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**Subject:** 20-00678 - Bicester - Land at North West Bicester - Firethorn - Firethorn Trust  
**Date:** 31 May 2022 17:40:34  
**Attachments:** [9f7e23b3-8552-424d-a75a-be5302f4b1af.png](#)

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*Sent for and on behalf of Archie Mackay-James:*

Dear Caroline,

Further to your letter dated 18<sup>th</sup> May, we have considered your comments and can confirm that our preferred option for moving forward is that viability discussions continue based upon the information submitted and the further information below and attached, which includes a revised cost plan and updated appraisal and viability position. We would like to try to resolve the outstanding issues on the inputs and assumptions to reach an agreed position on viability.

We appreciate that this option requires a further fee proposal and commitment to cover both HLD fees and RLF's fees together with an agreement of a new timetable moving forward which will impact on timescales. With this in mind, we have drafted a timetable below which would enable a pathway to the July committee.

We note your comment that the viability work is linked to work around standards and sustainability and the need to resolve what standard the development would be built to and how this complies, or otherwise, with the definition of True Zero Carbon as set by Policy Bicester 1 of the Cherwell Local Plan Part 1 2011-2031. We sent over clarifying comments provided by Stantec on 11<sup>th</sup> May, please can you confirm the position on these. We need clarity on this as a matter of urgency to enable viability matters to proceed and request that Bioregional provide a response at the latest by the beginning of next week.

We anticipate that a broad indication of the quantum of affordable housing that can be offered will be clarified once we have addressed a number of areas of difference with HLD over the coming weeks, once HLD have reviewed the amended scheme proposals.

We have now updated our appraisals in order to consider the impact on the overall viability if the scheme were reduced to 500 units against the original 530 unit scheme, taking into consideration the updated cost and value advice received from G & T and Green and Co based to Q1 2022 (all attached). Both scheme appraisals takes into account the suggested scheme amendments proposed by CDC on the overall viability position. Therefore G & T's updated cost plans assumes the following:

- adjust the gross to net ratio for the apartment block to 80%
- garages provided with detached 4 and 5 bedroom houses only. The units have also been valued on this basis.
- 25% provision of Electric Vehicle Charging Points for visitors with ducting
- Cost inflation adjusted to Q1 2022

The table below summarises the residual land values generated when assuming 30% affordable housing and 100% private housing for each scheme.

No. of units	Affordable Housing position	Residual Land Value
530	30% Affordable Housing (70% AR & 30% SO)	(Negative) -£6.8 million
530	100% private housing	£2.77 million
500	30% Affordable Housing (70% AR & 30% SO)	(Negative) -£5.2 million
500	100% private housing	£3.42 million

This demonstrates that when decreasing the quantum of units to 500, there is a marginal positive impact on the residual land value of the scheme when assuming 100% private housing and a slightly larger impact when assuming 30% affordable housing. This is due to Argus skewing finance costs and other appraisal assumptions when a negative land value is generated. The table below illustrates the key differences between the schemes when assuming 100% private housing, which is a truer

comparison due to the schemes generating positive residual land values.

Appraisal input	530 unit scheme	500 unit scheme	Difference
Units per NDA	17.6	16.6	1
GIA (Sq ft)	474,482	514,784	40,302
NIA (Sq ft)	460,893	503,488	42,595
Sq Ft per NDA	15,816	17,133	1,342
GDV (Million)	£186	£196.8	£10.8
Base build (Million)	£81.7	£89.2	£7.50
Infrastructure (Million)	£19.9	£19.9	£0
Contingency (Million)	£5.9	£6.3	£0.4
S106 Costs (Million)	£18.7	£17.6	-£1.1
Finance (Million)	£5.3	£5.6	£0.3
Professional Fees (Million)	£8.6	£9.25	£0.63
Profit (Million)	£37.1	£39.3	£2.2
Residual Land Value (Million)	£2.77	£3.42	£0.65

This illustrates that whilst the gross area of the 500 unit scheme has increased, which has pushed up base build construction costs by £7.5 million and associated professional fees and contingency, the gross development value has increased by £10.8 million due to the increased sales area and inclusion of 5 bedroom houses and S106 costs have reduced by circa £1.1 million which offsets these cost increases.

Hence the suggested scheme amendments by HLD have a marginally positive impact on the overall viability position, but not significant enough to demonstrate that this should form the basis of viability negotiations moving forward. The application has been prepared against the original 530 unit scheme and the additional work undertaken to consider the 500 unit scheme does not fundamentally change the outcome of the viability testing. Both scheme options are generating residual land values below a benchmark land value of £11.8m, based on HLD's assessment at £150,000 per acre. We are therefore seeking confirmation that the original 530 unit scheme is the scheme that will be tested and taken forward to committee. It is important to note that this is an outline application for up to 530 units. This will afford maximum flexibility in terms of delivery and the reserved matters applications will deal with the specific issues of layout, unit sizes and number of units to be delivered.

We therefore request that both HLD and RLF confirm their fee position and agreement to the below timescales for reviewing the updated appraisal, confirming that there is no material benefit in taking forward the 500 unit scheme over the 530 unit scheme, conducting negotiations and working towards an agreed viability position.

We therefore propose the following timetable in order for all Parties to work towards the July committee date:

Date	Action
Week commencing 6 <sup>th</sup> June	(1) Feedback from Bioregional regarding Stantec comments on sustainability. (2) CDC confirm scheme amendments are acceptable (3) Confirmation of fee position from RLF / HLD and timescales.
Week commencing 13 <sup>th</sup> June	HLD carry out review of updated Rapleys appraisal and appraise 500 unit scheme to confirm no material benefit over 530 unit scheme. HLD and Rapleys carry out any additional negotiations to confirm the basis of the 530 unit scheme.
Week commencing 20 <sup>th</sup> June	HLD and Rapleys look to conclude viability negotiations and present options available to Council.
Friday 24 <sup>th</sup> June	Deadline to reach agreed viability position to enable Case officer to prepare committee report
Friday 1 <sup>st</sup> July	Submission of committee report
Friday 14 <sup>th</sup> July	Committee meeting

We recommend that RLF confirm the fee position and timescales to review and confirm the reasonableness of the updated cost plan for the 500 unit scheme based on the amended assumptions (as per G & T above) rebased to Q1 2022. It should not be necessary for RLF to

produce their own independent cost plan for the 500 unit scheme on the basis that the scheme advanced to committee is the 530 unit scheme.

I trust the above is clear and I would be happy to discuss further. Please note that I am on annual leave the rest of this week, returning Monday 6<sup>th</sup> June.

Kind Regards

Archie

**Archie Mackay-James**

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Senior Associate

Affordable Housing & Viability

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