

14 March 2023  
Viability Addendum Response



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Dear Sir / Madam

**Warwick District Council NZC DPD Examination Matter 3 Viability Testing and Assessment: Viability Note Addendum**

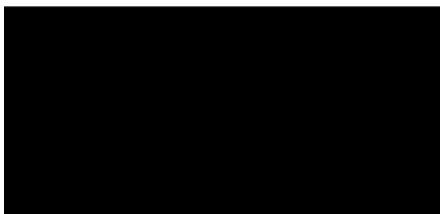
Savills, on behalf of Barratt David Wilson Homes (Mercia), thanks you for the opportunity to respond to the Viability Note Addendum (March 2023). This looks at providing an explanation as to the 3% and 6% uplift on base build costs adopted for the residential and non-residential uses in the Warwick District Council NZC DPD Evidence Base.

Whilst we understand the methodology and approach taken, we still highlight that in some cases the evidence used (and thus the historic base build costs adopted) is quite historic. For example, one of the main sources for the residential analysis is "National Government's Future Homes Standard Impact Assessment (Ministry of Housing, Communities & Local Government [MHCLG], 2019)". However, this was published in 2019, and relied on even more historic data (i.e. pre 2019) for that analysis.

We highlighted in our original submission the rise in build cost inflation, and consider that this impact has not been considered in detail. By considering the uplift on build costs in 2019/20, this looks at a point in time, which is accepted, and a 3% uplift at that point was appropriate. However, if the base cost increases (in line with inflation), it is not reasonable to consider that the 3% uplift would remain the same, rather it should be 3% **plus** an element of inflationary impact. There is a danger that the required uplift in cost is being underestimated, which could impact on the viability and thus delivery of scheme across the District.

Should you require any further clarification in relation to the points set out above please do not hesitate to be in contact.

Yours sincerely



Sarah Gregory  
Director

