For: Thanet District Council

Review of Updated Scheme Viability

Land S of Canterbury Road West
Ramsgate
Kent
CT12 5DU
September 2023
(DSP22442AJ (F1))

Dixon Searle Partnership
Ash House, Tanshire Park, Shackleford Road,
Elstead, Surrey, GU8 6LB
www.dixonsearle.co.uk

DixonSearle Partnership

Contents

1. Notes and Limitations

1.1.1. The following does not provide formal valuation advice. This review and its findings are intended purely for the purposes of providing Thanet District Council (TDC) with an independent check of, and opinion on, the planning applicant's viability information and stated position in this case. In the preparation of this review Dixon Searle Partnership has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.

1.1.2. This document has been prepared for this specific reason and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned. To the extent that the document is based on information supplied by others, Dixon Searle Partnership accepts no liability for any loss or damage suffered by the client.

1.1.3. We have undertaken this as a desk-top exercise as is appropriate for this stage and level of review. For general familiarisation we have considered the site context from the information supplied by the Council and using available web-based material.

1.1.4. the information supplied to DSP to inform and support this review process has been stated by the applicant's agent to be private and confidential. Potentially some of the information provided may be regarded as commercially sensitive. Therefore, we suggest that the Council and prospective / current or subsequent planning applicant may wish to consider this aspect together. DSP confirms that we are content for our review information, as contained within this report, to be used as may be considered appropriate by the Council (we assume with the applicant's agreement if necessary). In looking at '*Accountability*', since July 2018 (para. 021 revised in May 2019), the published national Planning Practice Guidance (PPG) on viability says on this; '*Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.'*

1.1.5. Dixon Searle Partnership conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We have been and are involved in the review of other planning stage proposals within the Thanet area as well as strategic level/planning policy projects.

1.1.6. In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base. This is kept under review. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of incentive/performance related payment.

2. Introduction

2.1.1 Dixon Searle Partnership (DSP) was commissioned by Thanet District Council (TDC) to carry out an independent review of the 'Financial Viability Assessment Report' (FVAR) supplied to the Council on behalf of the applicant, Monson Homes Limited, by ULL Property (ULL) and dated July 2022 in relation to a planning application, reference F/TH/21/1671 for '*Erection of 141 dwellings, with open space, landscaping, access and associated infrastructure'* at Land South of Canterbury Road West, Ramsgate, CT12 5DU.

2.1.2 The submitted appraisal at the time included 30% affordable housing (as required by TDC policy) as well as S106 contributions, and concluded that based on a deficit indicated by the submitted appraisal, whilst, in financial viability terms, the scheme could support the affordable housing requirement, it could not support the required S106 contributions.

2.1.3 TDC has since confirmed that the S106 contributions are mandatory, therefore the applicant and their agents have updated their appraisal to test the level of affordable housing that, in their view, can be supported after allowing for the required S106 contributions.

2.1.4 This review is based on the updated viability assessment report (UVAR) dated July 2023 and provided by U.L.L. Property (ULL) on behalf of the applicant, Monson Homes Limited (MHL).

2.1.5 This report should be read in conjunction with our previous review of viability, dated March 2023 (reference DSP22442AJ).

2.1.6 The UVAR appraisal includes a reduced affordable housing provision, with 31 affordable homes (reduced from the previously submitted 42) and with an updated tenure mix to include 10 x First Homes as required by national policy.

2.1.7 In presenting their viability position, the applicant has supplied to the Council the aforementioned 'Financial Viability Assessment Report' (UVAR) together with an appendix including printed summaries of the UVAR financial appraisal and sensitivity testing. We have not been provided with an electronic version of the updated viability appraisal therefore we have updated our previous Argus Developer appraisal using the UVAR assumptions and will use this to test alternative assumptions.

2.1.8 We have considered the assumptions individually listed within the UVAR and provided our commentary based on those. This report does not consider planning policy or the wider aspects in the background to or associated with the Council's consideration of this scenario. DSP's focus is on the submitted residential viability assumptions and therefore the outcomes (scope to generate land value) associated with that aspect of the overall proposals.

2.1.9 For general background, a viable development may be regarded as one which has the ability to meet its costs including the cost of planning obligations, while ensuring an appropriate site value (i.e. existing use value) for the landowner and a market risk adjusted return to the developer in delivering that project. The Government's Planning Practice Guidance (PPG) on Viability sets out the main principles for carrying out a viability assessment. It states:

'Viability assessment 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…Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available. Improving transparency of data associated with viability assessment will, over time, improve the data available for future assessment as well as provide more accountability regarding how viability informs decision making…In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission[1]'* .

2.1.10 Under normal circumstances, if the residual land value (RLV) created by a scheme proposal exceeds the existing use value plus a premium (referred to as a benchmark land value (BLV) in this case) then we usually have a positive viability scenario – i.e. the scheme is much more likely to proceed (on the basis that a reasonable developer profit margin is also reached).

[1] Paragraph: 10 Reference ID: 10-010-20180724

2.1.11 The submitted development appraisal has been run in a way which takes account of the benchmark land value (BLV) of the site and assesses the level of additional residual potentially available in excess of that after allowing for a fixed developer's profit. Therefore, an approach has been taken that sets out to consider, in the applicant's view, the maximum supportable contribution for affordable housing.

2.1.12 The UVAR states that the proposed scheme with 22% affordable produces a negative residual land value of -£67,000 after allowing for a fixed developer's profit of 17.5% on GDV for market housing and 6% GDV for affordable housing[2], and when compared to the assumed benchmark land value of £2,077,000 produces a deficit of -£2,010,000. The FVAR concludes that '*the proposed scheme does not support the financial contributions being sought […] in addition to other anticipated costs associated with the development including affordable housing. However we understand the developer is prepared to undertake the development on this basis, being a social business focused on providing housing.'*

2.1.13 Taking into account the stated deficit, the presented position therefore is that the applicant is willing to proceed with provision of 22% affordable housing and the required S106 contributions, on the basis of a profit of £5,482,599 or 12.39% GDV (blended).

2.1.14 DSP's remit is to review the submitted information to assess whether the stated viability scope available to support planning obligations (for affordable housing and/or other matters) is the most that can reasonably be expected at the time of the assessment. Our brief does not go as far as confirming what should be the outcome where schemes are stated or verified as being non-viable per se, based on a viability submission or any subsequent review. It is for the applicant to decide whether there is sufficient justification to pursue a scheme, financially. While an absence of (or insufficient level of) planning obligations will be a material consideration, we are not aware that proof of positive viability is in itself a criterion for acceptable development under current national policy. The Council may wish to consider these matters further, however.

2.1.15 Accordingly, Thanet District Council requires our opinion as to whether the viability figures and position put forward by the applicant are reasonable. We have therefore considered

[2] The assumed profit on First Homes has not been stated, but these appear to be considered as market housing in terms of the profit assumptions applied here, resulting in an overall blended profit of 16.93% GDV.

the information submitted. Following our review of the key assumptions areas, this report provides our views.

2.1.16 We have based our review on the submitted UVAR and the premise that the viability of the scheme should be considered based on the assumption of current costs and values. We then discuss any variation in terms of any deficit (or surplus) created from that base position by altering appraisal assumptions (where there is disagreement if any) utilising in this case the supplied appraisal basis as a starting point.

2.1.17 This assessment has been carried out by Dixon Searle Partnership, a consultancy which has many years' combined experience in the development industry working for Local Authorities, developers, Housing Associations and in consultancy. As consultants, we have a considerable track record of assessing the viability of schemes and the scope for Local Authority planning obligation requirements. This expertise includes viability-related work carried out for many Local Authorities nationwide over the last 20 years or so.

2.1.18 The purpose of this report is to provide our overview comments with regard to this individual scheme, on behalf of TDC - taking into account the details as presented. It will then be for the Council to consider this information in the context of the wider planning objectives in accordance with its policy positions and strategies.

2.1.19 In carrying out this type of review a key theme for us is to identify whether, in our opinion, any key revenue assumptions have been under-assessed (e.g. sales value estimates) or any key cost estimates (e.g. build costs, fees, etc.) over-assessed – since both of these effects can reduce the stated viability outcome.

3. Review of Submitted Viability Assumptions

3.1 Overview of Approach

3.1.1 The following commentary reviews the applicant's submitted viability assumptions as explained within the FVAR.

3.1.2 Primarily the review process takes into account the fact that the collective impact of the various elements of the cost and value assumptions is of greatest importance, rather than necessarily the individual detailed inputs in isolation. We have considered those figures provided, as below, and reviewed the impact of trial changes to particular submitted assumptions.

3.1.3 This type of audit / check is carried out so that we can give the Council a feel for whether or not the presented outcome is approximately as expected – i.e. informed by a reasonable set of assumptions and appraisal approach. In this particular case, we understand this is in the context of the proposals at appeal stage no longer including affordable housing that had previously been incorporated; so with viability now amongst the appeal scope aspects. As far as we can see from the FVAR submission, the change in position is not explained beyond the provided viability figures.

3.1.4 Should there be changes to the scheme proposals relative to the details now under review, this would obviously impact on the appraisal outputs.

3.2 Benchmark Land Value

3.2.1 Benchmark Land Value (BLV) is discussed in detail in our previous report. The PPG is clear that the only acceptable approach to defining a benchmark land value for the purposes of a viability assessment, is the EUV+; or, exceptionally, AUV.

3.2.2 In this case, the submitted BLV is stated to be based on the EUV+ of the site, which is currently an agricultural field. The EUV is agreed to be £22,000 however there is a difference of opinion between DSP and ULL regarding the appropriate level of premium to apply. In our view, a BLV of £250,000 including premium is suitable, representing over 1000% premium.

3.2.3 ULL disagree and refer to the PPG commentary that *'Market evidence can include benchmark land values from other viability assessments'*. ULL quote various BLVs which have been proposed and 'not contested' and take an average of these, noting that this is higher than DSP's suggested BLV. We do not give great weight to this approach because it appears somewhat circular; if the currently proposed BLV were to be accepted then there would be one more example of a higher BLV and the average would increase and could then be used to justify a higher BLV and so on. Each site specific viability assessment has its own context, and an overview is taken; it is not possible, without looking at each individual case, to see what the context was or the reason that the BLV has not been challenged (for example a BLV might not be contested because the residual value of a scheme is negative therefore the BLV does not make any difference to the viability outcome).

3.2.4 The site is stated to extend to a gross site area of 5.9ha (14.58 acres). The submitted BLV is £2,077,000 (15.8 times the stated EUV). A suitable premium is difficult to pinpoint in such cases, however as per our previous report we consider £247,000 per hectare mentioned here to represent a reasonable minimum BLV (therefore £1,457,300). We will consider the BLV further in the context of the residual value generated by our updated appraisal and taking into account the overall set of appraisal assumptions.

3.3 Acquisition Costs

3.3.1 Acquisition costs of 1.5% have been included, applied to the residualised value. These consist of 1% agents' fees and 0.5% legal fees and are typical assumptions. We have applied the same in our appraisal.

3.4 Gross Development Value

3.4.1 The submitted GDV (for a scheme including 22% affordable housing) is as follows:

Type	Number of units	%	Ave unit size (ft2)	Total floor area	£/ft² Value	Unit price	GDV
Private houses	110	78%	978	107,531	£ 370	£ 361,970	£ 39,816,666
Affordable Rent	20	14%	812	16,237	£ 122	£ 98,731	£ 1,974,624
Intermediate	1	1%	1,056	1,056	£ 212	£ 224,000	£ 224,000
First Homes 2 bed hses	10	7%	850	8,504	£ 264	£ 224,105	£ 2,241,054
Total	**141**			**133,328**			**£ 44,256,344**

3.4.2 In comparison to the previous scheme iteration, the net floor area has slightly reduced (by 128 ft²). The UVAR appraisal assumes the same gross floor area. The average market housing unit size has reduced from 979 ft² to 978 ft², and the average AH unit has reduced in size from 869 ft² to 832 ft².

GDV – market housing

3.4.3 Our previous review agreed that an average £370/ft² for market housing was a suitable assumption as at March 2023.

3.4.4 The UVAR provides additional analysis of three schemes Baker Field, Ramsgate (with sales noted from 2021), Foreland Heights, Ramsgate (sales in 2020) and 3 x sales in Mannock Drive, Manston (2021). ULL have adopted the previously agreed figure of £370/ft² average for market housing, noting that the Nationwide House Price Index indicates a reduction in house prices of 3.67% since the original viability research was carried out in 2022.

3.4.5 We have carried out our own updated review of the available evidence and agree that £370/ft² remains a suitable assumption. The most recent House Price Index data from Land Registry indicates that average house prices have remained roughly the same in Thanet – see Appendix 1. A small increase is shown overall, however there is a 2 to 3 month lag in Land Registry data on property sales and house prices generally have been falling in the South East.

3.4.6 We have also reviewed asking prices using the Rightmove website. The results are attached as Appendix 2 and again suggest that £370/ft² average is a reasonable assumption for new build properties on the proposed site at the present time. The datasets in Appendix 2 also include resale properties and we note that modern, recently built second hand properties in good condition are typically being advertised at between £300 and 350/ft² which again indicates that the submitted £370/ft² (average) for new build properties is not underestimated.

3.4.7 We have not adjusted the submitted market values within our appraisal.

GDV – affordable housing

3.4.8 Values for Affordable Rented homes were previously assumed at £145/ft², and DSP tested a higher assumption of £152.61/ft². Intermediate (shared ownership) values were agreed at £270/ft².

3.4.9 The UVAR provides additional evidence regarding rents and maintenance/management deductions, resulting in a lower assumption of £122/ft² average for Affordable Rented homes. This is partly due to an increased yield assumption (from 4.5% to 5%) which is within the range seen currently however appears potentially high alongside the assumptions on maintenance/repairs shown below. . Updated assumptions for Affordable Rent are as follows (DSP table based on submitted assumptions/commentary. Thanet LHA rates shown for reference/comparison).

						Per unit			Total		
LHA		Weekly rent/unit (net of service charge)	Annual Rent/unit	Number of Units	Total Annual Rent	Management/ maintenance	Major repairs	Voids/bad debts	Management/ maintenance	Major repairs	Voids/bad debts
109.32	1 bed apt	£ 99.40	£ 5,169	8	£ 41,350.40	819	1152	1.70%	6552	9216	£ 702.96
149.59	2 bed house	£ 144.59	£ 7,519	7	£ 52,630.76	819	1152	1.70%	5733	8064	£ 894.72
184.11	3 bed house	£ 179.11	£ 9,314	5	£ 46,568.60	819	1152	1.70%	4095	5760	£ 791.67
					£ 140,549.76				£ 16,380.0	£ 23,040.0	£ 2,389.3
									11.7%	16.4%	1.7%
									29.7%		

3.4.10 As percentage amounts the management/maintenance allowances are higher than typically seen, although this is as a percentage of a fairly low rent. Overall however the transfer values for the Affordable Rented homes appear low.

3.4.11 There is only one Intermediate (shared ownership) unit included in the updated appraisal, valued at £212/ft² based on the following assumptions (again including a higher yield assumption):

Extract from UVAR

Shared Ownership									
Unit type	Av Sq Ft	Average Market value	Share sold	Rent on unsold equity	Annual Rent	Net yield	Price per unit	No. of units	Total price
2 bed house	1,056	£320,000	40%	2.50%	£4,800	5.00%	£224,000	1	£224,000
								1	£224,000

3.4.12 First Homes have been valued at 70% of the average market value, as per the requirement for a 30% discount.

3.4.13 We consider the assumed transfer values for shared ownership and First Homes to be suitable. The Affordable Rented values appear low and to fully stress-test the viability we have considered higher values of £140/ft² for the Affordable Rented properties.

3.5 Ground Rents

3.5.1 Additional potential income from ground rents has not been included in the UVAR appraisal. The Leasehold reform (Ground rent) Bill came into force on 30 June 2022. It restricts ground rents on the grant of new leases to a peppercorn. On this basis, we consider that it is acceptable not to include a capital contribution from ground rents within the appraisal.

3.6 Cost Assumptions - Construction Costs & Fees – Private Residential

3.6.1 The originally submitted build costs were based on a cost estimate from Baily Garner dated July 2022 which was uplifted to allow for inflation. The resultant cost was assessed by MWA quantity surveyors on behalf of TDC who considered the costs to be appropriate as at March 2023. The same cost plan and costs have been referred to by ULL in the updated assessment – although we note that the housing mix appears to have changed and the floor area has reduced slightly.

3.6.2 In our previous review we noted that both Baily Garner and MWA had included an allowance for 'inflation during the works' which it is not appropriate to include for the purposes of viability testing. We removed this allowance, and ULL have also removed this allowance in their updated costings.

3.6.3 ULL have updated the July 2022 cost plan figures by 3.77% to allow for inflation (using the BCIS all-in Tender Price Index). Following a similar approach we have relied upon MWA's conclusion as at March 2023 and have updated the costs using the same BCIS All-in TPI which indicates an increase of 0.77% since the point of our previous review.

3.6.4 Our previous review considered the overall allowance for fees to be excessive, and ULL have applied our suggested allowances within their latest appraisal. We have applied the same, adding a 4% fees allowance within our appraisal to the £1.5 million design/professional fees already included within our assumed build cost.

3.6.5 Therefore, we have assumed a build cost of £31,529,068 plus an additional £1.215 million in fees.

3.7 Development Timings/Project Timescales

3.7.1 The development timings applied in the submitted appraisal include a 3-month lead-in and a 24-month construction period with sales revenue spread over a period of 18 months, beginning 12 months into construction. These were previously agreed to be suitable, and we have not adjusted them in our appraisal.

3.8 CIL / Planning Obligations

3.8.1 Thanet District Council does not charge a Community Infrastructure Levy (CIL) on new development. The UVAR has applied updated allowances for S106 items within the submitted appraisal. The changes to assumptions are summarized below, and result in an overall reduction in S106 costs of £35,228.

Previous S106 assumptions			**Updated**			**Difference**
S106: Community Learning &	£	2,381	S106: Community Learning &	£	2,847	£466
S106: Youth Service	£	9,498	S106: Youth Service	£	11,355	£1,857
S106: Libraries	£	8,040	S106: Libraries	£	9,613	£1,573
S106: Adult Social Care	£	21,298	S106: Adult Social Care	£	25,474	£4,176
S106: Waste:	£	7,898	S106: Waste:	£	9,443	£1,545
S106: Primary Education	£	931,600	S106: Primary Education	£	1,111,988	£180,388
S106: Secondary Education	£	916,134	S106: Secondary Education	£	1,093,527	£177,393
S106: Special Education	£	144,099				-£144,099
S106: CCG	£	128,088	S106: CCG	£	152,907	£24,819
-			NR Ticket Machine Shelters	£	11,066	£11,066
Indexation	£	294,412	-			-£294,412
	£	2,463,448		£	2,428,220	-£35,228

3.8.2 It has been stated that the Council is seeking the above amounts (which include indexation). The Council will need to confirm or otherwise, the level of planning obligations required. It should be noted that any change in the chargeable sum(s) assumed would have an impact on the overall viability of the scheme as viewed through the appraisal - a reduction in the CIL/s106 cost assumptions would improve the presented viability outcome and an increase would pull it downwards (looking at the effect of these assumptions only). In all such reviews, we assume that all requirements that are necessary to make a development proposal acceptable in respect of sustainability or other usual criteria will have to be included.

3.9 Development Finance

3.9.1 Finance costs were previously included using a 6.5% interest rate assumption. This has been increased to a 7.5% interest rate, which we consider to be not unreasonable given the changes in the market (and Bank of England base rate) since March 2023. We are regularly seeing rates of 7.0% to 8.0% applied at the current time and the assumption falls in the middle of that range.

3.10 Agent's, Marketing and legal costs

3.10.1 The development appraisal accompanying the FVAR assumes sales and marketing costs of 2.5% total. Legal costs of £750 per market unit have also been assumed. These costs were previously agreed, and the only change is that they have now been applied to First Homes which we consider to be a suitable approach; although part of the affordable housing provision these are likely to be sold by the developer, not by/to a housing association and are a market-facing product.

3.11 Developer's Risk Reward – Profit

3.11.1 In this case, the level of profit has been included as a fixed input at 17.5% of gross development value (GDV) on market housing. Profit on affordable housing has been assumed at 6%; both as previously agreed. The profit assumption for First Homes has not been specified in the updated report, however it appears to have been applied at 17.5%. We agree that First Homes should have a higher profit assumption than typical affordable housing, however we do not consider it appropriate to apply the full market housing level of profit for this product. We have applied an assumption of 12% GDV to the First Homes in our appraisal.

4. Findings Summary

4.1.1 The overall approach taken within the submitted UVAR to assessing the viability of the proposed development is considered appropriate in terms of general principles.

4.1.2 Similarly, the majority of the updated assumptions are considered suitable for the review purpose and circumstances. The following outlines the changes from the previous position and highlights any areas of disagreement/difference of opinion or where we have tested alternative assumptions.

- Benchmark Land Value (BLV) (see 3.2): There is not agreement on this, with ULL proposing a BLV of £2,077,000 which we consider excessive. However we acknowledge that a suitable BLV will be at least £1,457,300. We will consider the BLV in the context of the residual value generated by our updated appraisal.

- Housing mix: The updated appraisal has reduced the proportion of affordable housing from 30% to 22% and has included 10 x First Homes as required by national policy (and with a 30% discount from market sale value assumed).

- The assumed size of some of the units and therefore the overall floor area has reduced slightly although this makes a relatively small difference to viability outcomes.

- Values have been maintained as agreed at March 2023 which we consider to be a not unreasonable assumption given the current market.

- We have tested a higher value for Affordable Rented units, increased from the UVAR appraisal value of £122/ft² to £140/ft².

- We have adjusted our previous assumptions on build costs and fees using the BCIS All-in Tender Price Index (which indicates an increase of only 0.77% since our previous review.

- We have applied updated S106 costs as provided by ULL, which results in a net decrease in S106 costs of £35,228.

- We have increased the interest rate assumption to 7.5% (as proposed by ULL and which we consider to be not unreasonable at the present time).

- We have reduced the profit assumption on First Homes to 12% GDV (resulting in an overall profit assumption in our appraisal of £7,394,520 which equates to 16.6% (blended) on GDV or 19.9% (blended) on cost.

4.1.3 We have run an appraisal, making the above adjustments, which includes 31 units of affordable housing (22% AH) and allows for all stated S106 contributions plus a 17.5% profit on market housing, a 6% profit on affordable housing and 12% profit on First Homes.

4.1.4 Our appraisal (a summary of which is attached as Appendix 3) indicates a residual value for the scheme of £372,408.

4.1.5 This falls below our suggested minimum BLV for the site of £1,457,300. Against this lower BLV the appraisal indicates a deficit of -£1,084,892, and therefore an 'actual' adjusted profit of £6,283,868 which equates to 14.8% on market housing, 12% on First Homes and 6% on affordable housing. This indicates that the scheme as presented (with 22% affordable housing and the required S106 contributions) is proceedable, but at a sub-optimal level of profit, with market housing at just under 15% to 20% range suggested in the PPG.

4.1.6 If a higher BLV (as proposed by ULL) is considered the viability position is worsened.

4.1.7 Overall we consider that the scheme viability has been robustly tested and we agree with ULL/the applicant that if all the S106 contributions below are included, the proposed 22% affordable housing represents a reasonable offer in the circumstances.

4.1.8 To be clear, the proposed affordable housing is 31 units out of a total 141, with the following tenure mix:

- 20 units of Affordable Rent: 16,237 ft² total
- 1 unit of intermediate tenure (Shared Ownership): 1,056 ft²
- 10 First Homes: 2-bed houses, 8504 ft² total

4.1.9 The proposed S106 contributions are as follows:

Updated S106 assumptions	
S106: Community Learning & Skills	£ 2,847
S106: Youth Service	£ 11,355
S106: Libraries	£ 9,613
S106: Adult Social Care	£ 25,474
S106: Waste:	£ 9,443
S106: Primary Education	£ 1,111,988
S106: Secondary Education	£ 1,093,527
S106: CCG	£ 152,907
NR Ticket Machine Shelters	£ 11,066
-	
	£ 2,428,220

4.1.10 Timed as this is during an ongoing period of market difficulty and uncertainty, therefore with the possibility of an improvement in the medium to long term, the Council may wish to consider whether a review mechanism would be appropriate, to ensure that any improvement in the relationship between values and costs can be captured by the Council at an appropriate point during the development.

4.1.11 We need to be clear that our review is based on current day costs and values assumptions as described within our review based on the current scheme(s) as submitted. A different scheme may of course be more or less viable – we are only able to review the information provided.

4.1.12 Of course, no viability report or assessment can accurately reflect costs and values until a scheme is built and sold – this is the nature of the viability process and the reason for local authorities needing to also consider later stage review mechanisms when significant developments fall short of policy provision. In this sense, the applicant and their agents are in a similar position to us in estimating positions at this stage – it is not an exact science by any means, and we find that opinions can vary.

4.1.13 DSP will be happy to advise further if/as required by TDC.

Review report ends

September 2023