19, Greenshank Drive	30/06/2022	£227,995	Detached	1,141	£200
17, Greenshank Drive	30/06/2022	£139,995	Terraced	646	£217
15, Greenshank Drive	24/06/2022	£131,995	Terraced	646	£204
7, Greenshank Drive	24/06/2022	£189,995	Semi-Detached	1,109	£171
5, Greenshank Drive	24/06/2022	£194,995	Semi-Detached	1,109	£176
11, Greenshank Drive	24/06/2022	£131,995	Terraced	646	£204
4, Greenshank Drive	10/06/2022	£174,995	Semi-Detached	861	£203
2, Greenshank Drive	27/05/2022	£171,995	Semi-Detached	861	£200
3, Greenshank Drive	23/05/2022	£227,995	Detached	1,141	£200
1, Greenshank Drive	13/05/2022	£227,995	Detached	1,141	£200

#### Gleeson Homes – Phoenix Meadows

- This development is located 2.93 miles from the subject site to the north of Scunthorpe which would be deemed an inferior location to the subject site.
- The development comprised 160 no. 2, 3 and 4 bedroom dwellings.
- The development has only recently commenced.
- We note that the Gleeson Homes product and specification is typically at the lower end of the range for volume housebuilders.
- To date, not sales have been registered with the Land Registry.
- Current net asking prices range from £159,995 - £269,995 equating to an average net asking price on a £ per sq ft of £250 (av. unit size is 808 sq ft).
- Based on the above, we would anticipate the subject site to achieve similar sales values to this development given the similar specification.
- Current relevant asking prices at the development are as follows:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf	Net Price	Net £ psf
Plot 54 - Cork	Asking	£159,995	2 bed semi-detached	651	£246	£159,995	£246
Plot 56 - Mayfield	Asking	£159,995	2 bed semi-detached	671	£238	£159,995	£238
Plot 57 - Cork	Asking	£159,995	2 bed semi-detached	651	£246	£159,995	£246
Plot 13 - Wicklow	Asking	£169,995	3 bed semi-detached	772	£220	£161,495	£209
Plot 83 - Wicklow	Asking	£181,995	3 bed semi-detached	772	£236	£181,995	£236

### Gleeson Homes – Phoenix Meadows

Plot 82 - Wicklow	Asking	£181,995	3 bed semi-detached	772	£236	£181,995	£236
Plot 14 - Kilkenny	Asking	£204,995	3 bed detached with single detached garage	772	£266	£189,995	£246
Plot 42 - Kilkenny	Asking	£204,995	3 bed detached with single detached garage	772	£266	£194,745	£252
Plot 50 - Keady	Asking	£209,995	3 bed semi-detached with single integral garage	839	£250	£209,995	£250
Plot 16 - Renmore	Asking	£224,995	3 bed detached with single detached garage	811	£277	£224,995	£277
Plot 45 - Brandon	Asking	£224,995	3 bed detached with single detached garage	816	£276	£224,995	£276
Plot 51 - Brandon	Asking	£224,995	3 bed detached with single detached garage	816	£276	£224,995	£276
Plot 15 - Calry	Asking	£225,995	3 bed detached with single integral garage	864	£262	£214,695	£248
Plot 46 - Calry	Asking	£232,995	3 bed detached with single integral garage	864	£270	£232,995	£270
Plot 48 - Calry	Asking	£234,995	3 bed detached with single integral garage	864	£272	£234,995	£272
Plot 47 - Dublin	Asking	£269,995	4 bed detached with single integral garage	1,221	£221	£269,995	£221

### Willow Close

- This development is located 5.27 miles from the subject site in Ealand which would be deemed a slightly higher value area when compared to the subject site.
- The development comprised 17 no. 4-6 bedroom dwellings.
- We note that the product and specification is at the upper end of the range for SME housebuilders.
- Sales rate between March 2022 and April 2023 averaged c. 0.7 open market units per month
- The average gross price achieved between March 2022 and April 2023 was £275,998 which equates to an average £ per sq ft of £212 (av. unit size is 1,311 sq ft).
- We note that the remaining units appear to have been reduced in price.
- Current net asking prices range from £470,000 - £525,000 equating to an average net asking price on a £ per sq ft of £225 (av. unit size is 2,167 sq ft).
- Based on the above, we would anticipate the subject site to achieve lower sales values than this development given the inferior situation and the lower specification product.
- Below is a table of completed relevant sales between March 2022 and April 2023:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
15, Brickyard Court, DN17 4FH	19/04/2023	£420,000	Detached	2,013	£209
8, Brickyard Court, DN17 4FH	27/02/2023	£395,000	Detached	2,045	£193
5, Brickyard Court, DN17 4FH	10/02/2023	£165,000	Semi-Detached	764	£216
3, Brickyard Court, DN17 4FH	02/02/2023	£165,000	Semi-Detached	764	£216
11, Brickyard Court, DN17 4FH	31/01/2023	£330,000	Detached	1,442	£229
19, Lakeside View, DN17 4FE	28/04/2022	£157,673	Semi-Detached	764	£206
11, Lakeside View, DN17 4FE	14/04/2022	£365,000	Detached	1,798	£203
15, Lakeside View, DN17 4FE	07/04/2022	£325,634	Detached	1,442	£226
17, Lakeside View, DN17 4FE	24/03/2022	£160,677	Semi-Detached	764	£210

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
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- Current relevant asking prices at the development are as follows:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf	Net Price	Net £ psf
Plot 4, Willow Close,	Asking	£525,000	6 bed detached with double integrated garage	2,648	£198	£525,000	£198
Plot 8, Brickyard Court	Asking	£485,000	5 bed detached with detached garage	2,210	£219	£485,000	£219
Plot 3, Willow Close,	Asking	£470,000	5 bed detached with integrated single garage	1,993	£236	£470,000	£236
Plot 2, Willow Close,	Asking	£470,000	5 bed detached with integrated single garage	1,993	£236	£470,000	£236
Plot 1, Willow Close,	Asking	£470,000	5 bed detached with integrated single garage	1,993	£236	£470,000	£236

#### Gleeson Homes - Meadowcroft

- This development is located 7.22 miles from the subject site in the village of Winterton which would be deemed a similar average value location to the subject site.
- The development comprised 110 no. 2, 3 and 4 bedroom dwellings.
- We note that the Gleeson Homes product and specification is typically at the lower end of the range for volume housebuilders.
- Sales rate between February 2022 and March 2023 averaged c. 2.3 open market units per month
- The average gross price achieved between February 2022 and March 2023 was £197,695 which equates to an average £ per sq ft of £2275 (av. unit size is 878 sq ft).
- Gleeson Homes are currently offering incentives including 5% Deposit contributions, kitchen upgrades and appliances and optional extras ranging from £5,000-£6,000 on select plots.
- Current net asking prices range from £169,745 - £255,995 equating to an average net asking price on a £ per sq ft of £241 (av. unit size is 858 sq ft).
- Based on the above, we would anticipate the subject site to achieve similar sales values to this development given the similar specification product.
- Below is a table of completed relevant sales between February 2022 and March 2023:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
2, Poppyfield Way, DN15 9FJ	31/03/2023	£256,995	Detached	1,173	£219
9, Poppyfield Way, DN15 9FJ	23/12/2022	£182,995	Semi-Detached	807	£227
1, Poppyfield Way, DN15 9FJ	23/12/2022	£254,995	Detached	1,173	£217
15, Poppyfield Way, DN15 9FJ	22/12/2022	£204,995	Detached	818	£251
17, Poppyfield Way, DN15 9FJ	22/12/2022	£226,995	Detached	1,044	£217
11, Poppyfield Way, DN15 9FJ	19/12/2022	£182,995	Semi-Detached	775	£236
19, Poppyfield Way, DN15 9FJ	09/12/2022	£199,995	Detached	818	£244
23, Poppyfield Way, DN15 9FJ	09/12/2022	£185,995	Semi-Detached	818	£227

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf
21, Poppyfield Way, DN15 9FJ	30/11/2022	£226,995	Detached	1,044	£217
31, Poppyfield Way, DN15 9FJ	30/09/2022	£197,995	Detached	818	£242
12, Poppyfield Way, DN15 9FJ	30/09/2022	£232,995	Detached	1,044	£223
33, Poppyfield Way, DN15 9FJ	28/09/2022	£232,995	Detached	1,173	£199
10, Poppyfield Way, DN15 9FJ	31/08/2022	£195,995	Detached	818	£240
22, Grange View, DN15 9FH	26/08/2022	£173,995	Semi-Detached	775	£225
24, Grange View, DN15 9FH	26/08/2022	£173,995	Semi-Detached	775	£225
26, Grange View, DN15 9FH	12/08/2022	£176,995	Detached	775	£228
31, Grange View, DN15 9FH	30/06/2022	£175,995	Semi-Detached	775	£227
41, Grange View, DN15 9FH	30/06/2022	£171,995	Semi-Detached	775	£222
43, Grange View, DN15 9FH	30/06/2022	£191,995	Detached	807	£238
25, Grange View, DN15 9FH	24/06/2022	£179,995	Semi-Detached	646	£279
33, Grange View, DN15 9FH	24/06/2022	£186,995	Detached	818	£229
29, Grange View, DN15 9FH	23/06/2022	£175,995	Semi-Detached	775	£227
23a, Grange View, DN15 9FH	23/06/2022	£197,995	Detached	818	£242
23, Grange View, DN15 9FH	31/05/2022	£179,995	Semi-Detached	818	£220
20, Grange View, DN15 9FH	27/05/2022	£186,995	Detached	807	£232
17, Grange View, DN15 9FH	24/05/2022	£182,995	Semi-Detached	807	£227
19, Grange View, DN15 9FH	25/04/2022	£174,995	Detached	818	£214
12, Grange View, DN15 9FH	11/04/2022	£224,995	Detached	1,173	£192
14, Grange View, DN15 9FH	11/04/2022	£184,995	Detached	818	£226
10, Grange View, DN15 9FH	28/02/2022	£206,995	Detached	1,044	£198

■ Current relevant asking prices at the development are as follows:

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf	Net Price	Net £ psf
Plot 42 - Wicklow	Asking	£184,995	3 bed semi-detached. Single detached garage	772	£240	£169,745	£220
Plot 100 - Wexford	Asking	£196,995	3 bed semi-detached. Single detached garage	811	£243	£182,395	£225
Plot 99 - Woodford	Asking	£193,995	3 bed semi-detached. Single integral garage	788	£246	£193,995	£246
Plot 33 - Woodford	Asking	£194,995	3 bed semi-detached. Single integral garage	788	£247	£180,245	£229
Plot 106 - Kilkenny	Asking	£199,995	3 bed detached. Single detached garage	772	£259	£180,245	£233
Plot 25 - Kilkenny	Asking	£204,995	3 bed detached. Single detached garage	772	£266	£204,995	£266
Plot 98 - Kilkenny	Asking	£204,995	3 bed detached. Single detached garage	772	£266	£204,995	£266
Plot 31 - Longford	Asking	£244,995	4 bed detached. Single detached garage	1,066	£230	£220,495	£207
Plot 27 - Kildare	Asking	£219,995	3 bed detached. Single integral garage	807	£273	£219,995	£273
Plot 26 - Carlow	Asking	£254,995	4 bed detached. Single detached garage	1,048	£243	£254,995	£243
Plot 15 - Carlow	Asking	£255,995	4 bed detached. Single detached garage	1,048	£244	£255,995	£244

Address	Date	Gross Price	Type	Sq Ft	Gross £ psf	Net Price	Net £ psf
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### 5.4.2. Sales Comparables – Resales

In addition to the new build sales evidence, we have also reviewed resales within 2.5 miles of the subject site as detailed below, which average a £ per sq ft of £182.

Address	Date	Price	Type	Sq Ft	£ psf
6, Kelsey Avenue	14/07/2023	£105,000	Semi-Detached	506	£208
17, Hadleigh Green	18/08/2023	£128,000	Terraced	667	£192
35, Lindley Street	18/08/2023	£150,000	Semi-Detached	743	£202
11, Neptune Court	30/08/2023	£155,000	Semi-Detached	775	£200
28, Worcester Close	10/07/2023	£140,000	Semi-Detached	786	£178
8, Abbots Road	08/09/2023	£145,000	Semi-Detached	818	£177
73, Priory Lane	14/08/2023	£152,000	Semi-Detached	818	£186
3, Kingston Road	10/07/2023	£162,500	Semi-Detached	872	£186
26, Low Leys Road	28/07/2023	£187,000	Semi-Detached	926	£202
33, Revesby Avenue	14/07/2023	£171,000	Terraced	926	£185
19, Collinson Avenue	12/07/2023	£170,000	Semi-Detached	958	£177
1, Brandon Road	25/09/2023	£220,000	Semi-Detached	980	£225
26, Trinity Road	18/08/2023	£175,000	Semi-Detached	980	£179
11, Rugby Road	10/08/2023	£180,000	Semi-Detached	1,001	£180
151, Bottesford Lane	04/08/2023	£200,000	Detached	1,023	£196
1, Ceres Grove	15/08/2023	£235,000	Detached	1,044	£225
34, Glanville Avenue	01/09/2023	£189,950	Semi-Detached	1,055	£180
5, North Grange Cottages	04/09/2023	£200,000	Semi-Detached	1,119	£179
14, Brankwell Crescent	11/08/2023	£232,000	Detached	1,173	£198
15, Cambridge Avenue	31/08/2023	£220,000	Semi-Detached	1,216	£181
22, Ashby Road	21/07/2023	£225,000	Semi-Detached	1,216	£185
46, West Common Gardens	10/08/2023	£275,000	Detached	1,227	£224
62, North Street	25/08/2023	£310,000	Detached	1,238	£250
8, Neap House Road	17/08/2023	£290,000	Detached	1,528	£190
116, Ashby Road	24/07/2023	£375,000	Detached	1,593	£235
85, West Common Gardens	16/08/2023	£345,000	Detached	1,787	£193

Generally speaking when using resales as evidence to support new build values, a premium of c. 10-15% would be acceptable to adopt.

### 5.4.3. Sales Rate Conclusions

In conclusion, having regard to the new-build evidence available within the local area we have adopted a sales rate of c. £226 per sq ft based on 100% open market units.

The Allsop's FVA only adopts £213 per sq ft on the open market units which the above evidence proves is deemed too low.

## 6. Methodology

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### 6.1. Methodology

According to the RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021, the fundamental issue in considering viability assessments in a town planning context is *to ensure that planning policies are realistic and their cumulative cost does not undermine deliverability of the plan, taking account of a variety of factors, including the reasonable expectations of landowners and developers*. It is this core principle which JLL have had regard to throughout the process. In undertaking the analysis of the proposal for development of the subject site, JLL have undertaken a residual appraisal using Argus Developer software. The appraisal explores the commercial viability of the site.

The RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021 states that –

*“Viability assessments is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return”*

As such, development convention and guidance on assessing the viability of schemes states that where a development proposal generates a commercially viable profit which is within an appropriate benchmark range, it is deemed financially viable and therefore likely to proceed. The question of how much this value needs to be is addressed below. Conversely, if the profit expectation is lower than the benchmark, it is deemed financially unviable in that it is unlikely to be pursued and developed as a commercial enterprise. This is based on the accepted assumption that a developer will always seek to bring forward the highest value and most profitable scheme.

The RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021 states that *Developer profit/return, for the purpose of plan making, the PPG states that an assumption of 15 – 20% of Gross Development Value may be considered a suitable return to developers in order to establish the viability of plan policies*. However, this is an average return and variations are anticipated depending on the anticipated level of risk to a developer. From JLL’s extensive experience of working with national and regional volume housebuilders, who are the type of developers anticipated to undertake the proposed development at the subject site, the required level of profit is typically in the region of 20% on GDV (25% on costs), although 20% profit on cost could be deemed acceptable on some opportunities.

A further consideration in this regard is in relation to a funder’s appetite to fund such a development. A “high street” lender will require valuation evidence that the scheme is commercially viable and returns an acceptable profit in order to be eligible for funding. General criteria in this regard requires a profit level in the region of 20% of GDV (25% on cost). However, we are aware of schemes in prime locations where funding has been made available for schemes showing a marginally lower realisable profit level has been deemed acceptable.

This type of viability appraisal is an industry standard method of assessing whether a scheme is financially viable. It involves estimating the value of the completed scheme (termed the Gross Development Value) and deducting all development costs to include, inter alia, site preparation costs, infrastructure costs, construction costs, professional fees, finance costs and the acquisition cost of the land (benchmark land value). The remaining balance is the profit derived from the development. If this reaches a commercial target level, which is in itself dependent on the nature of the scheme including the level of risk, then the scheme is viable. Alternatively a fixed/commercially acceptable level of profit can be used as an input into the appraisal, and the residual land value is compared to the Benchmark Land Value to determine viability which is the approach taken in this viability assessment.

In considering the benchmark for a commercially acceptable profit level (i.e., the competitive return to the developer), against which the profit levels of the proposed schemes are compared, we have had regard to the Government's National Planning Policy Framework (NPPF) (2023), and the RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021. The approaches outlined within these two documents both place an emphasis on enabling the delivery of development schemes.

The revision of the NPPF in February 2019 has placed less emphasis on commercial viability of delivery, than the previous version (2012) did. The wording of the revised NPPF is much stronger, as demonstrated in paragraph 12 of the NPPF:

*"Where a planning application conflicts with an up-to-date development plan (including any neighbourhood plans that form part of the development plan), permission should not usually be granted. Local planning authorities may take decisions that depart from an up-to-date development plan, **but only if material considerations in a particular case indicate that the plan should not be followed**"*

Paragraph 34 of the NPPF states that the level of development contributions should not undermine deliverability of the wider plan to bring forward development:

*"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). **Such policies should not undermine the deliverability of the plan**"*

Paragraph 56 of the NPPF goes on to say that:

*"Planning obligations must only be sought where they meet **all of the following** tests: a) necessary to make the development acceptable in planning terms; b) directly related to the development; and c) **fairly and reasonably related in scale and kind to the development**"* as set out in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010.

Paragraph 57 of the NPPF then states that:

*"It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. 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 the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available".*

We have approached our assessment of the site viability by way of a residual appraisal.

A residual appraisal considers the Gross Development Value of the completed development under the Special Assumption that all works are complete at the date of valuation and then makes assumptions and deductions for all development costs to arrive at either a residual Site Value or developer's return (profit). In this FVA we have adopted the developer's profit as an input to development costs, leaving a residual land value as the output from which to benchmark viability.

In summary, the viability assessment process is as follows:

GROSS DEVELOPMENT VALUE

less

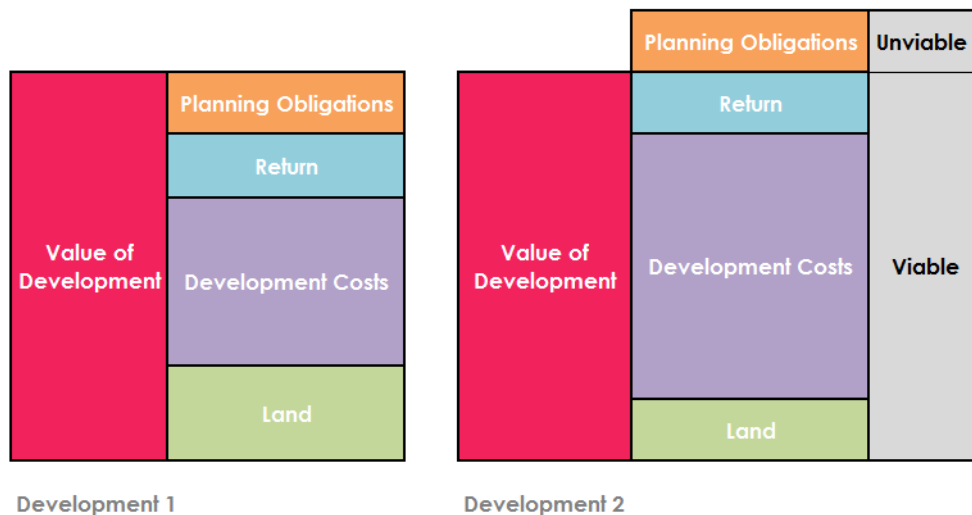
COSTS (Including Profit)  
 less  
 PLANNING OBLIGATIONS  
 equals  
 RESIDUAL LAND VALUE  
 Viability  
 (a comparison to)  
 BENCHMARK LAND VALUE

When site value is adopted as the benchmark the test applied in establishing whether a scheme is viable at a particular level of planning obligations (including Affordable Housing) is to consider whether the residual site value of the proposed scheme exceeds the benchmark land value of the property. If it does, then the site is likely to be released for development. If the residual site value is below the benchmark land value (BLV) then the site is considered unviable.

This assessment is fundamental in determining the commercial viability of the proposed schemes.

By way of illustration, Development 1 below shows how the gross sale proceeds less the value of development, match the cost of delivering it, including the obligations required by the planning authority and the developer's required return. This therefore highlights that the contributions are viable.

Development 2 illustrates how unusually significant development costs have an adverse impact upon the ability to deliver planning obligations in full, whilst maintaining a viable return for the land. This therefore highlights that the contributions are not viable.



### 6.1.1. Site Value/Benchmark Land Value

As stated above, one method of determining viability is whether the residual site value of the proposed scheme exceeds the benchmark land value of the property. If it does, then the site is likely to be released for development. If the residual site value is below the Benchmark Land Value (BLV) then the site is considered unviable.

After systematically removing the various costs and variables detailed above, the result is the Residual Land Value (RLV). To ascertain the likelihood of delivery and the level of risk associated with development viability, the resulting residual land values are measured against a benchmark value. The BLV should reflect a minimum value that a landowner would reasonably be expected to sell/release their land for development.

It is standard practice for area-wide viability studies to test the residual values of schemes against a BLV. This approach is also advocated within the revised PPG guidance published in 2018 and updated in 2019 (Paragraph: 014 Reference ID: 10-014-20190509). Where the residual value exceeds the benchmark, a scheme is said to be viable and where it falls below the benchmark, it is not viable.

BLVs, therefore, play a central role in viability studies and PPG Viability sets out the principles that area wide viability studies should follow when taking land values into account based on an:

*“Benchmark land value should:*

- *be based upon existing use value*
- *allow for a premium to landowners*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.”*

The RICS Professional Standard – Financial Viability in Planning: Conduct and Reporting, (1<sup>st</sup> Edition, May 2019) states that in the interest of transparency, when providing benchmark land values in accordance with the PPG for an FVA, RICS members must report the:

- Current/Existing Use Value
- Premium
- Market Evidence – All market evidence will be clearly set out in this report.
- All supporting considerations, assumptions and justifications adopted – which will be fully documented throughout this report.
- Alternative use value – We do not consider there to be an alternative use value (other than the proposed residential use) and hence this has not been reported.

#### Current/Existing Use Value

The RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021 defines the Existing Use Value as *the value of land in its existing use, with no expectation of that use changing in the foreseeable future* (based on Valuation of Development property, RICS Professional Standard, 1st edition, October 2019).

With The PPG on Viability defines EUV as:

*“The value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. Existing use value is not the price paid and should disregard hope value”.*

The existing use of the property is greenfield agricultural land with outline planning consent, and a pending planning application for 599 dwellings.

PPG paragraph 015 advises specifically that the EUV **excludes** hope value from any assessment of the EUV.

Therefore, disregarding the housing planning allocation, and as the site has not yet been granted planning consent for the proposed scheme, the Current Use Value would be considered equivalent to agricultural value.

Given that the site is currently agricultural land, we have also had regard to agricultural land values within this valuation.

## Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

Below is a table of recent land sales evidence –

Date	Address/ Location	Area	Price	Price per Net acre	Comment
Under Offer	Land at Moor Road, Doncaster	56.3 acres	£475,000	£8,437	Grade 2/3 arable land.
Asking	Cadney, Brigg	117 acres	£1,000,000	£8,547	Arable field.
Asking	Land, North Elmsall	53.32 acres	£600,000	£11,253	Two single Grade 2 arable fields, the first of which is accessed directly from the A6201 Wrangbrook Lane.
Asking	Lindrick Dale, Worksop, South Yorkshire, S81 8BE	7.58 acres	£70,000	£9,235	Grassland and suitable for mowing and grazing purposes
Asking	Sandtoft, North Lincolnshire	6.59 acres	£65,000	£9,863	Arable field with potential for equestrian use.
Asking	Stallingborough Road, Healing	24.55 acres	£250,000	£10,183	Parkland
Asking	Scotter, Gainsborough	11.17 acres	£90,000	£8,057	Productive arable land

The above comparables range from £8,057 - £11,253 per acre depending upon quantum and quality of the land available.

Excluding any element of hope value relating to the pending housing allocation, the Current Use Value would equate to c. £10,000 per acre.

Based on the 72.73 acres (gross) of the site, this equates to an **Existing Use Value** of the agricultural land of £727,300, say **£730,000**.

The Allsop's FVA does not provide any evidence to support the EUV of £10,000 per acre.

The Allsop's FVA adopts an EUV of £10,000 per acre which we agree with.

### Alternative Use Value

We consider the site is best delivered as residential.

### Premium

The Premium, as detailed in PPG 016 reference ID: 10-016-20190509 is -

*"The premium (or the 'plus' in EUV+) is the ... amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements".*

In assessing an appropriate Benchmark Land Value for the property, the guidance note states that the appropriate comparable evidence is essential in establishing site value for a specific scheme.

However, PPG paragraph 014 is clear that there 'may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.'

The PPG is clear that market evidence can be used as a cross-check for BLV, but should not be used in place of BLV, and it is not necessarily recommended that these are used as the basis for the input to a model. Therefore, land value benchmarks used to test for viability can be less than the value at which land is being traded in the market since it will be the minimum value that a landowner will sell at and not the auction price (the highest) value that the developer will pay. Also, PPG guidance notes that the BLV should be sufficiently below the market rate for alternative use of clean residential land to allow for possible on-costs, like policy requirements, remediation and opening costs, which would normally be expected to be within the purchased land value for a clean and ready site. These costs are considered elsewhere and therefore it should be assumed that the BLV excludes any payment for these site costs.

Therefore, there should not be an expectation that every viability assessment will accord directly with transaction market evidence. The approach set out in this guidance note acknowledges these possibilities, and the recommended approach to the assessment of BLV set out in this guidance note is designed to identify both apparent divergences and the reasons for them. BLV should not be assumed to equate to market value. It is based on PPG requirements and a prescribed method that may not accord with assumptions and methods used to assess the price paid for land in the marketplace at any particular point in time. Recognising this possible divergence between BLV for planning purposes and prices paid in the market, PPG paragraph 011 states that *'Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan'*.

The appropriate scale of the uplift is not set out in any of the current guidance. But some guidance for the scale of the uplift on existing use value is found in two earlier reports. The first is the Homes and Communities Agency (former Homes England) guidance for its Area Wide Viability Model, which states that the required premium above the existing use value (EUV): *"Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For Greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value."*

Another report in 2011, undertaken for the then Department for Communities and Local Government, suggested that a premium of 25% over existing use value was required to bring forward industrial (i.e. Brownfield) land for redevelopment.

In order to benchmark the landowner premium in this viability assessment, we have had regard to legal precedents to provide an indication of what may be deemed an appropriate premium, though individual circumstances will dictate each case. We have focussed on decisions post-July 2018, when NPPF viability guidance was initially refreshed. The 'Report on the examination of the draft North Tyneside Community Infrastructure Levy Charging Schedule', (published October 2018) discussed the principle of an appropriate premium. The Planning Inspector considers the principle of applying a 20-30 multiplier to EUV for greenfield sites.

We are also aware of an appeal decision in respect of a site in Poulton-le-Fylde, Lancashire, where the applicant submitted a FVA to support a scheme of 130 no. dwellings. To assess the BLV, the consultants argued that an appropriate uplift equates to 15-25 as a multiplier of EUV for greenfield sites. The appeal was allowed by the Planning Inspector in February 2020.

The level of uplift (multiplier) established through legal precedents therefore is 15 – 30 over and above EUV, though recognising that where abnormal development costs are higher, land value will be reduced.

It is also likely that the premium should only apply to the net developable area of the site. This is guided by reference to the "My Community – Viability Toolkit for Neighbourhood Planning", produced by Locality, which is an MHCLG (now DLUHC) endorsed and funded organisation that supports groups through the preparation of Neighbourhood Plans. In referring to things to consider when attempting to determine land values, it states: "Residential land – be aware that some land values are based on a gross basis (value of whole site) and net basis (value of the net developable area i.e. revenue generating land). The value on a net basis will exclude areas of open space and the like required in a Local Plan. It therefore represents the value of the net area. However, landowners must be paid for the whole site."

## Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

For this reason, the Benchmark Land Value should be decided on the EUV for the whole site, plus a premium on just the net developable area that delivers a return to the developer.

The subject site extends to 29.43 ha (72.73 acres) gross and 15.36 ha (37.95 acres) net.

Based on the above, assuming a premium uplift of 15 x the EUV of £10,000 per net acre would reflect a **EUV + of £5,692,500**, say **£5,690,000**, equating to £150,000 per net acre.

The Allsop's FVA calculates the EUV+ on the gross area. This methodology is incorrect and should be calculated on the net developable area.

The Allsop's FVA adopts an EUV+ of £150,000 per acre (15 x £10,000) which we would agree with.

We consider the principle of residential development is agreed in principle given the mixed use planning allocation and consider this level of BLV would reasonably incentivise the hypothetical landowner to release the site for residential redevelopment.

Reflecting on the above analysis, we have assessed the methodology of the NPPF / PPG guidance, and accounted for the adopted planning policy. The principle of residential development has been established in the immediate surrounding area, and it is reasonable to assume a suitable premium would lie above our opinion of EUV, but this would need to account for planning risk.

Assessing the BLV is a subjective exercise and often difficult to quantify, therefore, on this basis we consider the **Benchmark Land Value to be £6,420,000** (EUV of £730,000, plus £5,690,000 premium) has been adopted, which is considered to provide a conservative, but reasonable return for the landowner.

Use	Acres (Gross)	Acres (Net)	EUV - £ per gross acre	EUV	EUV - £ per net acre	EUV +	BLV
Residential	72.73	37.95	£10,000	£730,000	£150,000	£5,690,000	£6,420,000

The Allsop's FVA calculates the BLV to be £11,636,800. Given the error in the methodology of calculating the EUV+ this has resulted in an over inflated BLV.

### Benchmark Land Value Vs Market Land Price

In order to assist in determining the Market Value of the subject site, we have had regard to the below comparable market evidence.

The land comparables range from c.£88,500 to c.£275,000 per acre, and hence the land comparables are highly variable.

Land transaction data should be treated with care, as sites are highly variable with regards to abnormal costs, servicing and infrastructure costs, as well as planning obligations, although are a useful indicator of value.

Address	Date	Acre	Price	£ Per Acre	Comments
Irwin Road, Blyton	Asking	1.1	£300,000	£272,730	Greenfield – agricultural field with Outline Planning Permission for residential

## Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

						development of up to 9 houses
Land at Lakeside, Scunthorpe	May -21	7.53	£1,200,000	£159,363		Purchased by Linden Homes with full planning for 122 units.
Land at Falklands Way, Barton-upon-Humber	May-20	5.65	£1,412,500	£250,000		Headline figure - further deduction for access provision
North Moor Road, Scotter	Jul-20	12.74	£3,503,500	£275,000		
North side of Victoria Road, Barnetby Le Wold	Dec-18	2.22	£170,000	£76,577		Purchased without planning consent. Brownfield site
Gleeson Homes – Roman Court	Mar-18	6.17	£546,001	£88,498		85 units.
Ulceby Church Lane	Mar-18	2.00	£282,500	£141,250		With planning consent for 17 dwellings
Station Road, Kirton in Lindsey	Jan-18	6.0	£850,000	£141,666		Purchased with outline consent.
MHCLG 2019 Land Value Estimate – North Lincolnshire	2019	1.00	£149,734	£149,734		Benchmark

The Allsop's FVA whilst it does provide some land comparable evidence, these are predominantly dated from 2016 and hence are not reflective of the current market as of the viability assessment.

### 6.1.2. Residual Land Value

We have run the viability assessment appraisal of the proposed scheme in ARGUS Developer, which is an established real estate software program used by the property industry to model development projects.

### 6.1.3. Gross Development Value

As mentioned in section 5.4 of this report, the market evidence indicates that the sales rate on a per sq ft basis for new build open market housing is c. £226 per sq ft (based on a 100% open market housing scheme), based on the scheme proposed by the Applicant.

Our opinion of GDV is shown below –

House Type	Tenure	Description	Beds	Storeys	Sq Ft	No	Total Sq Ft	MV	£ PSF	Agg. MV
Watergrove	AR	Semi-detached	2	1	812	10	8,120	£126,000	£155	£1,260,000
Padbury	AR	Mid Terrace	2	2	764	10	7,640	£99,000	£130	£990,000
Padbury	AR	End -Terrace	2	2	764	18	13,752	£102,000	£134	£1,836,000
Padbury	INT	Semi-detached	2	2	764	14	10,696	£140,000	£183	£1,960,000
Padbury	OM	Semi-detached	2	2	764	10	7,640	£175,000	£229	£1,750,000
Ashburn	AR	Mid Terrace	2	2	764	1	764	£99,000	£130	£99,000
Ashburn	AR	End -Terrace	2	2	764	1	764	£102,000	£134	£102,000
Ashburn	OM	Semi-detached	2	2	764	52	39,728	£175,000	£229	£9,100,000
Darracott	AR	Mid Terrace	2	2	859	5	4,295	£108,000	£126	£540,000
Darracott	AR	End -Terrace	2	2	859	10	8,590	£111,000	£129	£1,110,000
Darracott	INT	Semi-detached	2	2	859	14	12,026	£152,000	£177	£2,128,000

Land west of Carisbrooke Manor Lane, Burringham, Scunthorpe

House Type	Tenure	Description	Beds	Storeys	Sq Ft	No	Total Sq Ft	MV	£ PSF	Agg. MV
Darracott	OM	Semi-detached	2	2	859	6	5,154	£190,000	£221	£1,140,000
Covenham	AR	Mid Terrace	2	2	859	3	2,577	£108,000	£126	£324,000
Covenham	AR	End -Terrace	2	2	859	2	1,718	£111,000	£129	£222,000
Covenham	INT	End -Terrace	2	2	859	4	3,436	£148,000	£172	£592,000
Covenham	OM	Semi-detached	2	2	859	24	20,616	£190,000	£221	£4,560,000
Fewston	INT	Mid Terrace	3	2	918	1	918	£160,000	£174	£160,000
Fewston	OM	End -Terrace	3	2	918	2	1,836	£205,000	£223	£410,000
Fewston	OM	Semi-detached	3	2	918	14	12,852	£210,000	£229	£2,940,000
Seacourt	INT	Mid Terrace	3	2	918	4	3,672	£160,000	£174	£640,000
Seacourt	INT	End -Terrace	3	2	918	8	7,344	£164,000	£179	£1,312,000
Seacourt	OM	Semi-detached	3	2	918	16	14,688	£210,000	£229	£3,360,000
Eldwick	OM	Detached	3	2	1,004	7	7,028	£230,000	£229	£1,610,000
Killington	OM	Detached	3	2	1,012	12	12,144	£237,500	£235	£2,850,000
Westbourne	INT	Mid Terrace	3	2	1,018	1	1,018	£176,000	£173	£176,000
Westbourne	OM	End -Terrace	3	2	1,018	2	2,036	£225,000	£221	£450,000
Westbourne	OM	Semi-detached	3	2	1,018	28	28,504	£230,000	£226	£6,440,000
Holgate	OM	Mid Terrace	3	2	1,018	3	3,054	£220,000	£216	£660,000
Holgate	OM	End -Terrace	3	2	1,018	6	6,108	£225,000	£221	£1,350,000
Holgate	OM	Semi-detached	3	2	1,018	36	36,648	£230,000	£226	£8,280,000
Holgate	OM	Detached	3	2	1,018	9	9,162	£230,000	£226	£2,070,000
Farley	OM	End -Terrace	3	2	1,020	1	1,020	£225,000	£221	£225,000
Farley	OM	Semi-detached	3	2	1,020	14	14,280	£230,000	£225	£3,220,000
Farley	OM	Detached	3	2	1,020	46	46,920	£240,000	£235	£11,040,000
Denton	INT	Mid Terrace	3	2.5	1,087	1	1,087	£180,000	£166	£180,000
Denton	INT	End -Terrace	3	2.5	1,087	2	2,174	£184,000	£169	£368,000
Denton	OM	Semi-detached	3	2.5	1,087	37	40,219	£235,000	£216	£8,695,000
Selset	INT	Mid Terrace	3	2.5	1,088	4	4,352	£180,000	£165	£720,000
Selset	INT	End -Terrace	3	2.5	1,088	7	7,616	£184,000	£169	£1,288,000
Selset	OM	Semi-detached	3	2.5	1,088	40	43,520	£235,000	£216	£9,400,000
Longford	OM	Semi-detached	4	2	1,153	4	4,612	£260,000	£225	£1,040,000
Longford	OM	Detached	4	2	1,153	26	29,978	£270,000	£234	£7,020,000
Prenton	OM	Semi-detached	4	2	1,153	10	11,530	£260,000	£225	£2,600,000
Prenton	OM	Detached	4	2	1,153	16	18,448	£270,000	£234	£4,320,000
Oldbury	OM	Semi-detached	4	2.5	1,287	8	10,296	£285,000	£221	£2,280,000
Oldbury	OM	Detached	4	2.5	1,287	1	1,287	£295,000	£229	£295,000
Newham	OM	Detached	4	2	1,289	15	19,335	£305,000	£237	£4,575,000
Thirlmere	OM	Detached	4	2	1,299	22	28,578	£302,500	£233	£6,655,000
Devoke	OM	Detached	4	3	1,312	12	15,744	£300,000	£229	£3,600,000
						<b>599</b>	<b>595,524</b>		<b>£215</b>	<b>£127,942,000</b>

With regards to the affordable housing, we have attributed the Affordable Rent units to predominantly the smaller two bed units, and the Intermediate units to the mid and end terraced 2 and 3 beds.

We have adopted 20% on site provision split 50% Affordable Rent @ 60% of OMV and 50% Intermediate Home Ownership @ 80% OMV.

Therefore, the total GDV adopted is £127,942,000 reflecting £227 per sq ft on the open market units (note earlier in the report the GDV equated to £226 per sq ft but this was on the assumption that all 599 units were open market units.

After removing the 20% affordable housing, this results in an average £ per sq ft on the remaining open market units at £227 per sq ft), and £215 per sq ft overall.

Please note, we consider these to be NET achievable figures and are not subject to further deductions.

The Allsop's FVA has adopted a GDV of £108,242,500 which equates to £213 per sq ft. This takes account of 19.87% affordable housing with a tenure split of 29.41% Shared Ownership at 80% of OMV, and 70.59% Intermediate tenure at 60% of OMV.

Points of Rebuttal –

- 119 affordable units is below policy level – This should be 120 units
- North Lincolnshire Council have suggested a tenure split of 50/50 Affordable Rent and Discounted Market Sale
- Agree that Discounted Market Sale units should transfer at 80% of OMV
- Affordable Rented units typically transfer between 55-60% of OMV and for Social Rented between 40-45% of OMV.

#### 6.1.4. Acquisition Costs

We have applied Stamp Duty Land Tax at the prevailing rate, as well as an agent fee of 1.00% and legal fee of 0.50% which is in line with commercially accepted levels.

Given that the site has submitted a Full planning application, we have not made any further allowance for planning application fees or site survey costs and have assumed that these costs have been expended.

The Allsop's FVA adopts identical assumptions with regards to Agent and Legal fees, however they have adopted a high level of SDLT at 9.29% which would be considered incorrect and over inflated.

#### 6.1.5. Site Works and Abnormal Costs

Contained within the Allsop's FVA dated June 2023, produced on behalf of Keepmoat Homes, there is a breakdown of the abnormal costs, as detailed in the below table.

Cost Item	Costs
<b>Substructure</b>	
E/O 1000mm wide strip allowance	£1,006,320
E/O reinforcement x2 layers	£898,500
E/O trench blocks to raise levels av. 600mm	£690,048
<b>Superstructure</b>	
Elevation character areas	£868,550
<b>Roads and Sewers</b>	
278 foul rising main connection works along Burringham Rd	£370,000
Lake construction & site wide remediation by East Coast	£4,025,000
Eastern access roundabout works	£2,820,920
Section fees relating to Eastern roundabout works	£100,000
Tree Pits	£23,034
Highway retaining wall up to 1.5m allowing for fees	£93,720

<b>Cost Item</b>	<b>Costs</b>
Concrete protection/culvert to drives/roads crossing swales	£57,000
Pumping station - Wet Well £60K, Pump & Telemetry £40K	£130,000
Dewatering - to localised areas of deeper sewers	£100,000
Cut & fill exercise - Labour to place subsoil to raise plots	£167,121
Substation - housing only	£40,000
POS Formal - Prep	£83,750
POS Formal- Landscaping	£83,750
POS - Paths - Cinder or similar	£56,280
POS to lake area (lake by others)- Informal	£18,750
POS paths cinder and knee fencing to lake area (lake by others)- Informal	£59,160
Stockpile surplus Topsoil ON site - Allows clean material only	£166,250
Swale and POS maintenance during construction period	£156,150
Importing stone to roads.	£110,000
<b>Other Items</b>	
Retaining walls 600 high	£143,969
Retaining walls 900	£181,885
EO stone under paths, patios & drives due to 600mm capping layer	£286,767
1800mm Screen walls	£84,889
Knee rail - to POS	£25,764
POS - Play area - groundworks preparation	£30,000
POS - Play area - play equipment by specialist incl. matting & sundries	£60,000
Bird/ Bat Boxes	£25,000
EO Acoustic windows to lake facing plots	£24,000
<b>Utilities</b>	
Electric Diversion & Substation	£43,430
Telecoms & Cable	£37,265
<b>Total</b>	<b>£13,067,273</b>

The above costs constitute abnormal costs only and do not make an allowance for house build and/or external works.

JLL's in house cost consultancy team have been instructed by North Lincolnshire Council to comment upon the accuracy of these costs. Their conclusions are that the proposed abnormal costs are within the acceptable tolerance range.

We have therefore adopted the abnormal costs detailed within the Allsop's FVA.

### 6.1.6. Construction Costs

Project specific costs are influenced by the size of the development project, through potential economies/diseconomies of scale and by altering the length of construction period and hence exposure to economic uncertainties. Regional and local economic factors can also influence costs via the relative cost and supply of labour

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and materials. Macro-economic variables over time may be significant in affecting supply costs through changing interest rates and inflation.

A potential alternative data sources appropriate for the estimation of such costs is the Building Cost Information Service (BCIS), a database maintained by the Royal Institution of Chartered Surveyors. The costs detailed within the BCIS reflect a rate per sq m on a gross internal floor area for the building cost with preliminaries apportioned, but excluding external works, contingencies and design fees. It relates only to the construction of the dwelling and a sum must be added to for external plot works, including the road frontage of the dwelling.

For the purpose of the viability assessment we have utilised the most recent cost information sourced from Building Cost Information Service ('BCIS') for new-build housing for the Scunthorpe region.

### Results

Rebased to Scunthorpe (67; sample 14) [Edit](#)

#### £/M2 STUDY

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

Last updated: 13-Jan-2024 07:26

MAXIMUM AGE OF RESULTS:

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
<b>New build</b>							
810. Housing, mixed developments (15)	1,326	716	1,149	1,282	1,449	3,266	1275
<b>810.1 Estate housing</b>							
Generally (15)	1,314	637	1,118	1,263	1,435	4,523	1409
Single storey (15)	1,495	892	1,264	1,430	1,650	4,523	233
2-storey (15)	1,263	637	1,096	1,226	1,386	2,729	1093
3-storey (15)	1,386	811	1,151	1,320	1,575	2,696	78
4-storey or above (15)	2,746	1,329	2,200	2,456	3,656	4,091	5

The 'Mean' build cost for the sample of standard estate housing (generally) stands at £1,314 per sq m (£122.07 per sq ft) inclusive of prelim costs, whilst the 'Median' of the range stands at £1,263 per sq m (£117.34 per sq ft). The Lower Quartile stands at £1,118 per sq m (£103.87 per sq ft). The detailed sample of BCIS build costs however provides a wide range of costs of between £637 and £4,523 per sq m (£59.18 and £420.20 per sq ft) for estate housing (generally).

### Base Build & Preliminary Costs

Having regard to BCIS, we have adopted the lower quartile costs for general estate housing equating to £1,118 per sq m (£103.87 per sq ft), which is in keeping with the nature of this scheme and the current market conditions.

The Allsop's FVA assumes a base build cost of £102.93 per sq ft which is reflective of the BCIS Lower Quartile. We are in agreement with this assumption.

### Externals

In addition to the cost of construction, we have also applied a cost equating to 10% of build costs to allow for plot externals, which is in keeping with the market norm.

The Allsop's FVA assumes a 10% allowance for external works. We are in agreement with this assumption.

## Garages

In addition to the cost of construction, we have made a separate allowance for garages.

- 65 no. single detached garages @ £7,500
- 4 no. double detached garages @ £10,000

An aggregate cost of £527,500 has therefore been assumed for garages.

The Allsop's FVA assumes –

- £7,500 per single garage
- £12,500 per double garage

## Part L Regulations and Future Homes

We consider it appropriate to account for the future cost increases resulting from the introduction of the Future Homes Standards.

With regards to Part L, BCIS now includes an allowance for this and hence we have not made any additional allowance for this within our appraisal.

We have however adopted a cost of £3,000 for every unit that will be built from January 2025 (554 units), relating to Future Homes. This figure is in keeping with research undertaken by JLL and Homes England from House Builders, viability plan decisions and government papers (The Future Buildings Standard Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for non-domestic buildings and dwellings; and overheating in new residential buildings). We have adopted a figure at the lower end of the range given the cost savings in quantum on this site.

The Allsop's FVA does make any allowance for Part L or Future Homes.

## Total

Hence the overall build cost (excluding abnormals and contingency) adopted within the viability appraisal equates to £117.94 per sq ft. We comment that the base build, preliminary and infrastructure costs combined (excluding contingency) appear broadly reasonable as we are seeing "all in" costs of between £120 - £150 psf from fully costed developments from volume house builders.

Given the developer provides a product at the lower end of the specification range and given the quantum of the development where there are cost efficiencies, the costs at the lower end of the range appear reasonable.

### 6.1.7. Contingency

We have included a 3% contingency on base build and external works costs and a further 5% contingency on abnormal costs.

The Allsop's FVA adopts a 3.0% contingency on the base build costs and a 5.0% contingency on the abnormal costs. We are in agreement with these assumptions.

In general terms, professional fees can range from 6% - 12% of construction costs depending on the complexities and scale of the scheme. Professional fees comprise of the cost to employ the services of architects, quantity surveyors, structural engineers, project managers etc.

In this instance we have adopted 6.0% on the base build costs, which is a consistent and robust standard figure, and typical for a development of this scale, particularly given the costs already expended relating to the preparation and submission of the pending planning application.

The Allsop's FVA adopts a 6.00% contingency on all development costs. Whilst we acknowledge this is an appropriate assumption in some instances, being usually smaller scale developments, given the scale of this development, we consider than 6.00% on base build costs only, is appropriate.

### **6.1.9. Planning Gain**

As stated in section 4.1.3 of this report, we have adopted the current planning gain requirements amounting to £6,334,477 (£7,710,401 based on 100% open market unit scheme) and 20% on site affordable housing provision within this viability assessment.

The Allsop's FVA adopts 20% affordable housing and £1,550,000 of financial contributions which is some way below the council's expectations.

### **6.1.10. Disposal Costs**

We have applied 1% marketing and 1% agent fees to the private units, plus £750 per unit legal fees across all tenures, which are in line with market practice.

The Allsop's FVA adopts a 1.5% marketing and 1% agent fee on the open market units and £750 per unit legal fees for all tenures. We are in agreement with these assumptions in general but given the quantum of the site, it is justifiable to adopt a % at the lower end of the range.

### **6.1.11. Finance Costs**

Finance rate depends on the borrowing capability of the individual developer, however it is commercially accepted to adopt finance rates of between 6.5-7.0%. This finance rate is made up of the Bank of England Base Rate, an element of risk to the bank, and a profit level for the bank.

Based on current market conditions, we have adopted an interest rate of 7.00%.

The Allsop's FVA adopts an 8.00% finance rate. This is thought to be excessive particularly given the slow down in interest rate rises and given that the Argus model assumes 100% debt when in reality there would be an element of equity.

### **6.1.12. Developer's Profit**

As noted earlier in this report, the RICS Professional Standard on Assessing Viability in planning under the National Planning Policy Framework 2019 for England, 1<sup>st</sup> Edition March 2021 states that *Developer profit/return, for the purpose of plan making, the PPG states that an assumption of 15 – 20% of Gross Development Value may be considered a suitable return to developers in order to establish the viability of plan policies.*

For the purpose of this viability assessment we have adopted a profit on cost of 20% (16.67% profit on GDV), which is a standard commercial assumption.

The Allsop's FVA adopts 20% profit on GDV for the open market units and 8.00% profit on GDV on the affordable units, which produces a blended profit on GDV of 19.11% and 23.63% profit on cost. Whilst the 20% profit on GDV sits within the acceptable range, this is at the top end of the range, we consider that 20% profit on cost (overall), equating to 16.67% profit on GDV is an acceptable level of profit.

### 6.1.13. Timescale

Within our appraisal we have adopted the following timescales:

- Pre-construction – 3 months in month 1
- Construction – 120 months from month 4
- Sales – 120 months (2 outlets at 2.5 total units per month = 60 total sales p/a) from month 10.
- Note - these timescales reflect a sales rate on just the open market units of c. 4 units per month (48 open market units per year) which should be more than achievable for a scheme of this size.

The total development period is therefore 129 months.

We have adopted a 3 month pre-construction period to allow the site to be prepared and a site compound to be set-up. The construction period will commence following pre-construction. We have adopted a construction period of 120 months based on a completion and sales rate of 2.5 units per month on average, based on 2 outlets over the period of development, allowing for a lag period of 6 months between start of construction and start of sales. We have assumed that final sales of units will be completed over a 6 month post-development period.

The Allsop's FVA assumes an average sales rate of 3.5 open market sales per month (42 units per year) and a build rate of 4 units per month.

Points of Rebuttal –

- Whilst we do not disagree with the assumed sales rate in general, given the size of the development being 599 units, we would anticipate this to reflect two outlets, both selling at 2.5 units open market per month.
- We would anticipate construction rates to mirror sales rates.

The key elements are summarised below (please note this is not intended as a computation of all costs deductions within the appraisal).

Gross Development Value	£127,942,000	Please see above table
Acquisition Costs	£415,674	SDLT at prevailing rate, 1.0% agent and 0.5% legal fees
Construction Costs	£61,857,078	£103.87 psf – BCIS Mean (Scunthorpe)
External Works	£6,185,708	10.00% of construction costs
Garages	£527,500	Please see above
Future Homes	£1,622,000	£3,000 p/u built after Jan 2025 = 554 units
Contingency on Construction and External Costs	£2,106,969	3.00% of construction and external costs
Abnormals, Utilities and Infrastructure	£13,067,273	As pre costs provided
Contingency on Abnormals, Utilities and Infrastructure	£653,364	5.00% of abnormal costs
S106 Obligations (excluding Affordable Housing)	£6,334,477	As per costs provided
Professional Fees	£3,711,425	6.00% of construction costs

<b>Gross Development Value</b>	<b>£127,942,000</b>	<b>Please see above table</b>
Marketing, Incentives, Sales Agent and Sales Legal Fees	£2,687,950	1 % marketing and 1% agent fees to the private units, plus £750 per unit legal fees across all tenures
Finance	£821,617	7.00% on all development costs
Profit on Cost	£21,323,669	20.00%
Residual Land Value	£6,587,297	
<b>Say</b>	<b>£6,590,000</b>	

The above appraisal identifies that when adopting the above assumptions and S106 obligations, the scheme would be deemed commercially viable, as this appraisal results in a residual land value (RLV) of £6,590,000 (rounded), which is above the Benchmark Land Value (BLV) of £6,420,000 and demonstrates the scheme is therefore deemed viable and able to provide 20% on site affordable housing, and the full S106 requirement of £6,334,477.

The Allsop's FVA states a RLV of £3,328,460. The reason for the lower RLV reported is due to –

- Lower opinion of GDV
- Higher than normal SDLT rate
- Attributing professional fees on all costs and not taking account of the development quantum
- Higher than normal debt rate
- Higher level of profit adopted
- Long development period resulting in higher finance costs

## 7. Sensitivity Analysis

### 7.1. Sensitivity Analysis

The purpose of this assessment is to test the financial viability of the proposed development, taking into account the policy requirements set by the Council as well as national planning policy guidance.

We have outlined a policy-compliant position incorporating the known planning gain contributions. We have also established a Benchmark Land Value (BLV) of £6,334,477.

This appraisal results in a residual land value (RLV) of £6,590,000 (rounded), which is above the Benchmark Land Value (BLV) of £6,420,000 and demonstrates the scheme is therefore deemed viable and able to provide 20% on site affordable housing, and the full S106 requirement of £6,334,477.

We have provided below a sensitivity analysis, which highlights the impact of build costs and revenues on the land value of the development.

Sales: Rate psf	Construction: Rate psf				
	-10.000%	-5.000%	0.000%	5.000%	10.000%
-10.000%	£4,069,340	£930,452	-£2,613,373	-£6,303,128	-£9,992,928
-5.000%	£8,098,033	£5,340,417	£2,253,224	-£1,084,845	-£4,773,941
0.000%	£11,794,684	£9,258,912	<b>£6,587,297</b>	£3,562,239	£381,286
5.000%	£15,462,588	£12,948,437	£10,417,400	£7,805,329	£4,855,225
10.000%	£19,118,094	£16,614,241	£14,101,659	£11,574,577	£8,999,136

Given that this FVA demonstrates the viability of the development, we have hence not detailed any further sensitivity analysis within this report.

#### Conclusion

This FVA has demonstrated a residual land value (RLV) of £6,590,000 (rounded), which is above the Benchmark Land Value (BLV) of £6,420,000 and hence demonstrates the scheme is therefore deemed viable and able to provide 20% on site affordable housing, and the full S106 requirement of £6,334,477.

## 8. Conclusion & Recommendations

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### 8.1. Conclusion and Recommendations

We have carried out a viability appraisal on the proposed scheme assuming the required planning gain of £6,334,477. This appraisal results in a Residual Land Value (RLV) of £6,590,000, which is above the Benchmark Land Value (BLV) of £6,420,000 and hence demonstrates the scheme is therefore deemed viable and able to provide 20% on site affordable housing, and the full S106 requirement of £6,334,477.

### 8.2. Confidentiality and Publication

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

## Appendix

**APPRAISAL SUMMARY**

JLL

## Appraisal Summary for Phase 3 Policy Compliant - 5 S/M + FH

Currency in £

## REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Open Market	479	492,965	227.06	233,685	111,935,000
AH	120	102,559	156.08	133,392	16,007,000
<b>Totals</b>	<b>599</b>	<b>595,524</b>			<b>127,942,000</b>

## NET REALISATION

127,942,000

## OUTLAY

## ACQUISITION COSTS

Residualised Price (37.95 Acres @ 173,578.31 /Acre)			6,587,297		
				6,587,297	
Stamp Duty			316,865		
Effective Stamp Duty Rate		4.81%			
Agent Fee		1.00%	65,873		
Legal Fee		0.50%	32,936		
				415,674	

## CONSTRUCTION COSTS

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Open Market	492,965	103.87	51,204,275	
AH	102,559	103.87	10,652,803	
<b>Totals</b>	<b>595,524 ft<sup>2</sup></b>		<b>61,857,078</b>	
Contingency		3.00%	2,106,969	
Contingency - abs		5.00%	653,364	
Abnormals			13,067,273	
				77,684,683
<b>Other Construction Costs</b>				
Externals		10.00%	6,185,708	
Garages			527,500	
Future Homes - £3k - 554 units			1,662,000	
				8,375,208
<b>Section 106 Costs</b>				
Primary Education	479 un	4,807.00 /un	2,302,553	
Secondary Education	479 un	5,795.00 /un	2,775,805	
Recreation Contribution			472,249	
Health Contribution	479 un	864.03 /un	413,870	
Highways Contribution			370,000	
				6,334,477

## PROFESSIONAL FEES

Professional Fees		6.00%	3,711,425		
				3,711,425	

## DISPOSAL FEES

Sales Agent Fee		2.00%	2,238,700		
Sales Legal Fee	599 un	750.00 /un	449,250		
				2,687,950	

## TOTAL COSTS BEFORE FINANCE

105,796,714

## FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Jan 2024
Construction	120	Apr 2024
Sale	120	Oct 2024
<b>Total Duration</b>	<b>129</b>	

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land		798,227	
Construction		23,390	
<b>Total Finance Cost</b>			<b>821,617</b>

## TOTAL COSTS

106,618,331

## PROFIT

21,323,669

## Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
IRR% (without Interest)	29.23%
Profit Erosion (finance rate 7.000)	2 yrs 8 mths

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**Director**

**Value & Risk - Residential**

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**Director**

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