

Mondi Viability Statement Update
Friday 23rd February 2024
F.A.O. Helen Leach and Dave Marno
Bury Council
Without Prejudice

Further to our Viability Statement on 2nd November 2023 and Helen Leach's response on Friday 12th January 2024, I would like to set out our proposal to draw this matter to a close.

In our original Teams Meeting in October 2023 we agreed that Eccleston Homes would instruct our viability consultant to set out, in headlines, the key economic differences between the submission supporting our refused application in July 2021 and now. As a house builder we are operating in fundamentally different economic circumstances as build costs have increased significantly whilst sales values have only increased marginally (at best). Coupled with the fact that borrowing has increased substantially it is no surprise that other larger house builders have, in the case of Stewart Milne, gone into administration, or in the case of Redrow and Barratt Homes masked significant downturn in housing numbers, profit and turnover by forming an alliance rather than face financial uncertainty.

As discussed and agreed, we want to avoid an exercise of creating, comparing and accepting a new set of viability numbers. We did not agree last time and therefore we agreed the best way to take the Viability Statement forward and to proceed to Committee is to set out what we have done and why, when in support of a new application with a new offer of 'planning gain' through the provision of a public car park, the viability can be considered robust.

To provide clarity on the process to date I set out in summary the actions to date:

- Original application in July 2021 produced a deficit of (£1.5M), however this was not agreed with Capita. Eccleston Homes made a business decision, notwithstanding the deficit to offer 10 affordable homes. The application was recommended for approval;
- New application submission November 2023. Eccleston Homes has made a business decision to offer a car park at an agreed specification in place of the affordable housing. There is a loss of developable area and a loss of footage. The updated viability statement produced a deficit of (£1.88M);
- Following consultation with Bury Council and a refining of costs a new statement was produced with a deficit of (£1.77M);
- Northern Land Agency submitted a refreshed viability statement taking on board comments from Helen Leach showing a deficit of (£1.714M);
- Helen Leach requested further changes, however as we previously agreed with Bury Council this was not the way we wanted to progress a viability review (and should be considered in terms macro over-riding economic factors). Notwithstanding this approach, if we did accommodate all of Helen Leach's comments this would produce a deficit of (£640,000), however with the passage of time and the availability of additional data on BCIS indices, this deficit moves out to (£1.175M) in January 2024.

To expand upon the final point above, if we are to make the changes set out in the email from Helen Leach to John Matthews on Friday 12th January (despite the fact that we don't agree the changes are reasonable), we now have the benefit of changes to the BCIS indices, now showing a 20% increase in costs against the baseline and not 19%, and the house price index is showing only 12% growth between July 2021 and November 2023, rather than 15% as previously reported. These changes have a significant impact and take the residual deficit to (£1,175,810).

The current position of (£1.175M) compared to (£1.5M) should be considered against the backdrop of actual build costs, the reality for a business like Eccleston Homes is that the actual costs are significantly higher than the costs identified within the viability statement and carries a significantly higher risk that the deficit of (1.175M) is higher in reality.

To address a point previously raised in connection with the acoustic fencing, any such costs were removed as part of the viability statement on 12th January 2024.

We are seeking Bury Council's advice on a **without prejudice** basis to consider our proposal.

We believe that this is the best offer for Bury Council as the provision of the car park has the biggest political gain for Ramsbottom. If Bury Council are minded to support this strategy we will formally submit this new information and we believe that this produces a better scheme/offer for the residents of Ramsbottom. Furthermore, with the way sales prices and build costs are moving this deficit is likely to be increased further with the February 2024 data, however this data is not yet available online.

Eccleston Homes believes that this is the right offer which, we hope, can result in an agreement with Bury Council to push the application to committee. If, however Bury feel that we should approach this through a different route, can this option be made clear as we are keen to take this scheme forward in the short term.

We continue to respond to feedback in relation to the site drainage and ecology and we believe that this scheme can be taken to committee in the short term with a recommendation for approval.

Can you please confirm your support for the above so we can provide the update, many thanks.

Kind regards
Yours sincerely,

Eccleston Homes Ltd



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