

15<sup>th</sup> March 2021

Ref: TLP Exam



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Inspector David Reed  
C/O Ian Kemp  
Programme Officer  
Tewkesbury Borough Plan  
P O Box 241  
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Dear Sir,

### **Tewkesbury Borough Local Plan (TLP) Viability – Response to EXAM 022A, 022B and 022C**

Further to our written submissions concerning Matter 1, and more specifically the disconnect between the TLP Viability Assessment and the reality of S.106 obligations being sought by the Education Authority, and subsequent discussions regarding the matter in the hearing sessions, the Council has published Viability Addendums.

Having regard to the Questions set out in your note on Plan Viability (EXAM 023), our response is assisted by a letter from Andrew Short of Whiteleaf Consulting (viability expert), as attached to this letter. Mr Short raises a number of concerns and fundamental clarifications in order to fully consider the robustness or otherwise of the Viability Addendums.

In addition to Mr Short's submissions, I would reiterate that national policy and guidance requires this matter to be carefully scrutinised with evidence fully tested.

***“Plan makers should consider the combined total impact of such requests, so they do not undermine the deliverability of the plan.”***

(NPPG: Paragraph: 003 Reference ID: 23b-003-20190901)

Paragraph 34 of the Framework requires that policies for developer contributions should not undermine the delivery of the plan. In addition, in order to be 'Effective' in accordance with paragraph 35 of the Framework, the TLP should be deliverable. In this context, we cannot have confidence on this matter for the TLP with the absence of a detailed viability consultation to fully test the Viability Addendums and their assumptions.

As such, in response to Question 1 of EXAM 023, the updated information does not adequately assess the impact of current practice in relation to higher S.106 contributions as the full workings have not been provided.

In response to Question 2 of EXAM 023, the updated sales values/build costs should not be taken into account until such time as further clarifications are provided and tested through consultation.

In response to Question 3 of EXAM 023, it is clear that viability goes to the heart of the plan in terms of deliverability, and therefore the matter needs to be fully evidenced and tested to ensure the plan is sound.

In response to Question 4, it is considered that if the plan is allowed to proceed without more detailed testing of viability matters, including S.106 obligations being sought for education contributions, there are grave consequences for the Development Plan as a whole. Specifically, it will lead to viability submissions for individual planning applications on allocated sites, causing delays to delivery, which will in turn lead to land supply shortfalls and ultimately therefore the failure of a plan led system.

We trust these submissions are of assistance.



**Conor Flanagan MRTPI**  
Director



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**12<sup>th</sup> March 2021**

Dear Sir

#### **Tewkesbury Local Plan Examination**

We have been instructed by Black Box Planning and Taylor Wimpey to comment on the Addendums to the Tewkesbury Local Plan Viability Assessment, namely Addendum Note 1 (EXAM022B) and Addendum Note 1a (EXAM022C). The addendums were published on 8th March 2021 and we understand the Local Plan Inspector has requested submissions by 15th March 2021. Given the short time allowed, in preparing this note, we have not had the opportunity to undertake a review of the original Viability Assessment (EXAM004) and therefore nor have we been able to fully interrogate the Addendums. The comments provided below are therefore made following only an initial review of the Addendums in the time allowed.

Consequently, it should be noted, we reserve our position on other aspects of the viability assessments provided by the council. Indeed, the addendums do provide some concerns in this respect in that it is evident that for sites over 50 dwellings the viability is based on the lower quartile BCIS figures. This is not appropriate, and medium BCIS should be used for all development or, at the very least, be placed between median and lower quartile (with a significant contingency on lower quartile). Using lower quartile does not provide any sensitivity to the BCIS costs over time. The addendums suggest that costs have not moved significantly (see comment below), but over the time of the plan, costs will increase and the viability needs to be robust enough to show deliverable development over the full plan period not just on day one.

Our comments more specific to the Addendums are as follows:

- The viability uses an index to increase the house GDV. Indices should only be used where no other information is available as, for example, they can exacerbate an incorrect starting point. In this case a full review of actual sales in the area for the preceding 18 - 24 months should be undertaken.
- The viability suggests the BCIS data has not increased significantly. To enable comment on this the actual BCIS data used should be provided (including date of interrogation) to ensure

it is robust and reflects the same period or date used for the house prices. The graph provided on BCIS costs clearly indicates these values fluctuate but will still rise over time and the viability should be presented with this potential rise accordingly by not using the lowest cost basis and providing a reasonable contingency. This is the highest cost input into any viability model (and development) and so should be treated with care in terms of determining what base to use.

- The addendums are silent on all other inputs. If house prices are adjusted for time lapsed, then all costs need to be reconsidered. This would mean infrastructure costs and abnormal costs also need to be considered and increased (or decreased – although unlikely) within the model. In addition, all costs should be subject to finance and so the implications on the cash flow needs to be assessed. The higher costs will increase finance costs.
- Higher costs increase developer risk, so this must be reflected in the viability appraisal.

As stated above, we have not been party to the viability appraisals previously submitted to the Examination and due to the tight time scales have not had a chance to review these. We would therefore also note that BCIS costs do not currently reflect the changes coming to the Building Regs Part L or the Future Home Standards being promoted by Government. Such costs are significant with costs of up to £4,780 per unit being suggested by Government and must be reflected.

We trust this response is helpful to the Inspector but would retain the right to make further comment on any detailed viability report and appraisal that may be released by the council in support of their claims that the increase in s106 costs can be supported by the increase in house values. In our experience increases per house in the order of £12,000 would have a significant impact on viability even in high value areas and so would ask that the full revised appraisals are released, and time is provided for a reasoned response.

Yours sincerely



Andrew Short

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