

**Tuesday 21 January
2020**

**Morning &
afternoon
sessions**

**9.30am – 1.00pm &
2.00pm – 5.30pm**

Viability technical seminar

AGENDA

The purpose of the viability technical seminar is to provide clarification of the methodology and assumptions underpinning the viability evidence, thus saving time during the hearing session itself. Discussion of the implications of the viability evidence for the soundness of the Plan will take place at the viability hearing session the following day.

While it will not be appropriate for parties to criticise one another's viability assessments at the technical seminar, detailed questioning of methods and assumptions will be appropriate.

As well as the June 2019 Hyas Viability Assessment Update [VAU] [EB/086] submitted by the NEAs, viability appraisals and model-based analyses of one or more of the GCs have been submitted to the examination by six other participants:

- Avison Young on behalf of NEGC Ltd;
- GL Hearn on behalf of Andrewsfield New Settlement Consortium and Countryside Properties;
- Gerald Eve on behalf of Galliard Homes;
- Savills on behalf of L&Q, Cirrus Land and G120;
- CAUSE; and
- Mr M O'Connell.

Each of the above participants has prepared a short paper for the viability technical seminar summarising the approach they have taken. Hyas's approach is set out in EB/086 but the NEAs have also prepared a seminar paper dealing with a query from the Inspector. The Inspector proposes to take those papers as read and proceed straight to a discussion of each of the appraisals and analyses.

Beginning with the NEAs, he will ask each participant to give a brief summary (maximum five minutes) of their approach. He will then ask them questions of clarification.

Other participants will then be given the opportunity to ask questions of clarification if they wish, before the Inspector moves on to the next participant.

Without setting any restriction on the scope of clarification questions, the Inspector particularly wishes to explore the following topics, where they are relevant to each of the appraisals and analyses:

- the approach taken to inflation; and
- the calculation of net present value [NPV] and internal rate of return [IRR].

The Inspector also has the following specific questions which it would be helpful for participants to be prepared to answer at the technical seminar:

Comparison of appraisals

The tables below set out the Inspector's understanding of some of the figures in the appraisals from the NEAs, NEGC, ANSC & Countryside, Galliard and G120, Cirrus Land & L&Q. Grey-highlighted figures have been calculated or inferred by the Inspector. RLVs are taken from the base case for the relevant appraisals.

Questions

Are the figures and other information in the tables correct?

How were the per-unit infrastructure figures for the Hyas VAU (which appear in Figure 4.3 of the Main Report) calculated?

Plot external costs

In their response (para 7.3e.2) the NEAs say that in EB/086 certain enabling and site preparation works have now been calculated based on the full site area (ha) of each GC, together with an additional extra allowance of +10%. These are set out and itemised for each site under Category 4 in EB/087. This updated approach and the new cost information now picks up some of the enabling works costs which had previously been considered to be within the original 15% allowance for on-plot externals. On that basis the plot externals allowance has been reduced to 10%.

Question: Which items were previously considered to be on-plot external costs and have now been itemised under Category 4 in EB/087?

Phasing of infrastructure items in EB/086 Supplementary Information, 250dpa scenarios

Mr O'Connell says in his statement that Hyas have rephased infrastructure costs in their 250dpa modelling for West of Braintree GC in too optimistic a fashion. Specifically, he says that Other Itemised and Other should not have been moved to later periods.

Question: To which items does this comment refer, and is it justified?

NEA Appraisals June 2019	West of Braintree (BDC part only)	Colchester Braintree Borders	Tendring Colchester Borders
Hectares	496ha	1,170ha	424ha
Acres*	1,225ac	2,890ac	1,047ac
No of dwellings	10,000 (BDC only)	21,000	7,500
Build-out rate	300dpa / 250dpa	300dpa / 250dpa	300dpa/ 250dpa
Infrastructure per unit	£57,000 excluding prof fees & contingency	£52,000 excluding prof fees & contingency	£54,000 excluding prof fees & contingency
RLV / acre	Range of values depending on assumptions on contingencies, availability of grant and build-out rate		

* Conversion at 2.47ac / ha

NEGC Appraisals Sept 2019	West of Braintree (BDC & UDC parts)	Colchester Braintree Borders	Tendring Colchester Borders
Hectares⁺	685ha	1,170ha	424ha
Acres*	1,692ac	2,890ac	1,047ac
No of dwellings	12,500 (BDC & UDC)	21,000	7,500
Build-out rate	300dpa / 500dpa	300dpa / 500dpa	300dpa / 500dpa
Infrastructure per unit	£64,000 incl prof fees & contingency	£56,000 incl prof fees & contingency	£51,000 incl prof fees & contingency
Land cost / acre	£40m / 1,692ac = £23,640	£76m / 2,890ac = £26,298	£41m / 1,047ac = £39,160

⁺ Inferred to reflect Hyas values

* Conversion at 2.47ac / ha

Promoters' appraisals 2019	ANSC & Countryside	Galliard Homes	G120, Cirrus Land & L&Q
GC	West of Braintree (BDC part only)	West of Braintree (BDC & UDC parts)	Colchester Braintree Borders
Hectares*	661ha	536ha	704ha
Acres	1,633 ac	1,325ac	1,738ac
No of dwellings	8,306	10,000	17,000
Build-out rate	300dpa	300dpa	354dpa
Infrastructure per unit	£53,208 excluding prof fees & contingency	£51,000 excluding prof fees & contingency	£45,711 including prof fees & contingency
RLV / acre	£113,892	£170,024	£110,127

* Conversion at 2.47ac / ha