*Our consultants submit an alternative appraisal of a 1911sqm (Lidl size) store with the following assumptions varied (in italics) to reflect comments made by Cushman & Wakefield.*

*Our consultants are not changing their submitted position, the alternative appraisal is to inform discussions about the retail levy rate.*

* + Professional fees – The industry standard range for commercial schemes is 8-12% of costs for professional fees, therefore the 7% rate as proposed in the viability appraisal is considered to be low.

*The tests for commercial schemes have been carried out based on 8% Professional fees. In addition 0.5% Legal fees and 0.6% Statutory fees have been added (which are often rolled into the ‘professional fee’ bracket in this type of assessment) so overall a 9.1% fee allowance has been made*

* + Finance – the viability assessment includes a debt interest rate of 5% pa. Interest rates have dramatically increased over the last 12 months impacting debt financing costs. The Bank of England base rate is currently 5.25% and debt funding is typically several percentage points above this level. C&W are currently benchmarking interest rates of 7.5-8% pa on viability assessments.

*The additional appraisal attached includes an 8% interest rate allowance.*

* + Construction costs – build cost allowed for within the Council’s evidence is £1,249 per sqm. BCIS median costs for supermarkets, rebased to Bassetlaw as at August 2023 is currently £1,739 per sqm which represents a substantial increase from the Council’s viability assessment. Experience of Local Plan and CIL examinations shows that BCIS median costs are generally accepted as the authoritative position on build costs in the absence of site specific QS estimates.

*The construction cost assumption has been varied to £1450sqm (from £1249sqm) which should cover build cost inflation. Since base costs have been increased we have altered the contingency allowance to a mid range of 3%.*

* + The cost of implementing accessibility standards – the Council’s viability assessment assumes a cost for S106 of £11 per sq m for the foodstore development typology. Based on the Lidl’s proposed development of 1911 sqm this would represent a cost of £21,021, which is considered to be completely inadequate for the off site highway improvements typically associated with implementing a foodstore consent. As a benchmark, Lidl’s previous planning application included a proposed S278 agreement for highway works of £1.3million.

*We have increased the S106 allowance to £25sqm*

*The alternative revised appraisal, taking a fairly generous view on a number of the assumptions, still demonstrates potential CIL viability of £193sqm for greenfield development and £123sqm for brownfield development so the Council is satisfied that the proposed rate of £100sqm is reasonable and justified.*