

## Welborne

### Viability & Deliverability Supporting Statement (September 2014)

#### Introduction

Through Q4 2012 to Q2 2014, GVA and GVA Financial Consulting Ltd advised Fareham Borough Council in relation to the viability, deliverability and associated infrastructure funding for the proposed Welborne New Community.

The commission comprised two stages of Viability Testing (March 2013 and January 2014), alongside a single Infrastructure Funding Strategy (reported in June 2014). Our viability analysis thus ended in January 2014, whereas our funding advice ended in June 2014.

The viability work was delivered by GVA in conjunction with separate exercise, led by AECOM and supported by Gardiner & Theobald, relating to infrastructure planning and costing for Welborne.

Our work at the time therefore comprised considerable analysis of the emerging 'Strategic Framework Plan' and 'Final Concept Masterplan'; the latter of which was used as the basis of our viability testing. This included analysis of associated infrastructure costs, development costs, and potential revenues arising. The work also considered the issue of 'input land values' by way of ascertaining underlying viability and deliverability.

As documented in our reports, key stakeholders (including landowners and their representatives) were heavily involved in the evolution of our method and findings through the process.

#### Viability & Deliverability Considerations

Based on the analysis completed at the time we considered that whilst the development delivered a considerable 'residual surplus' in all scenarios; when taking into account landowner and/or enabler returns (including 'input site value') the scheme appeared unviable and therefore undeliverable.

We observed at the time that these findings were of course predicated on the forecast Infrastructure Delivery Plan (IDP) and associated development outputs (linked to the Concept Masterplan) at the time. In particular we felt that this principally related to the onerous nature (capital cost and profile) of the IDP, which we considered to be extremely onerous (particularly over the first 10 years).

Given these findings it was apparent that there were a number of areas where wider site viability and deliverability could be significantly enhanced. These are summarised below:

- Review of potential funding options – including internal funding structure and the sourcing of beneficial external funding;
- Further evolution of the Concept Masterplan – clearly opportunities existed to further optimise the existing masterplan by way of aiding viability (e.g. review of density, layout etc.); and
- A review of the IDP - to determine whether savings could be made or infrastructure spend re-profiled to aid underlying viability; and

- A refinement of the viability testing method – so as to better reflect the specific circumstances of the development including role and objectives of key landowners and/or developers and/or public sector stakeholders.

Since the completion of our reports we also highlight that there has been a notable improvement in the property market both in Hampshire and nationally, which will likely have had a positive impact on scheme viability in the short term.

We are also aware that site stakeholders may have secured external funding to aid scheme cashflow; albeit we are not privy to the detail in this regard.

## Conclusions

In conclusion then by the end of our viability commission in January 2014 we considered that there were a number of areas where site viability may be improved through further review of the proposed scheme and further engagement with key stakeholders including (potentially) external funders.

Whilst we have not been involved in the scheme for a considerable time, and are therefore not privy to how such strategies might have been addressed, we note that macro-market factors may have improved since our analysis thereby aiding underlying viability.

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