



*Independent Viability Experts*

FAO Ms Millie Arden  
Planning Officer  
North Lincolnshire Council

David Newham MRICS  
Director  
CP Viability Ltd

Sent by email only

**Our ref:** DN-1233  
**Your ref:** PA/2025/254  
**Date:** 7<sup>th</sup> July 2025

Dear Ms Arden,

**PROPERTY ADDRESS:** Land east of M181/A1077 (M), Burrington, Scunthorpe, DN17 1US  
**INSTRUCTING BODY:** North Lincolnshire Council  
**APPLICANT:** Hargreaves Land Limited



Further to your instruction of 6<sup>th</sup> June 2025 and receipt of the 3<sup>rd</sup> party infrastructure cost assessment (by Hainstone) on 7<sup>th</sup> July 2025 we are pleased to report as follows.



## 1. Property Overview

1.1. The subject property is located to the western edge of Scunthorpe (just over 1.5 miles from its centre) and circa 1.5 miles to east of the village of Burringham. Burringham itself sits on the banks of the River Trent. Main road access to the site is via the M181 and the A1077 (M) which are located to the west of the site and bisect the wider land ownership. The M180 is accessible around 1.3 miles to the south at Junction 3.

1.2. More specifically, the subject property falls within the wider Lincolnshire Lakes development Area Action Plan. It is accessed from the existing roundabout on the M181/A1077 (M), which runs along the western edge of the subject site. To the east the site fronts onto undeveloped greenfields and various sections of woodland. Beyond the greenfields there is the Parklands Mobile Homes sites. Similarly, to the south there are undeveloped greenfields as well as a cluster of existing buildings (which includes Carlsbrook Manor and Lindsey Lodge Hospice and Healthcare). To north there is further woodland and a lake, interspersed with undeveloped greenfields. We note that Bromby Common Lane runs through the middle section of the site, providing an existing link (albeit not meeting modern highway standards) from Burringham to Scunthorpe. Along Brumby Common Lane there is a low voltage main and cables serving an existing substation.

1.3. Acting on behalf of the applicant, Avison Young (“AY”) have undertaken a viability review (Feb 2025). This refers to 4 parcels of land:

- Plot HA1a            4.05Ha (10 acres)
- Plot HA1b           2.83Ha (7 acres)
- Plot HA2            5.27 Ha (13.02 acres)
- Plot HA3            3.31 Ha (8.17 acres).

1.4. AY state that the land is irregularly shaped, relatively flat and is comprised of largely agricultural land.

1.5. The current application is for:

**PA/2025/254** *“Hybrid planning permission comprising of outline, with all matters reserved for up to 550 dwellings, a local centre (use Class E), associated landscaping, drainage and other infrastructure works. Full Planning permission for the construction of a new vehicular access off the M181/A1077(M) roundabout, a pedestrian and cycle link to Scotter road, a pumping station, earthworks and off-plot drainage, ecological and associated landscaping and infrastructure works.”*

1.6. This proposes the development of 550 residential dwellings split over 4 plots of land, with the exact number and type of dwellings to be determined at Reserved Matters stage. A local centre will also be constructed on a 0.87Ha (2.15 acre) plot.

1.7. Based on this “Viability Statement” submitted by AY on behalf of the applicant, in which they adopt a “Master Developer” model, the accommodation to be provided on Plot HA1a can now be summarised as follows:

Tenure	Beds	No.	Sq ft (av.each)	Sq ft (total)
Market for sale	2	43	700	30,100
Market for sale	3	43	980	42,140
Market for sale	4	28	1,275	35,700
Affordable rent	3	20	980	19,600
Intermediate	3	8	980	7,840
<b>Total</b>		<b>142</b>		<b>135,380</b>

## **2. Scope of Assessment and General Assumptions**

- 2.1 In their Feb 25 viability assessment AY adopt a “Master Developer” model, which involves 5 appraisal scenarios for Plot HA1a (testing 20% onsite affordable housing, 15%, 10%, 5% and nil affordable housing). Based on their testing, AY conclude that “Our assessment has demonstrated that due to the infrastructure requirements a policy compliant scheme is unviable.” AY go on to state that “...the scheme is unable to viably support any S106 contributions, including affordable housing”.
- 2.2 We have been instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to the appropriate level of policy contributions that the scheme can viably deliver.
- 2.3 In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that in completing this instruction CP Viability Ltd have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.
- 2.4 In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that prior to accepting this instruction we undertook a conflict-of-interest check. It is stressed that as an organisation we only provide independent viability reviews upon the instruction of Local Authorities and therefore can guarantee that we have not provided viability advice on behalf of the applicant for this scheme. Within this context and having undertaken a review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.

- 2.5 In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that the fee agreed to undertake this review is a fixed rate (covering the elements set out in our fee quote / terms of engagement) and is not performance related or a contingent fee.
- 2.6 In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that CP Viability Ltd is not currently providing ongoing advice to North Lincolnshire Council in area-wide financial viability assessments to help formulate policy.
- 2.7 As stated within the RICS Financial viability in planning: conduct and reporting 1<sup>st</sup> Edition (May 2019) it is now a mandatory requirement to provide sensitivity analysis of the viability results. This is to demonstrate to the applicant and decision maker the impact that changes to inputs have on the viability outcome and also to help the assessor reach an informed conclusion. We have subsequently undertaken sensitivity testing as part of this review.
- 2.8 We have assessed the viability of the scheme as at 7<sup>th</sup> July 2025.
- 2.9 This assessment does not provide a critique of the proposed development design. Our role is limited to testing the viability of the proposals as detailed on the relevant planning applications.
- 2.10 We have relied on the information provided to us by the instructing body and the applicant and in particular information publicly available through the Council's planning portal website. We have not met either of the Instructing Body or the applicant.

- 2.11 In accordance with the RICS “Assessing viability in planning under the National Planning Policy Framework 2019 for England (Guidance Note 1<sup>st</sup> Edition, March 2021), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a ‘typical’ or ‘average’ developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).
- 2.12 Our review also adheres to the guidance set out in the Planning Practice Guidance for viability, as published in July 2018 (and updated most recently in September 2019).
- 2.13 In undertaking our appraisals, we have utilised the ARGUS Development Appraisal Tool. This is an industry approved cash-flow model, designed specifically for development appraisals.
- 2.14 This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor.

### **3. AY’s appraisal – summary**

- 3.1. As indicated above, AY adopt a ‘master developer’ approach. The master developer’s role is to ensure the main infrastructure is delivered on site including roadways, green spaces etc, as well as compliance with planning policy requirements (this can be regarded as ‘enabling’ works). Serviced plots are then sold to housebuilders across the scheme. The viability modelling therefore looks to ensure that, having undertaken the enabling works, the level of land value return is sufficient for the master developer to want to progress the project. AY’s approach is to focus on the first phase of the scheme only (HA1a) and look to establish the residual land value that would be attainable.

3.2. As indicated above, AY have considered 5 different scenarios for parcel HA1a, each with a different level of affordable housing provision. By way of summary, the outcome for each is as follows:

- **HA1a (10 acres) 20% onsite affordable, nil S106:** appraisal of 142 dwellings. Returns a residual land value of £3,463,776 (£346,378 per acre).
- **HA1a (10 acres) 15% onsite affordable, nil S106:** appraisal of 142 dwellings. Returns a residual land value of £3,853,091 (£385,309 per acre).
- **HA1a (10 acres) 10% onsite affordable, nil S106:** appraisal of 142 dwellings. Returns a residual land value of £4,231,992 (£423,199 per acre).
- **HA1a (10 acres) 5% onsite affordable, nil S106:** appraisal of 142 dwellings. Returns a residual land value of £4,602,220 (£460,222 per acre).
- **HA1a (10 acres) nil affordable, nil S106:** appraisal of 142 dwellings. Returns a residual land value of £4,965,230 (£496,523 per acre).

3.3. For the purposes of this section, we have focused on AY's 20% affordable housing model (i.e. policy compliant). To summarise AY's appraisal, we have categorised the costs under what we consider to be the most common sections of an appraisal.

Serviced Parcel: HA1a Gross Development Value (Revenue)

Type	No.	Average £ per sq ft	Total
Market Value	114	£225	£24,286,500
Affordable rent	20	£135	£2,646,000
Intermediate	8	£180	£1,411,200
<b>Total</b>			<b>£28,343,700</b>

Serviced Parcel: HA1a Gross Development Cost (Outgoings)

Type	Rate	Total
Plot costs	£120 per sq ft (135,380 sqft GIA)	£16,245,600
Contingency	3% of build costs / externals	£487,368
Professional fees	5.83% of build costs / externals	£974,736
Marketing	3% of revenue	£728,595
Debit interest	7% debit 2% credit	£1,116,711
Developer's profit	18% of MV revenue / 18% AH revenue	£5,101,878
Acquisition costs	Legals, SDLT	£225,037
<b>Total</b>		<b>£24,879,925</b>

3.4. The above generates a residual land value of £3,463,776 (£346,032 per acre).

Master Developer: Gross Development Value (Revenue)

Type	Developable Acres	Total
Serviced plots	40.34	£13,366,000
<b>Total</b>	<b>£331,334 per acre</b>	<b>£13,366,000</b>

Master Developer: Gross Development Cost (Outgoings)

Type	Rate	Total
Infrastructure	£339,826 per acre	£13,708,563
Contingency (10%)	£33,983 per acre	£1,370,856
Professional fees (13.13%)	£44,621 per acre	£1,800,000
S106 contributions	£181,542 per acre	£7,323,414
Development management fee	£16,012 per acre	£645,926
Finance	£46,849 per acre	£1,889,896
Land acquisition	£38,176 per acre	£1,540,000
Acquisition costs	£2,336 per acre	£94,220
<b>Total</b>	<b>£703,343 per acre</b>	<b>£28,372,875</b>

- 3.5. As shown above for parcel HA1a the residual land value on the basis of 20% onsite affordable housing is £346,032 per acre. It is therefore unclear why AY's Master Developer appraisal assumes a lower land value of £331,334 per acre (which would imply a higher level of affordable housing than 20%).
- 3.6. Notwithstanding this discrepancy, based on the above, the scheme generates a financial loss of (minus) -£15,006,376 for the developer. This therefore shows a significantly unviable outcome.

#### 4. Viability Approach

- 4.1. As set out above, AV adopt a 'master developer' approach. The master developer's role is to ensure the main infrastructure is delivered on site including roadways, green spaces etc, as well as compliance with planning policy requirements. Serviced plots are then sold to housebuilders across the scheme. A key benefit of a scheme being delivered in this way is that there is greater control and co-ordination over the delivery of the infrastructure, as well as certainty of delivery.
- 4.2. However, there is a major downside from the perspective of the financial appraisal. As demonstrated through AV's appraisals there are 2 'layers' of developer profit (i) the master developer requires a return (which AV separately suggest should be equivalent to circa 22-23% 'return on capital employed' and (ii) the housebuilder requires a return (AY suggest 18% on revenue).
- 4.3. In cases where there is not a master developer, the level of profit is likely to be significantly lower (which would in turn would likely improve viability). By way of illustration:
- According to AY's policy compliant appraisal of the subject site, the housebuilder profit would equate to £509,678 per acre (or £20,560,411) and the master developer profit at 22% return on capital employed would equate to £185,258 per acre (or £7,473,289 in total). Combined, this is a developer profit of £28,033,700. This is equivalent to 24.54% of the total dwelling revenue on site (which is above the 15% to 20% range suggested in the viability guidance).

- We recently appraised a scheme of 550 dwellings in Broadland where a 17.5% profit on revenue was applied (no master developer was involved).
- In 2022 we appraised a scheme in South Norfolk for 1,875 dwellings where the applicant put forward a developer profit of 17.5% on revenue for the market value units and 6% for the affordable (giving a blended figure of 16.72% on revenue). No master developer was involved.
- We are currently appraising a scheme in Rotherham for 1,750 dwellings. The profit used in the modelling is 17.5% on revenue for the market value units and 6% for the affordable (giving a blended figure of 16.71% on revenue). No master developer is involved.
- We are currently involved with a scheme of 1,700 dwellings in Durham. A parcel of 368 dwellings is subject to a Planning Inquiry in mid Feb 2024. No master developer is involved. The appellant considers a profit of 20% on revenue to be appropriate for market value, reduced to 8% for affordable. This gives a blended rate of 18.73% on revenue.

4.4. It is therefore apparent that if a master developer model was not being applied to the subject site and the infrastructure requirements were delivered by individual house builders, this would potentially reduce the level of profit requirement in the modelling. As suggested above, it is likely that this would ultimately serve to improve the overall viability of the scheme.

- 4.5. In other words, the master developer approach comes at an additional cost compared to a scheme simply being brought forward by housebuilders. This additional cost may ultimately impact on the level of planning policies being delivered by the scheme. If this is the case (to be considered later in this section) then the Council is within its right to consider whether this is a reasonable justification for reducing planning policies. The Council may consider this to be a delivery choice by the applicant, but not a reason for adjusting planning policies.
- 4.6. For the purposes of this report, and strictly on a without prejudice basis to ensure a 'like for like' assessment, we have adopted the same master developer approach utilised by AY. If, at a later date, this approach is not deemed appropriate we reserve the right to adjust our modelling.
- 4.7. Notwithstanding the above comments, we note that AY do not appear to explicitly allow a positive value for the local centre land. Again, on a without prejudice basis, we have adopted the same approach to allow a 'like for like' comparison between our testing and that submitted by AY.

## 5. Serviced Parcel: CPV Viability Assumptions

### HA1a: Gross Development Value (Revenue)

- 5.1. As indicated above, we have adopted the same 'master developer' approach for the purposes of this review. We have subsequently also adopted the approach used by AY, where they consider the revenue that would be generated by HA1a providing 142 dwellings, and then pro-rata this revenue to reflect the total of 550 dwellings allowed under the application.

5.2. Firstly, we have considered the average dwelling sizes adopted by AY in their modelling, which equates to the following mix:

- 2b dwelling	700 sq ft	£157,500 (£225 psf)
- 3b dwelling	980 sq ft	£220,500 (£225 psf)
- 4b dwelling	1,275 sq ft	£286,875 (£225 psf)

5.3. As the outline planning consent does not set out the detail of the dwellings it is appropriate to utilise the above average sizes, as per AY's approach. We have subsequently adopted the same in our appraisal.

5.4. In terms of the average values, for the market value dwellings AY assume a rate equivalent to £225 per sq ft. To arrive at this, AY refer to the following:

- A summary of new build house prices in the 'DN15' postcode area. No commentary is provided.

5.5. We have initially considered Land Registry data for the postcode area 'DN17' within which the subject site is located. We have limited our results to within the last 24 month period and to houses of a similar size. We note the following:

**Kiegar Homes, Dartmouth Fields.**

Located around 625m to the north east (east of Scotter Road, which forms the eastern boundary of the subject site) on the edge of existing residential housing. The development is now complete. The following broadly similar sized houses were sold in 2023/2024.

Address	SQFT	£ psf	Price	Date	Type
7 APPLEDORE CRESCENT	775	£ 290	£ 224,950	30/06/2023	Det bung
9 APPLEDORE CRESCENT	775	£ 271	£ 209,950	13/10/2023	Det bung
		<b>£ 281</b>	<b>£ 217,450</b>		
10 DARTMOUTH ROAD	1,346	£ 223	£ 299,950	02/02/2024	Det
12 DARTMOUTH ROAD	1,346	£ 223	£ 299,950	08/09/2023	Det
		<b>£ 223</b>	<b>£ 299,950</b>		

- As shown above, there is evidence of values just below £225 psf for 2 storey housing (albeit from 2023 and 2024). The higher values are from bungalows.
- According to the UK House Price Index, the average *new build* value in North Lincolnshire as at Nov 23 (considered to be a reasonable average point in time) was £239,337. The latest figure is £278,900, which is an increase of 15.63%. If this is applied to the figure of £223 psf shown above, this gives a current value of £260 psf.

#### Wroot Homes, Lakeside View.

Located just under 5 miles to the west this development is in a rural position on the outskirts of Ealand.

Address	Sq ft	£ psf	Price	Date	Type
2 BRICKYARD COURT	1,442	£ 232	£335,000	06/10/2023	Det
10 BRICKYARD COURT	1,442	£ 229	£330,000	09/06/2023	Det
12 BRICKYARD COURT	1,442	£ 225	£325,000	06/07/2023	Det
		<b>£ 229</b>	<b>£330,000</b>		

- As per the comments above, if say a 15% uplift is applied to the above this gives a current value of £267 psf.

- 5.6. It is stressed, however, that the House Price Index data is high level and should be treated with caution. Typically, this should be supplemented with more recent transactional evidence or if not available current asking prices.
- 5.7. In light of this we have next considered available new build homes within 5 miles of Burringham. We note the development at **Phoenix Meadows by Gleeson**. This development is located circa 2.3 miles to the north east of the subject site:

Property	Size	Gross Asking	£ per sq ft
Tyrone 3b semi	759 sq ft	£174,995	£231
Tyrone 3b semi	759 sq ft	£181,995	£240
Wicklow 3b semi	772 sq ft	£184,995	£240
Kilkenny 3b detached	772 sq ft	£194,995	£253
Keady 3b semi	839 sq ft	£210,995	£251
Renmore 3b detached	811 sq ft	£224,995	£277

- 5.8. Allowing a 5% deduction for sales incentives (which we consider to be realistic in the current climate) this would reduce the above asking prices to £219, £228, £240, £238 and £263 psf. We would also stress that Gleeson are 'low cost' developer who typically offer a lower value product in the marketplace. It may be that the subject site would attract a similar low-cost developer (which we consider would include developers such as Keepmoat Homes and Lovell Homes). Equally, though, the subject site may attract a more mid-tier developer, such as Persimmon, Taylor Wimpey, Barratt Homes etc, in which case the values would likely be uplifted above the Gleeson figures.

- 5.9. Having considered all of the above, we find AY's average market value allowance of £225 per sq ft to be below expectations for the purposes of the viability testing. On balance, we consider an adjustment to £245 per sq ft to be reasonable for the purposes of the modelling.
- 5.10. As for affordable housing, we consider 50% of market value to be reasonable for affordable rented products. For shared ownership / intermediate we have adjusted this to 67.5% of market value, which is in keeping with what we typically see in viability testing across the wider region.

Serviced Parcel: Build costs

- 5.11. In their sample serviced parcel assessment, AY adopt the following build costs:
- Plot costs (inc externals) £120 per sq ft
  - Contingency 3% of build costs
- 5.12. For the plot costs, AY refer to the Build Cost Information Service ("BCIS"), a database regularly used in the development industry as a point of reference for construction costs in order to establish plot costs for a scheme of this scale and nature. Please note that BCIS data excludes external works, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.
- 5.13. AY rebase the costs to the East Riding and North Lincolnshire, applying the lower quartile figure which at the time of their assessment is stated to have been £1,169 per sq m (£108.60 per sq ft). AY ultimately apply a total construction cost of £120 per sq ft, therefore £11.40 per sq ft is allowed for externals (10.5% of the BCIS rates).

- 5.14. To give the BCIS data some context, between January 2015 and Aug 2023 there were 141 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.28 houses per scheme submitted into the data. 59.57% of the sample comprised schemes consisting of 20 houses or less and only 10.64% of the sample (15 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors.
- 5.15. The efficiency savings that a volume housebuilder is able to make with respect to both labour and material are not therefore reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs incurred by volume house builders. For this reason, the BCIS median rate is not generally used when considering a scheme that would be implemented by a volume house builder. For schemes like the subject development, the median rate is therefore generally deemed to be inappropriate (as this is reflective of the rate per sq ft experienced by smaller housebuilders building smaller schemes, who cannot therefore access the efficiency savings of a national volume house builder). Instead, we find that the BCIS lower quartile is routinely used when assessing the viability of scheme that would be delivered by a volume housebuilder (as is the case here).
- 5.16. We have reviewed the latest BCIS rates, rebased to East Riding and North Lincolnshire (i.e. in keeping with AY's approach, which we deem to be reasonable). For the purposes of the modelling, we have chosen the 2 storey lower quartile rate, as shown below:

## £/M2 STUDY

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

Last updated: 28-Jun-2025 07:15

Rebased to East Riding and North Lincolnshire ( 89; sample 143 )

### MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,397	717	1,181	1,336	1,533	4,842	1316
Single storey (15)	1,608	938	1,341	1,549	1,755	4,842	208
2-storey (15)	1,345	717	1,159	1,301	1,474	2,901	1036

5.17. The rate of £1,159 per sq m is equivalent to £107.67 per sq ft. To this we have applied a 10.5% uplift for plot externals (in line with AY's appraisal). Overall, this equates to a construction cost of £118.98 psf, which we have applied to our appraisal.

5.18. AY add a further 2% for contingency, which we deem to be reasonable and have accepted in our appraisal.

5.19. AY assume nil abnormals. We have adopted the same approach.

Serviced Parcel: Professional fees

- 5.20. AY's adopted professional fees allowance is equivalent to circa 6% of their plot costs.
- 5.21. By way of evidence, to assess whether this allowance is reasonable or not, we have reviewed other viability appraisals we have been involved with for similar scale schemes. We have identified the professional fees put forward by the applicants in their own viability appraisals (therefore not our opinion):

Site Address	Local Authority	Date	Units	Prof fees
Yews Farm, Spalding (near Pinchbeck)	South Holland DC	Jan-22	100	4.73%
Bartlett View and Rochester Row, Sherburn	North Yorkshire Council	Apr-24	106	7.55%
Land off Low Eggborough Rd, Eggborough	North Yorkshire Council	Oct-23	109	6.00%
Bowmans Mill, Selby Road, Eggborough	North Yorkshire Council	Oct-23	110	7.11%
Bowmans Mill, Selby Road, Eggborough	North Yorkshire Council	Sep-24	110	6.29%
38 High Street, South Elmsall, WF9	Wakefield District Council	Nov-23	112	5.22%
Matt Pitts Lane, Wainfleet All Saints	East Lindsey	Sep-22	122	6.00%
Land at Mill Lane, Carlton, North Yorks	North Yorkshire Council	Nov-23	150	6.33%
Land at Millbrook Lane, Wragby	East Lindsey	Jul-23	171	7.60%
Land at Seagate Road, Long Sutton	South Holland DC	Feb-22	180	5.25%
Nestle Site, Wheldon Rd, Castleford	Wakefield District Council	Mar-25	200	6.12%
				<b>6.20%</b>

- 5.22. This broadly supports AY's approach (particularly given that we challenged some of the above allowances). For the purposes of our modelling, we have subsequently accepted 6% in the appraisal.

Serviced Parcel: S106 / Other Council Policy Requirements

- 5.23. AY don't allow for any S106 payments within the individual parcel model. Instead, they reflect these costs within the 'master developer' appraisal. We have adopted the same approach.

Serviced Parcel: Marketing / legal costs

- 5.24. AY have included a marketing cost of 2.5% on revenue, plus £500 per unit on the market value dwellings for legal costs.
- 5.25. In order to identify an appropriate allowance, we have again reviewed the sites discussed above in para 5.21 and note the following:

Site Address	Local Authority	Date	Units	Marketing
Yews Farm, Spalding (near Pinchbeck)	South Holland DC	Jan-22	100	3.00%
Bartlett View and Rochester Row, Sherburn	North Yorkshire Council	Apr-24	106	3.68%
Land off Low Eggborough Rd, Eggborough	North Yorkshire Council	Oct-23	109	2.50%
Bowmans Mill, Selby Road, Eggborough	North Yorkshire Council	Oct-23	110	2.00%
Bowmans Mill, Selby Road, Eggborough	North Yorkshire Council	Sep-24	110	2.50%
38 High Street, South Elmsall, WF9	Wakefield District Council	Nov-23	112	3.00%
Matt Pitts Lane, Wainfleet All Saints	East Lindsey	Sep-22	122	2.26%
Land at Mill Lane, Carlton, North Yorks	North Yorkshire Council	Nov-23	150	4.00%
Land at Millbrook Lane, Wragby	East Lindsey	Jul-23	171	2.00%
Land at Seagate Road, Long Sutton	South Holland DC	Feb-22	180	3.00%
Nestle Site, Wheldon Rd, Castleford	Wakefield District Council	Mar-25	200	3.00%
				<b>2.81%</b>

- 5.26. This broadly supports AY's approach (particularly given that we challenged some of the above allowances). For the purposes of our modelling, we have subsequently accepted 2.5% in the appraisal, plus £500 per unit to cover the market value legal costs.

Serviced Parcel: Finance

- 5.27. AY have allowed a debit interest rate of 7%. This is deemed to be reasonable at the current time and has been accepted in our appraisal.

5.28. To calculate the finance, we have inputted our appraisal data into the ARGUS Development Appraisal Toolkit, which is an industry approved discounted cash flow model (appended to this report).

Serviced Parcel: Developer's profit

5.29. AY adopt a profit equivalent to 18% on revenue for both the market value and affordable units.

5.30. For a scheme of this size and nature we believe it is appropriate to apply a profit margin expressed as a percentage of the revenue.

5.31. In our experience profit margins fluctuate depending on the nature of the scheme and the type of developer implementing the project. This is because profit is ultimately a reflection of risk. The higher the perceived risk, the higher the return that a developer would require to implement the scheme and vice versa.

5.32. As a broad guide, we tend to see profit margins in the region of 15% to 20% of revenue, dependent on the perception of risk. This range is now also explicitly referenced in the recent PPG publication (albeit within the context of plan viability testing, but this is deemed appropriate for decision making viability testing too).

5.33. It is stressed, however, that affordable dwellings are assumed to attract a lower profit requirement. This is because the risk associated with delivering affordable units is less than market value dwellings, as they are typically transferred in bulk to a single party and are often 'pre-sold' even before construction has been completed. We usually see a reduced profit in the region of 5%-6% on revenue for affordable dwellings.

- 5.34. In the case of the subject scheme, we are conscious that the involvement of a master developer significantly reduces the risks associated with development (as they take on the risk of implementing the site infrastructure works and costs, rather than this being the responsibility of the housebuilder delivering each parcel). To reflect this reduced risk we deem it appropriate to reduce the level of profit that a housebuilder would require to implement each parcel.
- 5.35. Furthermore, in schemes such as this, once the early parcels have been delivered there will be a clear sense of demand and value for dwellings in this location. In later phases this therefore serves to reduce the risk associated with delivering the parcels, which would have a downward pressure on the profit level that a housebuilder would require to develop the later parcels in this scheme. This therefore has to be taken into account when looking to establish an average profit across all development parcels.
- 5.36. Having considered the above, for the purposes of our assessment, we deem a 17.5% developer profit to be an appropriate average for the market value units. However, for the affordable units a 6% allowance is deemed appropriate.

Serviced Parcel 20% affordable: Outcome

- 5.37. Please see attached our Appendix 1: Parcel Scenario 1 appraisal. Assuming 20% onsite affordable housing and all of the assumptions outlined above our model generates a residual land value of £5,819,118 (£581,473 per acre). This is therefore significantly higher than AY's equivalent model, which shows a total residual land value of £3,463,776 (£346,116 per acres).
- 5.38. The key reasons why our appraisal shows a different outcome can be summarised as follows:

Input	AY Serviced parcel appraisal	CPV serviced parcel appraisal
Market Value Revenue	£225 psf	£245 psf
Plot cost & externals	£120 psf	£118.98 psf
Developer profit	18% on revenue	18% MV / 6% affordable

5.39. As per the requirements of the viability guidance we have also considered sensitivity testing:

Sales: Rate /ft²					
Construction: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000% 102.29 /ft²	16.090% (£5,512,083)	16.090% (£6,047,880)	16.090% (£6,583,677)	16.090% (£7,119,474)	16.090% (£7,655,271)
-2.500% 104.98 /ft²	16.090% (£5,129,807)	16.090% (£5,665,604)	16.090% (£6,201,401)	16.090% (£6,737,198)	16.090% (£7,272,995)
0.000% 107.67 /ft²	16.090% (£4,747,532)	16.090% (£5,283,328)	16.090% (£5,819,125)	16.090% (£6,354,922)	16.090% (£6,890,719)
+2.500% 110.36 /ft²	16.090% (£4,365,256)	16.090% (£4,901,052)	16.090% (£5,436,849)	16.090% (£5,972,646)	16.090% (£6,508,443)
+5.000% 113.05 /ft²	16.090% (£3,982,980)	16.090% (£4,518,776)	16.090% (£5,054,573)	16.090% (£5,590,370)	16.090% (£6,126,167)

5.40. By way of explanation, if the construction costs remain the same but the sales values reduce by 2.5% the residual land value would reduce from £5,819,125 to £5,283,328.

## 6. Master Developer: CPV Viability Assumptions

### Master Developer: Gross Development Value (Revenue)

- 6.1. We have initially used the residual land value identified above in Section 5 for the serviced parcel (£581,473 per acre). Applied to all 40.34 acres this generates a total revenue of £22,201,011. This compares to £13,366,000 as shown in AY's assessment.

### Master Developer: Outcome

- 6.2. In terms of the infrastructure costs, AY's appraisal includes a total sum of £13,708,563, which is based on a cost estimate prepared by Edge. We have subsequently sought advice from a third party, independent quantity surveyor and have instructed Hainstone to review Edge's cost estimate. Please see attached Appendix 2 which summarises their findings. Firstly, we note that Edge's estimate appears to have reduced from their original estimate of £13,708,563 to a revised figure of £11,855,597. Notwithstanding this, Hainstone conclude that this remains too high and they conclude that the total infrastructure works should be no more than £9,724,471. We have applied this to our master developer appraisal.
- 6.3. For contingency, we note that AY have added a further 10%. This is above our expectations. We consider an allowance of 5% to be more reasonable here.
- 6.4. For professional fees, AY's allowance is equivalent to 13.13% of their suggested infrastructure costs. This is above our expectations for a master developer scheme of this nature. In 2024 near Norwich we accepted an applicant's suggested allowance of 10% to cover professional fees. We have subsequently adjusted our appraisal accordingly.

6.5. In terms of S106 contributions, AY allow the following:

Travel plan monitoring	5,000
Public transport	1,200,000
Education	4,925,800
Recreation	550,000
Area of play	250,000
Health	392,614

6.6. The above totals £7,323,414. We have requested that the Council provides an updated list of the S106 asks and the Council has confirmed the following:

- Education £11,195 per market value dwelling (£4,925,800)
- Recreation £859.84 per dwelling (£472,912)
- Informal open space To be agreed
- Area of play To be agreed
- Biodiversity Net Gain Ideally on site mitigation
- Highways To be confirmed
- Health £392,616
- Public transport To be confirmed
- SANG / SAMMS To be confirmed

6.7. We have subsequently adopted the same allowances as AY, bar the recreation allowance which we have adjusted to £472,912. **Please note, if the S106 asks are subject to significant change in the future then this is likely to impact on our overall viability conclusions.**

6.8. AY allow £645,926 as a 'development management' fee. We do not accept this as a fixed cost in the modelling and instead consider that all remuneration to the master developer should be through a developer profit.

6.9. As a return to the master developer, we consider 15% on cost to be reasonable for the purposes of the testing.

6.10. As for finance, we have assumed a 7% debit interest and adopted the following timings:

- Start July 2025 (i.e. model assumes planning secured)
- Pre construction 6 months
- Construction period 40 months
- Sale of HA1a Jan 2027
- Sale of HA1b Jul 2027
- Sale of HA2 Dec 2028
- Sale of HA3 Jun 2029

6.11. As for the land value, AY adopt what they deem to be the existing use value of the site (£11,000 per acre) applied to the gross site area of 140 acres. This equates to a total of £1,540,000. This is considered to be a realistic land acquisition price for the land (plus legal, agent and Stamp Duty Land Tax). We have subsequently adopted the same in our appraisal.

Master Parcel 20% affordable: Outcome

6.12. Please see attached our Appendix 3: Master Scenario 1 appraisal. Assuming 20% onsite affordable housing and all of the assumptions outlined above our model generates a residual land value of £550,619. This is below the agreed benchmark land value of £1,540,000 and therefore fails to meet the viability threshold.

## 7. Appraisal testing results and conclusions

- 7.1. As set out in Section 5, with 20% onsite affordable housing our modelling generates a parcel value equivalent to £581,473 per net developable acre (see Appendix 1). When applied to all 40.34 acres of net developable land on site, though, this only delivers a relatively modest master developer residual land value of £550,619 (see Appendix 3). As this is below the agreed benchmark land value of £1,540,000 this is deemed to be an unviable outcome and therefore we concur with the applicant that the full planning policies cannot be viably supported at the subject site.
- 7.2. For the purposes of this exercise, we have reduced the affordable housing provision to see at what point (if any) the scheme reaches the viability threshold. Please note, we have chosen to reduce the affordable housing provision for illustrative purposes, however ultimately it is at the discretion of the Council as to whether the affordable housing provision is reduced or the S106 contributions (or both).
- 7.3. Please see attached (Appendix 4) our amended appraisal for parcel HA1a. With 19 onsite affordable units (13.38%) split as 13 rented and 6 shared ownership / intermediate, the scheme generates a residual land value of £6,351,578 or £634,679 per acre.
- 7.4. Please see attached (Appendix 5) our amended master developer appraisal, which assumes a land revenue at £634,679 per acre in line with the above. With the full S106 contributions of £7,246,328 this generates a residual land of £1,599,057. As this is just above the agreed benchmark land value of £1,540,000 this is deemed to be viable.

- 7.5. In summary, we agree that the scheme is unable to viably support 20% onsite affordable housing and S106 contributions of £7,246,328. However, contrary to the applicant's position, our modelling shows that the scheme is viable with 13.38% onsite affordable and S106 contributions of £7,246,328. Alternatively, if the Council wishes to favour affordable housing over S106 costs, we can re-run the model on this basis upon request.
- 7.6. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this timeframe then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.

Lincolnshire Lakes HA1a (Parcel)  
PA/2025/254  
Parcel Scenario 1: 20% AH  
DN-1233

Development Pro Forma  
Prepared by CP Viability  
ARGUS Software  
July 7, 2025

**PROJECT PRO FORMA****ARGUS SOFTWARE**

Lincolnshire Lakes HA1a (Parcel)

PA/2025/254

Parcel Scenario 1: 20% AH

**Project Pro Forma for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft</b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Open Market Dwellings	114	107,940	245.00	231,976	26,445,300
Affordable Rent	20	19,600	122.50	120,050	2,401,000
Shared Ownership	<u>8</u>	<u>7,840</u>	165.38	162,068	<u>1,296,540</u>
<b>Totals</b>	<b>142</b>	<b>135,380</b>			<b>30,142,840</b>

**TOTAL PROJECT REVENUE****30,142,840****DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price (10.01 Acres @ 581,331.19 /Acre)		5,819,125		5,819,125
Stamp Duty			280,456	
Effective Land Transfer Tax Rate	4.82%			
Agent Fee	1.00%		58,191	
Legal Fee	0.80%		46,553	
				385,200

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Open Market Dwellings	107,940	107.67	11,621,900	
Affordable Rent	19,600	107.67	2,110,332	
Shared Ownership	<u>7,840</u>	107.67	<u>844,133</u>	
<b>Totals</b>	<b>135,380 ft<sup>2</sup></b>		<b>14,576,365</b>	
Contingency		2.00%	322,138	
				14,898,502
<b>Externals</b>				
Externals		10.50%	1,530,518	
				1,530,518

**PROFESSIONAL FEES**

Professional fees		6.00%	966,413	
				966,413

**DISPOSAL FEES**

Sales Agent Fee		2.50%	661,133	
Market Value legals	114 un	500.00 /un	57,000	
				718,133

**TOTAL COSTS BEFORE FINANCE****24,317,892****FINANCE**

<b>Timescale</b>	<b>Duration</b>	<b>Commences</b>
Pre Construction	4	Jul 2025

Lincolnshire Lakes HA1a (Parcel)

PA/2025/254

**Parcel Scenario 1: 20% AH**

Construction	30	Nov 2025
Sale	30	May 2026
Total Duration	47	

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

Land	333,432	
Construction	17,455	
Sale	624,079	
Total Finance Cost		974,966

**TOTAL COSTS****25,292,857****PROFIT****4,849,983****Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	16.09%
Profit on NDV%	16.09%

## 1.0 Cost Estimate Summary

232,694 Gross Site Area (m<sup>2</sup>)

57.5 Gross Site Area (acres)

Ref	Section Construction	Area (Acres)	Total	£/m <sup>2</sup>	£/acre	Hainstone Total	£/m <sup>2</sup>	£/acre
1.0	Site Wide Enabling	57.5	923,554.17	3.97	16,061.81	600,002.29	2.58	10,434.82
2.0	HA1a	10	2,164,395.54	9.30	37,641.66	1,600,401.97	6.88	27,833.08
3.0	Road 1	4.4	1,193,591.30	5.13	20,758.11	964,263.52	4.14	16,769.80
4.0	HA1b	10	1,752,821.24	7.53	30,483.85	1,254,824.75	5.39	21,823.04
5.0	HA2	10.1	1,691,378.67	7.27	29,415.28	1,679,508.60	7.22	29,208.85
6.0	Road 2	1.7	579,059.35	2.49	10,070.60	672,835.72	2.89	11,701.49
7.0	HA3	8.4	1,693,297.22	7.28	29,448.65	1,358,507.82	5.84	23,626.22
8.1	Foul Drainage - Phase 1			0.00	0.00		0.00	0.00
8.2	Foul Drainage - Phase 2			0.00	0.00		0.00	0.00
9.0	Wetland and SUDs Basins	10.5	1,782,336.20	7.66	30,997.15	1,537,573.46	6.61	26,740.41
10.0	Wetlands BG2	2.4	75,163.65	0.32	1,307.19	56,552.51	0.24	983.52
Totals £			11,855,597.34			9,724,470.64		

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3  
PA/2025/254  
Master Developer Scenario 1 - 20% AH  
DN-1233

Development Pro Forma  
Prepared by CP Viability  
ARGUS Software  
July 7, 2025

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3

PA/2025/254

Master Developer Scenario 1 - 20% AH

**Project Pro Forma for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	Unit Price	Gross Sales
HA1a	1	5,813,305	5,813,305
HA1b	1	4,069,313	4,069,313
HA2	1	7,568,923	7,568,923
HA3	1	4,749,470	4,749,470
<b>Totals</b>	<b>4</b>		<b>22,201,011</b>

**TOTAL PROJECT REVENUE** 22,201,011**DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price (140.00 Acres @ 3,932.99 /Acre)	550,619	550,619
SDLT	17,031	
Effective Land Transfer Tax Rate	3.09%	
Agent Fee	1.00%	5,506
Legal Fee	0.80%	4,405
		26,942

**CONSTRUCTION COSTS**

Contingency	5.00%	486,224	
Infrastructure		9,724,471	
Travel plan monitoring		5,000	
Public transport		1,200,000	
Education		4,925,800	
Recreation		472,912	
Area of play		250,000	
Health		392,616	
			17,457,023

**PROFESSIONAL FEES**

Professional Fees	10.00%	972,447	972,447
-------------------	--------	---------	---------

**TOTAL COSTS BEFORE FINANCE** 19,007,031**FINANCE**

Timescale	Duration	Commences
Pre-Construction	6	Jul 2025
Construction	40	Jan 2026
Sale	30	Jan 2027
Total Duration	48	

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3  
PA/2025/254

**Master Developer Scenario 1 - 20% AH**

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

Land	59,685	
Construction	238,509	
Total Finance Cost		298,194

**TOTAL COSTS** **19,305,225**

**PROFIT** **2,895,786**

**Performance Measures**

Profit on Cost%	15.00%
Profit on GDV%	13.04%
Profit on NDV%	13.04%
IRR% (without Interest)	145.60%

Lincolnshire Lakes HA1a (Parcel)  
PA/2025/254  
Parcel Scenario 2: reduced AH  
DN-1233

Development Pro Forma  
Prepared by CP Viability  
ARGUS Software  
July 7, 2025

**PROJECT PRO FORMA****ARGUS SOFTWARE**

Lincolnshire Lakes HA1a (Parcel)

PA/2025/254

Parcel Scenario 2: reduced AH

**Project Pro Forma for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft</b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Open Market Dwellings	123	116,760	245.00	232,571	28,606,200
Affordable Rent	13	12,740	122.50	120,050	1,560,650
Shared Ownership	<u>6</u>	<u>5,880</u>	165.38	162,068	<u>972,405</u>
<b>Totals</b>	<b>142</b>	<b>135,380</b>			<b>31,139,255</b>

**TOTAL PROJECT REVENUE****31,139,255****DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price (10.01 Acres @ 634,523.29 /Acre)	6,351,578			6,351,578
Stamp Duty	307,079			
Effective Land Transfer Tax Rate	4.83%			
Agent Fee	1.00%	63,516		
Legal Fee	0.80%	50,813		
				421,407

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Open Market Dwellings	116,760	107.67	12,571,549	
Affordable Rent	12,740	107.67	1,371,716	
Shared Ownership	<u>5,880</u>	107.67	<u>633,100</u>	
<b>Totals</b>	<b>135,380 ft<sup>2</sup></b>		<b>14,576,365</b>	
Contingency		2.00%	322,138	
				14,898,502

**Externals**

Externals	10.50%	1,530,518		1,530,518
-----------	--------	-----------	--	-----------

**PROFESSIONAL FEES**

Professional fees	6.00%	966,413		966,413
-------------------	-------	---------	--	---------

**DISPOSAL FEES**

Sales Agent Fee		2.50%	715,155	
Market Value legals	123 un	500.00 /un	61,500	
				776,655

**TOTAL COSTS BEFORE FINANCE****24,945,074****FINANCE**

<b>Timescale</b>	<b>Duration</b>	<b>Commences</b>
Pre Construction	4	Jul 2025

**PROJECT PRO FORMA****ARGUS SOFTWARE**

Lincolnshire Lakes HA1a (Parcel)

PA/2025/254

**Parcel Scenario 2: reduced AH**

Construction	30	Nov 2025
Sale	30	May 2026
Total Duration	47	

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

Land	363,993	
Construction	17,455	
Sale	656,064	
Total Finance Cost		1,037,511

**TOTAL COSTS****25,982,585****PROFIT****5,156,670****Performance Measures**

Profit on Cost%	19.85%
Profit on GDV%	16.56%
Profit on NDV%	16.56%

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3  
PA/2025/254  
Master Developer Scenario 2 - reduced AH  
DN-1233

Development Pro Forma  
Prepared by CP Viability  
ARGUS Software  
July 7, 2025

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3  
 PA/2025/254  
 Master Developer Scenario 2 - reduced AH

**Project Pro Forma for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	Unit Price	Gross Sales
HA1a	1	6,346,786	6,346,786
HA1b	1	4,442,750	4,442,750
HA2	1	8,263,516	8,263,516
HA3	<u>1</u>	<u>5,185,324</u>	<u>5,185,324</u>
<b>Totals</b>	<b>4</b>		<b>24,238,376</b>

**TOTAL PROJECT REVENUE** **24,238,376**

**DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price (140.00 Acres @ 11,421.84 /Acre)	1,599,057	
		1,599,057
SDLT	69,453	
Effective Land Transfer Tax Rate	4.34%	
Agent Fee	1.00%	15,991
Legal Fee	0.80%	12,792
		98,236

**CONSTRUCTION COSTS**

Contingency	5.00%	486,224	
Infrastructure		9,724,471	
Travel plan monitoring		5,000	
Public transport		1,200,000	
Education		4,925,800	
Recreation		472,912	
Area of play		250,000	
Health		392,616	
			17,457,023

**PROFESSIONAL FEES**

Professional Fees	10.00%	972,447	
			972,447

**TOTAL COSTS BEFORE FINANCE** **20,126,763**

**FINANCE**

Timescale	Duration	Commences
Pre-Construction	6	Jul 2025
Construction	40	Jan 2026
Sale	30	Jan 2027
Total Duration	48	

Lincolnshire Lakes - HA1a,HA1b,HA2,HA3  
PA/2025/254

**Master Developer Scenario 2 - reduced AH**

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

Land	430,040	
Construction	508,372	
Other	11,669	
Total Finance Cost		950,081

**TOTAL COSTS** **21,076,844**

**PROFIT** **3,161,532**

**Performance Measures**

Profit on Cost%	15.00%
Profit on GDV%	13.04%
Profit on NDV%	13.04%
IRR% (without Interest)	22.05%