



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: 3rd December 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 receipt of Avison Young's ("AV's") Rebuttal Response report dated 19th November 2025. The purpose of this report is to provide a response to the latest comments raised by AV.

1. Overview of viability testing to date

- 1.1. Avison Young ("AY"), acting for the applicant, submitted a viability review in Feb 25. They concluded that the scheme was unable to viably support any affordable housing or S106 contributions.
- 1.2. Acting as an independent assessor, on the instruction of the Council, we submitted our report on 7th July 25. We agreed that the scheme was unable to support the Council's full policy requirement of 20% affordable housing and S106 costs totalling £7,246,328. However, our appraisal showed that the scheme was viable with 13.38% onsite affordable and S106 costs totalling £7,246,328.
- 1.3. We reached a different outcome to AY owing to the following adjustments in our appraisal:



Input	AY appraisal	CPV appraisal
Serviced parcel-average market value	£225 per sq ft	£245 per sq ft
Serviced parcel-plot cost/externals	£120 psf	£118.98 psf
Serviced parcel-contingency	3% on costs	2% on costs
Serviced parcel-marketing/disposal	3% on revenue	2.5% on revenue
Serviced parcel-profit	18% on revenue	17.5% MV / 6% AH
Serviced parcel-residual land value	£3,463,776	£5,819,118
Master-infrastructure	£13,708,563	£9,724,471
Master-contingency	10% on costs	5% on costs
Master-professional fees	13.13% on costs	10% on costs
Master-recreation	£550,000	£472,912
Master-developer management fees	£645,926	£0

1.4. For ease, we have followed the order as set out in AY's 19th Nov 25 rebuttal.

2. Sales Values

2.1. As indicated above, in the serviced parcel appraisal AY assume an average value of £225 per sq ft. In our review, we adopted £245 per sq ft. In their rebuttal comments AY refer to our para 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.*

2.2. In their rebuttal AY state that "no commentary is provided" is incorrect as Appendix 4 provides "...a detailed note of the assumptions applied within out development appraisals". We have reviewed AY's referenced Appendix 4 and note:

Gross Development Value

Para 011 of PPG states that for a viability assessment of a specific site or development, market evidence from the actual site or from existing developments can be used. The RICS Guidance note also advocates the use of evidence from the actual site (if available/applicable) or from existing developments.

We have obtained sales evidence from a number of housing schemes within Scunthorpe, which shows values ranging between a high of £3,467psm (£322psf) and a low of average value of circa £2,422psm (£225psf) was achieved for New Builds sales within Scunthorpe in 2024. This is the value we have applied within our assessment.

With respect to the affordable tenures we have assumed that Affordable Rented homes are transferred at 60% of the market value and discounted sales at 80%, which we understand has been accepted by the Council on other schemes.

- 2.3. This is followed by a list of “Scunthorpe – New Build House Prices” with no supporting commentary / analysis of the values identified. Furthermore, the sales are not dated and a high proportion do not have dwelling sizes, making analysis impossible.

- 2.4. This is not a detailed commentary of how AY have established their adopted value of £225 per sq ft. In contrast, in our report (paragraphs 5.5 to 5.9) we identify transactions from the market and provide analysis / commentary. We do not therefore accept AY’s assertion that they have provided detailed commentary on how they have arrived at their average value of £225 per sq ft; this is simply not the case as demonstrated above.

- 2.5. AY state that the transactional evidence we refer to in our report is limited to 2 schemes. AY disregard Lakeside View, stating that it is not relevant, presumably due to this being circa 5 miles from the subject scheme. We do not agree that this evidence should be disregarded. When there is a lack of evidence from the immediate locality it is reasonable to consider other available evidence, including transactions that have taken place from further away. The RICS “Comparable evidence in real estate valuation” 1st Edition Oct 2019 provides a hierarchy of evidence and in Category C refers to “transactional evidence from other real estate types and location...”. We maintain that, despite being around 5 miles away from the subject site, given the lack of alternative new build evidence it is reasonable to refer to Lakeside View as part of the general assessment of value.

2.6. The other transactional evidence we refer to is Dartmouth Fields (by Kiegar Homes) which is around 625m north east of the subject site. We limited our analysis to the most recent transactions only (being in 2023 and 2024). AY state that they had considered evidence from Dartmouth Fields, which they indicate dates back to October 2022. However, this is not clear from their original report as (i) no detailed supporting commentary is provided (ii) the dates of the sales are not included in the sales listed in their Appendix 4 (iii) it is unclear which sales relate to Dartmouth Fields and which are from other schemes, as none are labelled.

2.7. In their rebuttal comments AY now produce the following table

Sales Values - Dartmouth Fields, Kiegar Homes

Property Type	Average Price £psm	Average Price £puff
Detached	£2,065	£192
Semi Detached	£2,125	£197
Terraced	£1,997	£186
All Properties	£2,201	£204

2.8. However, it is unclear how these values have been established (as no analysis is provided) and furthermore, crucially, there is no reference to dwellings sizes or date of sale. Typically larger dwellings carry lower rates per sq ft, for reasons of quantum, so this is a key consideration when analysing data such as this to decide whether this provides a suitable 'like for like' comparison or not. Equally, date of sale is also crucial because if the sample for each dwelling category has a higher proportion of older transactions, then this will push the overall average down. Without this detail, the above summary is of little use when looking to establish a robust value at the subject scheme.

2.9. AY go on to refer to a similar exercise that they have undertaken for Falcons Place (Linden Homes) and Phoenix Meadows (Gleeson), which they state are sales from Oct 22 to Aug 24. Again, though, this is meaningless without a clear analysis of the sizes of the dwellings and the dates at when the sales took place (because both factors can significantly 'skew' the overall averages referred to by AY).

2.10. As this detail has not been provided, we cannot attach significant weight to the evidence. The Planning Practice Guidance: Viability is clear on this point at Paragraph 008 stating:

The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment

2.11. The guidance is therefore clear that there has to be transparency in the "...assumptions behind evidence...". We do not consider that the summary average figures now provided by AY provides sufficient transparency.

3. Sales Inflation Adjustment

3.1. AY state that "...the 'base sales value' assumption within the CPV assessment is based on two transactions". This is incorrect and we would recommend AY read paragraphs 5.5 to 5.9 in their entirety. A key consideration in our review is not only Dartmouth Fields (as discussed above in Section 2) but also Phoenix Meadows by Gleeson. The asking prices (adjusted for sales incentives) also form part of our value considerations when arriving at our average allowance of £245 per sq ft.

- 3.2. AY go on to discuss the Phoneix Meadows scheme by Gleeson and state that “We have also considered asking prices from this scheme, across 55 properties, and the average asking price was £2,594psm (£241psf)”. They go on to state that, applying a 5% deduction for incentives (as per our approach), this would mean an average of £229 per sq ft. This is therefore above their allowance, but they imply that this is to be expected as their original review dates back to Feb 2025.
- 3.3. Again, though, no further detail is provided as to the analysis referred to by AY (in relation to the 55 properties). We cannot simply accept their position without further detail. **We would therefore request that AY provide a breakdown of the 55 properties analysed, including the dwelling types and sizes so that we can review and confirm our position on this additional evidence.**
- 3.4. AY go on to criticize our reference to Gleeson Homes as being a ‘low cost’ developer and also our view that mid-tier housebuilders such as Persimmon, Taylor Wimpey, Barratt Homes etc are likely to express an interest in the site. AY indicate that we are providing a subjective opinion, which we accept is the case. However, in the absence of any firm evidence to the contrary it is reasonable for us to provide our professional judgement on this matter. We would equally stress that AY’s inference that the subject site *would not* attract a mid-tier house builder is also a subjective view by them that is not supported by evidence. The fact of the matter is that, at this stage, it is unproven either way as to whether the subject site would attract a mid-tier housebuilder or not. The Planning Practice Guidance: Viability states (in paragraph 006) that “it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage”. In other words, the onus is on the applicant to justify a viability argument and therefore in this instance the applicant / AY need to prove why the subject site would not attract mid-tier housebuilders.

- 3.5. AY go on to state that “Gleeson are currently achieving the highest sale prices in Scunthorpe”. This is perhaps not surprising as they are currently the only housebuilder with a site being marketed! This, though, does not prove that other housebuilders would enter the Scunthorpe market.
- 3.6. We would also make the point that the Gleesons scheme, off Phoenix Parkway, is opposite a large industrial estate. The subject site is considerably more attractive in its setting (currently with fields to the north and south). We therefore consider it reasonable to imagine that this type of setting would attract mid-tier housebuilders and not only low-cost builders. Unless tangible evidence can be provided to prove that this would not attract mid-tier housebuilders, we consider it reasonable to assume that it would.

4. Build costs

- 4.1. AY note that our construction costs (including externals) came to £118.98 per sq ft, which was based on the BCIS plus 10.5% for externals. This was marginally below AY’s allowance of £120 per sq ft.
- 4.2. AY now indicate that if the latest BCIS rates are applied our figure would increase from £118.98 per sq ft to £121.03 per sq ft. This is considered to be expected given that our report was undertaken in July 2025. However, we would stress that if the build costs are to be increased to the latest rates, to account for inflation between July 25 and Dec 2025, then it is also reasonable to revisit the overall sales values to consider whether inflation has taken place during this circa 5 month period.

- 4.3. We note that the UK House Price Index for North Lincolnshire was £175,988 in July 25. The latest date is from Sep 25 (there is often a 'lag' in the UK House Price Index) which shows a figure of £179,274. We would need to wait until further data is released to determine whether this uplift is sustained (or whether this reflects seasonal patterns). However, at the current time this suggests that the uplift of just under 2% in house prices would offset the circa 1.7% increase in build costs since July 25.
- 4.4. Notwithstanding the above, AY do go on to identify a number of other costs which they consider should be added to the model:
- Garages (£12,500 x 71)
 - Part L & F Building regulations changes (£4,070 per dwelling)
 - Electric Vehicle charging points (£1,000 per dwelling)
 - Building Safety Levy (£1.57 per sq ft applied to market value dwellings only)
 - Future Homes Standard (£6,256 per dwelling)
- 4.5. Having considered the above we accept that the BCIS rates do not factor in the above costs. We therefore agree that the above items should be added in addition to the BCIS rates used in our model.
- 4.6. As for the specific rates, we agree with the proposed cost of garages, this is deemed to be reasonable.
- 4.7. In terms of making allowances for existing changes to Building Regulations (specifically Part L and F which became mandatory in June 2023) and Future Homes, we would comment as follows:

- In terms of the changes to Part L and F of the Building Regulations. Please note, these changes required a 31% reduction in CO2 emissions, which came into full effect from June 2023. Furthermore, as the BCIS costs are based on historic cost submissions, the impact of these costs has yet to fully filter through into the BCIS data, therefore when applying the BCIS it has become common practice (at least for the time being) to make additional allowances for Part L and F changes.
- In terms of the level of associated costs, the Department of Levelling Up, Housing and Communities impact assessment suggested that the most cost effective route to meeting the interim standards was through the use of Air Source Heat Pumps. This estimated an additional average cost per dwelling of £4,070. In other schemes we are appraising typically developers are allowing for the installation of heat pumps and some improvement to general insulation.
- However, where the BCIS rates are applied, it is stressed that these figures already allow for existing heating systems inherently within the costings. These costs therefore have to be deducted before the new heat pump costs are applied (otherwise there would be a double-counting of heating systems within each dwelling). Adding the heat pump costs on top would therefore, in our view, reflect double-counting, therefore some allowance for this needs to be factored into the rate used for the Part L & F changes. Furthermore, some of these costs will now already be factored into the latest BCIS rates received.
- As for Future Homes, the full details of the Future Homes Standard are unconfirmed. The expectation is that there will be a requirement for 75-80% less carbon emissions than homes built prior to the June 23 Part L & F Building Regulations changes. However, without final confirmation it is difficult to appropriately reflect these costs without the final details.

- Furthermore, it is unclear how the improvements in energy efficiency will impact on the 'end values' of dwellings. It is likely that a dwelling which is more energy efficient (and therefore attracts lower energy bills) would have a higher market value when compared to a dwelling which is less efficient. It is conceivable that the majority (if not all) of the costs associated with delivering the Future Homes Standard would be offset by an improvement in the market value of the dwelling. This, at this stage, remains untested in the marketplace therefore it is difficult to appropriately balance this in current viability testing.
 - It is still unclear when this standard will come into effect. Originally, the expectation was for 2025, however a number of housebuilders have advised us (through viability discussions on other cases) that the expectation now is that this will be delayed at least until 2027.
- 4.8. In light of the uncertainties around both the detail of the Future Homes Standard and the impact this will potentially have on market values, for the purposes of this update we consider it appropriate to exclude the Future Homes Standard requirement from the modelling. However, we have made an allowance of £4,070 per unit for Part L and F changes.
- 4.9. AY's suggested allowance of £1,000 per dwelling is reasonable for the electric vehicle charging.
- 4.10. We also agree to the Building Safety Levy allowance, which is nationally set figure (and is applied to market value dwellings only). We calculate this as totalling £183,313.
- 4.11. We are not persuaded to amend any of our other appraisal allowances in our model.

5. Updated Development Appraisal (Serviced Parcel)

- 5.1. As set out above in Sections 2 to 4, we are not persuaded to adjust any of our appraisal inputs. However, we do agree to add cost allowances for the garages, 2023 Building Regulations Changes (Part L and F), Electric Vehicle charging points and Building Safety Levy.
- 5.2. We have updated our appraisal accordingly. Please see attached (Appendix 1). With nil affordable housing, this generates a residual land value of £6,030,595 or £602,605 per acre.

6. Master Developer Outcome

- 6.1. AY discuss an error in Hainstone's original advice. Hainstone clarified their position on 15th October 2025. For ease, please see attached (Appendix 2) their amended cost summary. This confirms a total infrastructure cost of £11,572,367, which we have applied to our updated appraisal.
- 6.2. We are not persuaded to adjust any of our other appraisal assumptions and maintain the allowances used in our July 25 assessment.

7. Updated results / outcome

- 7.1. As indicated above, in our updated serviced parcel appraisal (Appendix 1) the residual land value has reduced to £602,605 per acre (as at July 25 this was £634,679 per acre). This, though, is based on nil affordable housing (whereas in July 25 the appraisal adopted 13.38% affordable).

7.2. We have subsequently updated our master developer appraisal to incorporate the amended value of £602,605 per acre. See Appendix 3. This only reaches the viability threshold if the total S106 contributions reduces from £7,246,328 to £4,020,528. In other words, in light of the amendment to the serviced parcel costs, the ‘knock on’ effect is that the maximum contribution that can be put towards S106 policy requirements is £4,020,528. **Please note, we have expressed this by reducing the education contribution, however we would stress that this is for illustrative purposes only and ultimately it is at the discretion of the Council as to how these contributions are distributed across the policy asks, providing that the total sum does not exceed £4,020,528. Alternatively, the Council may wish to favour onsite affordable housing over S106 contributions and again that is at the discretion of the Council (as long as the level of onsite affordable housing does not exceed the equivalent of a capital payment of £4,020,528).**

7.3. Finally, given the adjusted position (and the reduced level of policies that the scheme can provide) the Council may wish to consider imposing a Review Mechanism / Clawback provision in a S106 agreement, to revisit viability in the future. If market conditions improve, this would allow the Council the opportunity to recover part / all of its lost policy provisions. We can provide separate advice on this, if required.