



Review of 'Viability Assessment'

**Land at Richard Thornton School, Carnforth,
Lancaster, LA6 3JZ**

DRAFT REPORT

Prepared for
North Yorkshire Council

July 2024



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1 Introduction and Terms of Reference

North Yorkshire Council (“the Council”) has commissioned BNP Paribas Real Estate to advise on a ‘Viability Assessment’ dated 26 April 2024 submitted by ET Planning on behalf of Permahome Limited (“the Applicant”) in relation to development proposals at Land at Richard Thornton School, Carnforth, Lancaster, LA6 3JZ.

The development comprises the redevelopment of the site to provide 11 dwellings.

This report provides an objective review of the Applicant’s viability assessment in order to advise the Council whether the Applicant’s contention that the scheme cannot support any affordable housing is correct.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

BNP Paribas Real Estate has a wide-ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers (“RPs”).

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Jamie Purvis MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The UK Development Viability and Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the viability of developments and the provision of affordable housing.

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as ‘*Viability Testing Local Plans: Advice to Planning Practitioners*’. He was a member of MHCLG’s ‘Developer contributions expert panel’ which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London’s Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England (‘HE’) advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report Structure

This report is structured as follows:

Section two provides a brief description of the Development;

Section three describes the methodology that has been adopted;

Section four reviews the assumptions adopted by the Applicant, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

Section five sets out the results of the appraisals;

Section six, we draw conclusions from the analysis;

Finally, in **section seven**, we set out our final conclusions.

1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Professional Standard ('PS') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the PS acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the PS and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to North Yorkshire Council only. No liability to any other party is accepted.

2 Development Description

2.1 Site Location and Description

The site extends to approximately 0.43 hectares comprising partially developed land which was occupied by former school buildings. The site is located to the west of the village of Burton in Lonsdale. The site is located adjacent to the A687 and is situated c. 2.3 miles to the north east of Wennington Railway Station which provides services into Lancaster in approximately 29 minutes, Morecambe in 57 minutes and Leeds in 1 hour and 30 minutes.

2.2 Planning History

We have reviewed the Council's planning website and the site has not been subject to any redevelopment proposals that are relevant to this viability assessment.

2.3 The Proposed Development

The Applicant is seeking planning permission for the following:

“Construction of eleven dwellings with landscaping, infrastructure, associated works and off-street parking on allocated site”.

We summarise in the tables below the proposed scheme accommodation.

Table 2.3.1: Proposed Accommodation

Plot	Type	Accommodation	Floor Area (sq/ft)
1	Detached	3 Bed, 2 Baths	1,300
2	Link	2 Beds, 2 Baths	900
3	Link	2 Beds, 2 Baths	900
4	Semi	3 Beds, 2 Baths	1,100
5	End	2 Beds, 2 Baths	1,000
6	Mid	3 Beds, 2 Baths	1,300
7	Mid	3 Beds, 2 Baths	1,300
8	End	2 Beds, 2 Baths	1,060
9	Detached	3 Beds, 3 Baths	1,300
10	Semi	2 Beds, 1 Bath	750
11	Semi	2 Beds, 1 Bath	750
Total/Avg	-	-	11,660

3 Methodology

The Applicant has submitted their appraisal using Argus Developer ('Argus').

We have also used Argus to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

Argus is a cashflow-backed appraisal model, allowing the finance charges to be accurately calculated over the development/sales period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed;
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, typically the Existing Use Value ('EUUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also constitute a reasonable benchmark figure where it is considered to be feasible in planning and commercial terms. Development convention and GLA guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of Assumptions

In this section, we review the assumptions adopted by the Applicant in their viability assessment.

4.1 Market Housing Revenue

The proposed market housing units generate revenue of c. £3.77m equating to a blended capital value per sq/ft of c. £324 per sq/ft. In support of this revenue the Applicant has provided a letter prepared by Hackney & Leigh dated 3 December 2001. We summarise the proposed scheme sales values in Table 4.1.1.

Table 4.1.1: Proposed Scheme Sales Values

Plot	Type	Accommodation	Floor Area (sq/ft)	Sale Price	£PSF
1	Detached	3 Bed, 2 Baths	1,300	£425,000	£327
2	Link	2 Beds, 2 Baths	900	£292,500	£325
3	Link	2 Beds, 2 Baths	900	£292,500	£325
4	Semi	3 Beds, 2 Baths	1,100	£368,500	£335
5	End	2 Beds, 2 Baths	1,000	£335,000	£335
6	Mid	3 Beds, 2 Baths	1,300	£410,000	£315
7	Mid	3 Beds, 2 Baths	1,300	£410,000	£315
8	End	2 Beds, 2 Baths	1,060	£345,000	£325
9	Detached	3 Beds, 3 Baths	1,300	£445,000	£342
10	Semi	2 Beds, 1 Bath	750	£225,000	£300
11	Semi	2 Beds, 1 Bath	750	£225,000	£300
Total/Avg	-	-	11,660	£3,773,500	£324

We highlight that the valuation advice provided by Hackney & Leigh is historic and we request that an updated letter is provided together with supporting comparable evidence and valuation rationale.

Pending receipt of this information, we have had regard to the Land Registry House Price Index which shows that sales values have increased by c. 9% since December 2021 generating a current day sales revenue of £4,118,941. We have subsequently adopted this revenue in our appraisal.

4.2 Additional Revenue

The Applicant's appraisal generates a negative residual land value of c. £0.54m, however, the negative land value has also been added into the revenue section of the appraisal in order to generate a total scheme revenue of c. £4.31m. It is unclear why the Applicant has adopted this approach as it is incorrect and we have disregarded this in our appraisal.

4.3 Construction Costs

The proposed scheme construction costs are c. £3.15m equating to a cost rate of c. £270 per sq/ft. In support of the costs the Applicant has submitted a cost plan prepared by Thornton Firkin dated March 2024. The Council has instructed Daniel Connal Partnership to review the costs and they have assessed the scheme costs at c. £3.14m (c. £233 per sq/ft). We attach as Appendix 1 a copy of the cost review.

We highlight that whilst the cost review adopts costs that are similar to the Applicant's costs the cost rates per sq/ft vary significantly as Thornton Firkin appear to have used the net internal floor area whilst Daniel Connal have used the gross internal floor area (plans measured).

4.4 Professional Fees

The Applicant has adopted a professional fees allowance of 10% and we consider that this allowance is reasonable for a scheme of this scale.

4.5 Finance

The Applicant's appraisal adopts an 8% finance rate and we consider that this finance rate falls outside of the typical range adopted in viability assessments and secured lending valuations (the latter of which banks rely upon for secured lending purposes). We have therefore adopted a finance rate of 7%. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.6 Sales, Marketing, Letting & Legal Fees

The Applicant has adopted a 1% marketing fee in addition to a 1.5% sales agent fee and £1,000 per unit legal fees. We do not consider that the Applicant's fees are unreasonable.

4.7 S106 Obligations

The Applicant has not adopted any S106 obligations as their appraisal based on 100% market housing generates a deficit.

4.8 Developer's Profit

The Applicant's viability assessment adopts a profit return of 17.5% on value for the market housing units.

We have taken into account the residual impacts of the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries now that the transition period has expired, in addition to the risks associated with this specific development. We have also taken into account the residual impacts of the Coronavirus pandemic including the supply chain and cost inflation issues that have emerged in addition to the project programme.

Our assessment of profit is based upon the perceived risks associated with the proposed development. In reaching a conclusion on the profit level, we have taken into account the price point of the units and we consider that there will be sufficient demand for the units in the locality. We therefore consider that a profit level of 17.5% of GDV is reasonable reflecting the risk associated with the market housing units.

4.9 Project Programme

The Applicant has adopted a 14 month construction duration in addition to a 4 month sales programme and we do not consider that the project programme is unreasonable.

5 Appraisal Outputs

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

5.1 Viability Benchmark Site Value

The Applicant has adopted a site value of £100 and in support of this site value the Applicant has provided the following statement:

“The site comprises of [sic] the former playing fields at Richard Thornton School and includes a proportion set aside on the western side of the adjoining main buildings complex, to accommodate classrooms built in the 1960s, now demolished and described by the local authority as previously developed land.

The land has fallen fallow and despite the opportunity to assess the land on alternative uses under paragraph 017 of PPG: Viability, we elect, for reasons of expediency and pragmatism, to apply a nominal value of £100.00”.

We have reviewed the Applicant’s statement and for the purpose of this assessment we do not consider the site value is unreasonable.

5.2 Appraisal Results

We tabulate below the results of the Applicant’s viability assessment.

Table 5.2.1: Applicant’s Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. - £0.54m	£100	c. - £0.54m

In summary, the Applicant’s proposed scheme generates a deficit of c. £0.54m and therefore the Applicant’s concludes that the scheme cannot support any affordable housing.

We summarise in the table below our appraisal results.

Table 5.2.2: BNPPRE Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. - £0.30m	£100	c. - £0.30m

In summary, our proposed scheme appraisal generates a residual land value a negative residual land value of c. £0.30m and when benchmarked against a site value of £100 the scheme generates a deficit of c. £0.30m.

However, we have requested that the Applicant provides updated market housing values that reflect current values and consequently our initial conclusions may be subject to revision.

5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis which demonstrates scheme performance in the event that market housing sales values increases/decrease and construction costs increase/decrease. We summarise this analysis in Table 5.3.1.

Table 5.3.1: Sensitivity Analysis (residual land value)

Construction Costs	Sales Values				
	-10%	-5%	0.00%	+5%	+10%
-10%	- £270,513	- £117,251	£32,530	£173,859	£315,187
- 5%	- £438,946	- £284,976	£131,686	£19,155	£160,484
0%	- £607,850	- £453,379	- £299,438	- £146,120	£5,780
+5%	- £777,345	- £622,283	- £467,812	- £313,901	- £160,555
+10%	- £947,047	- £791,675	- £636,716	- £482,245	- £328,363

In the event that sales values increased by 10% and costs reduced by 10% the scheme would generate a surplus of £315,187 when benchmarked against a site value of £100.

6 Draft Conclusion

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support a payment towards affordable housing as the scheme generates a deficit of c. £0.54m.

We have undertaken our own assessment of the scheme and our assessment generates a deficit of c. £0.30m and consequently the proposed scheme cannot support any affordable housing. However, we have requested additional information from the Applicant to support their market housing values, consequently, our initial conclusions may be subject to revision.

7 Final Conclusion

Since issuing our draft report the Applicant has provided a response and we set out our comments below.

7.1 Market Housing Revenue

The Applicant has provided a letter prepared by Hackney & Leigh dated 17 July 2024 which provides updated values for the proposed units which we summarise in Table 7.1.1.

Table 7.1.1: Updated Proposed Scheme Sales Values

Plot	Type	Accommodation	Floor Area (sq/ft)	Sale Price	£PSF
1	Detached	3 Bed, 2 Baths	1,300	£440,000	£338
2	Link	2 Beds, 2 Baths	900	£305,000	£339
3	Link	2 Beds, 2 Baths	900	£305,000	£339
4	Semi	3 Beds, 2 Baths	1,100	£387,500	£352
5	End	2 Beds, 2 Baths	1,000	£350,000	£350
6	Mid	3 Beds, 2 Baths	1,300	£425,000	£327
7	Mid	3 Beds, 2 Baths	1,300	£425,000	£327
8	End	2 Beds, 2 Baths	1,060	£360,000	£340
9	Detached	3 Beds, 3 Baths	1,300	£465,000	£358
10	Semi	2 Beds, 1 Bath	750	£245,000	£327
11	Semi	2 Beds, 1 Bath	750	£245,000	£327
Total/Avg	-	-	11,660	£3,952,500	£339

In support of the updated values the letter provides the following statement:

"I believe the market has changed as we know there were times of great uncertainty with covid very much in people [SIC] minds in 2021/2022.

It would be easy to say that there was a blanket % increase across the board, but for instance values now are returning to 2022 levels having fallen/flattened out during 2023.

Burton in Lonsdale as you know, is a relatively small village and since 2021 a number of properties have sold, mostly however are the older, traditional terraced cottage which doesn't provide useful comparable evidence, however these property [SIC] on Manor close have sold.

No.34, 4 bed detached, 100m² Sold for £405,001 n [SIC] march 2022

No 25, semi-detached, 115m² sold for £346,000 in July 2022

N [SIC] 33, 3 bed semi-detached, 120m² sold for £390,000 in June 024 [SIC]"

We highlight that there are a limited number of sales in Burton in Lonsdale over the past 2.5 years with 22 sales occurring since January 2022 on the Land Registry Database. However, on the basis of the sales at Manor Close we do not consider that the Applicant's updated sales values are unreasonable.

7.2 Final Appraisal Results

We summarise in the table below our appraisal results.

Table 7.2.2: BNPPRE Final Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. - £0.42m	£100	c. - £0.42m

In summary, our proposed scheme appraisal generates a residual land value a negative residual land value of c. £42m and when benchmarked against a site value of £100 the scheme generates a deficit of c. £0.42m. Consequently, the scheme cannot support any affordable housing or Section 106 contributions.

The Council has requested what the profit would be if the scheme provided a payment of £39,005 towards public open space contributions. In the event that this was paid, the scheme profit once the deficit of c. £0.42m was taken into account would be c. 5.9% on gross development value which is c. 11.6% lower than the scheme profit of 17.5%.

Appendix 1 - Construction Cost Review

Land at Richard Thornton's School

Construction Cost Estimate Review

19th June 2024





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1.0 EXECUTIVE SUMMARY

2.0 INTRODUCTION

3.0 COST PLAN COMMENTARY

4.0 COMPARISON WITH BENCHMARK DATA

5.0 CONCLUSION

Appendix One Cost Comparison Summary

1.0 EXECUTIVE SUMMARY

- 1.1 This report has been carried out to provide an independent review of the Feasibility Estimate prepared by Thornton-Firkin LLP dated March 2024 (TF Cost Estimate).
- 1.2 The project comprises the construction of a new residential development to provide 11 no. dwellings including associated external works.
- 1.3 The TF Cost Estimate identifies an estimated construction cost of £3,147,345 (excluding VAT) based on the submitted planning drawings.
- 1.4 Following our review of the TF Cost Estimate, we recommend the construction cost should be in the region of £3,143,000 based on a Design & Build procurement route including a 5% contingency allowance (excluding VAT), as detailed within Section 3.0 of this report.
- 1.5 Based on the Gross Internal Area (GIA) of the proposed dwellings of 1,251m², we summarise as follows: -
- TF Cost Estimate = £2,516/m² or £234/ft²
 - DCP Estimated Construction Cost = £2,513/m² or £233/ft²
- 1.6 In conclusion, we recommend that the TF Cost Estimate should be reduced by approx. £4,345 or 0.1% to reflect current market rates for the proposed works. Note that this is based on a Design & Build Procurement route and includes a 5% contingency allowance.
- 1.7 This report has been prepared for BNP Paribas Real Estate to support their review of the applicant's viability assessment for this project. The contents of this report are confidential and may not be relied upon by any third party or be used for any other purposes than stated here.

2.0 INTRODUCTION

- 2.1 Daniel Connal Partnership has been appointed by BNP Paribas Real Estate UK to carry out a review of the Feasibility Estimate prepared by Thornton-Firkin LLP dated March 2024 (TF Cost Estimate) in relation to the proposed new build residential development at the Land at Richard Thornton's School, Burton in Lonsdale, Carnforth, Lancaster LA6 3JZ.
- 2.2 The works comprises the construction of a new residential development to provide 11 no. dwellings including associated external works.
- 2.3 The TF Cost Estimate has been prepared in support of a viability assessment for planning purposes with an estimated construction cost of £3,147,345.00 (excluding VAT & professional fees).
- 2.4 We confirm that the TF Cost Estimate and our review is based on planning drawings, and we have not been provided with a specification or detailed construction designs.
- 2.5 This review is subject to assumptions, notes, exclusions, and clarifications as listed within TF Cost Estimate. Refer to section 3.0 for our commentary.
- 2.6 We confirm this is a desk top exercise and we have not carried out a site visit / inspection.

3.0 COST ESTIMATE COMMENTARY

3.1 We have reviewed the TF Estimate against benchmark data and provide commentary under the following headings.

3.2 Cost Plan Notes

3.2.1 Introduction. No comments.

3.2.2 Basis of Information. Our review is based on the planning drawings, which we understand are reflected in the TF Cost Estimate.

3.2.3 Assumptions. We have no comments on the assumptions and agree they are reasonable for the level of design information available.

3.2.4 Exclusions. We agree that the listed exclusions are reasonable for a project at this stage of the design process. We confirm the inclusion of Contractors Design & Build fees and therefore base our review on a Design & Build procurement route.

3.3 Feasibility Estimate Summary (including Unit types (dwellings), External Works, Drainage, Services, Preliminaries, Design Fees, OH&P and Contingency). Note all proposed adjustments are subject to the addition of preliminaries, design fees, OH&P and contingency.

3.3.1 Unit types (dwellings). We note that the TF Cost Estimate is based on the NIA of 1,084m² for unit types plus allowances for garages and relevant extra over cost for design features, etc. We calculate this to be equal to £1,293/m² based on the GIA, which we measure at 1,251m². However, based on our own project data and BCIS £/m² studies, plus extra over costs for design enhancement required to comply with planning and building regulations (such as EV chargers, MVHR, PV Panels, stone elevations and slate roof tiles) that we do not consider would have been required for historic projects, we recommend applying an all-in rate for dwellings of £1,370/m² (excluding Preliminaries). Therefore, we recommend the dwelling cost should increase by £96,343.

3.3.2 External works. Further to the completion of a measurement check, we consider the quantities and rates to be adequate and reasonable for the proposed works.

3.3.3 Drainage. Based on our own project data, we recommend an allowance equal to £12,500 per dwelling for foul and surface water installations for a project of this size and nature, in the absence of detailed design information. We therefore recommend TF Cost Estimate is reduced by £11,984.

- 3.3.4 Services. Based on our own project data, we recommend an allowance equal to £7,500 per dwelling for incoming services for a project of this size and nature, in the absence of quotations from the utility's companies. We therefore recommend an increase of £10,250 to TF Cost Estimate.
- 3.3.5 Preliminaries. TF Cost Estimates includes an allowance for Preliminary based on a sum of £10,000 per week for 60 weeks. We recommend it is more common and appropriate to base the Preliminaries on a percentage of the build cost at stage of the project and with this level of design information. We recommend an allowance equal to 17% of the build cost.
- 3.3.6 Main Contractor Design Fees. TF include an allowance for design fees that calculates to 3.5% of construction cost. We consider this reasonable based on the assumption that this project is to be procured using a Design & Build form of Contract.
- 3.3.7 Main Contractor Overheads & Profit (OH&P). The TF Cost Estimate includes an allowance equal to 7.5% of construction cost. We recommend that this is reduced to 6% to reflect market rates.
- 3.6.3 Contingency. TF have not included an allowance for contingency. However, we recommend that a contingency allowance equal to 5% of construction cost be added to reflect the level of design information and remaining project risks.

3.4 In summary, we recommend the following adjustments to TF Cost Estimate: -

1. Unit Types (Dwellings)	= £96,343
2. External works	= £345
3. Drainage	= (£11,984)
4. Services	= £10,250
Subtotal	= £94,954
5. Preliminaries; rebased on @ 17% build cost	= (£202,000)
6. Adjust Design Fees @ 3.5%	= £3,283
7. Adjust Main Contractor OH&P @ 6%	= (£50,582)
8. Add Contingency @ 5% of construction cost	= £150,000
TOTAL Adjustments to TF Cost Estimate	= (£4,345)

3.5 Based on our recommended adjustments above, we confirm an estimated construction cost of **£3,143,000 based on a Design & Build procurement route including a 5% contingency allowance (excluding VAT)**. This equals £2,513/m² or £233/ft² based on GIA of 1,251m².

4.0 COMPARISON WITH BENCHMARK DATA

4.1 The Building Cost Information Service (BCIS) £/m2 study for new build estate housing, rebased to 2Q 2024 (391) and a location of Lancaster (95), suggest a rate per m2 based on Gross Internal Floor Area for building costs including preliminaries of £1,445/m2. Please note this excludes 'abnormal' costs, external works, OH&P and contingency.

4.2 We consider the following 'abnormal' or site-specific cost to be applicable for this project in the sum of c£199,000. These relate to design details that we assume are required to meet planning requirements or building regulations that would not have been included for historic projects. Please note we have adopted TF Cost Estimate figures (rounded to nearest £'000) for these items for the purpose of this analysis: -

- | | |
|--|-----------|
| a. E/O for EV Chargers, MVHR & PV panels | = £91,000 |
| b. E/O for stone elevations & slate roof | = £79,000 |
| c. Preliminaries on above @ 17% | = £29,000 |

4.3 We therefore summarise as follows: -

- | | |
|--|---------------------|
| • Building cost; £1,445m2 (GIA) x 1,251/m2 | = £1,806,000 |
| • Extra over 'abnormal' or site-specific costs | = £199,000 |
| • External works, drainage and services including prelims | = £737,000 |
| • Subtotal | = £2,742,000 |
| • Design Fees @ 3.5% | = £82,000 |
| • Main Contractors OH&P @ 6% | = £169,000 |
| • Contingency @ 5% | = £150,000 |
| • Estimated Construction Costs | = £3,143,000 |
| • This equals £2,513/m2 or £233/ft2 based on GIA of 1,251m2. | |

5.0 CONCLUSION

- 5.1 In conclusion, we recommend an estimated construction cost of **£3,143,000 based on a Design & Build procurement route including a 5% contingency allowance (excluding VAT)**, which is £4,345 or 0.1% lower than TF estimated construction cost of £3,147,345, to reflect current market rates for the proposed works. Refer to Appendix One for a Cost Comparison summary.
- 5.2 We consider the Building Cost Information Service (BCIS) £/m2 study plus 'abnormal' or site-specific costs, external works, design fees, OH&P and contingency, provides support / substantiation to our findings.
- 5.3 Please note that the construction estimate is based on a Design & Build procurement route and therefore design fees required for the construction phase of the works are deemed to be included.
- 5.4 Our estimated construction costs include a contingency allowance equal to 5% of construction cost. We do not deem any further construction contingency to be required in the project viability assessment. Please note that TF Cost Estimate excluded client contingency.



Appendix One

Comparison

Land at Richard Thornton's School
 Cost Comparison Summary 17.06.24

GIA (m2) 1,251
 GIA (ft2) 13,463

		Thornton-Firkin Cost Estimate			Daniel Connal Partnership			Comments 17.06.24
		TOTAL cost (£)	Cost per m2	Cost per ft2	TOTAL cost (£)	Cost per m2	Cost per ft2	
1.1	Unit Types (Dwellings)	£ 1,448,357	£ 1,158	£ 108	£ 1,544,000	£ 1,234	£ 115	Adjusted to BCIS £/m2 excl prelims
1.2	EO for EV chargers, MVHR & PV	£ 90,750	£ 73	£ 7	£ 91,000	£ 73	£ 7	
1.3	E/O for stone elevations & slate roof	£ 78,550	£ 63	£ 6	£ 79,000	£ 63	£ 6	
2.0	External Works	£ 409,655	£ 328	£ 30	£ 410,000	£ 328	£ 30	Rounded to nearest '000
3.0	Drainage	£ 149,984	£ 120	£ 11	£ 138,000	£ 110	£ 10	Based £12,500 per plot
4.0	Services	£ 71,750	£ 57	£ 5	£ 82,000	£ 66	£ 6	Based £7,500 per plot
	BUILDING SUB-TOTAL	£ 2,249,046	£ 1,798	£ 167	£ 2,344,000	£ 1,874	£ 174	
5.0	Preliminaries (17%)	£ 600,000	£ 480	£ 45	£ 398,000	£ 318	£ 30	Adjusted to 17.5% of build cost
6.0	Main Contractor Design Fees @ 3.5%	£ 78,717	£ 63	£ 6	£ 82,000	£ 66	£ 6	Included at 3.5% of build costs
7.0	Main Contractor OH&P @ 7.5% (6%)	£ 219,582	£ 176	£ 16	£ 169,000	£ 135	£ 13	Reduced to 6.5% of build costs
8.0	Contingency (5%)	£ -	£ -	£ -	£ 150,000	£ 120	£ 11	Added at 5% of construction costs
	TOTAL CONSTRUCTION COST	£ 3,147,345	£ 2,516	£ 234	£ 3,143,000	£ 2,513	£ 233	

Appendix 2 - Proposed Scheme Appraisal

Licensed Copy

Development Appraisal

Land at Richard Thornton School

11 Dwellings

Report Date: July 24, 2024

APPRAISAL SUMMARY**LICENSED COPY****Land at Richard Thornton School
11 Dwellings**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Market Housing Units	11	11,660	353.25	374,449	4,118,941

NET REALISATION**4,118,941****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(299,438)		(299,438)
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CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost		
Market Housing Units	13,463 ft ²	233.45 pft ²	3,143,000		3,143,000

PROFESSIONAL FEES

Architect		10.00%	314,300		314,300
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MARKETING & LETTING

Marketing		1.00%	41,189		41,189
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DISPOSAL FEES

Sales Agent Fee		1.50%	61,784		
Sales Legal Fee	11 un	1,000.00 /un	11,000		72,784

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)					
Land			(21,214)		
Construction			125,951		
Other			21,553		
Total Finance Cost					126,291

TOTAL COSTS**3,398,126****PROFIT****720,815****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	43.02%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths

Appendix 3 - Proposed Scheme Appraisal (Final)

Licensed Copy

Development Appraisal

Land at Richard Thornton School

11 Dwellings

Report Date: July 24, 2024

APPRAISAL SUMMARY**LICENSED COPY****Land at Richard Thornton School
11 Dwellings**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Market Housing Units	11	11,660	338.98	359,318	3,952,500

NET REALISATION**3,952,500****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(423,747)	(423,747)	
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CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Market Housing Units	13,463 ft ²	233.45 pft ²	3,143,000	3,143,000

PROFESSIONAL FEES

Architect		10.00%	314,300	314,300
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MARKETING & LETTING

Marketing		1.00%	39,525	39,525
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DISPOSAL FEES

Sales Agent Fee		1.50%	59,288	
Sales Legal Fee	11 un	1,000.00 /un	11,000	70,288

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			(29,181)	
Construction			125,951	
Other			20,677	
Total Finance Cost				117,447

TOTAL COSTS**3,260,813****PROFIT****691,687****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	45.46%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths