

Private & Confidential
Without Prejudice

Garry Hildersley
Head of Planning, Policy & Building Control
Barnsley Council
Sent via email only to: garryhildersley@barnsley.gov.uk

22nd May 2025

Re: Land south of Barugh Green Road, east of Higham Common Road, Barnsley - Hybrid Planning Application 2021/1090: Financial Viability Assessment

Dear Garry,

Thank you for your response to our 'Without Prejudice' offer letter dated 10th April 2025. We have reviewed your response which is essentially that there needs to be some further compromise from Strata to achieve an acceptable position.

The response focuses on two particular areas of the approach to the appraisal which you have asked that we revisit in light of the proposed counter from CPV which relates to the application of a Placemaking Premium and Standard Build Cost allowances. Therefore, assuming that the other principles of the appraisal are agreed, we have updated our modelling to enable the provision of this revised position following a review of our approach to Place Making Premium and Standard Build Costs.

We have relooked at our appraisal with the view that this is Strata's final position, demonstrating significant compromise to achieve an agreement whereby we can take the planning application to Planning Committee on 25th June 2025. I have set out below the logic behind our revised position below.

Placemaking Premium

We remain extremely dubious about whether a Placemaking Premium will be achieved on this site. The increase of selling prices over and above House Price Inflation by a significant amount we feel is unlikely and have offered that a suitable overage provision can be drafted into the S106 to capture any over achievement of this should it occur. However, we did apply rational premiums to parcels R4, R5 and R6 in our previous offer which amounted to an additional £10,550,313 of development value. We maintain the opinion that if there was a Placemaking Premium, it would not be applicable from day one as the place needs to be made and established and have therefore focused on the latter phases of the main development scheme after the school is open and the strategic landscape is becoming more established.

Following this principle but reviewing an approach in light of your latest response, we have increased the premium attributed to parcel R5 and 40% of the R6 parcel to 3%. We have now attributed the following placemaking premiums to the following parcels:

Parcel	Placemaking Premium
R4	5% (£4,415,500)
R5	3% (£1,276,425)
R6	60% of the parcel (c. 240 plots) at 5% (£4,122,450m) 40% of the parcel (c. 160 plots) at 3% (£1,648,980)
Total	£11,463,355

This increase adds £913,000 to revenues across the scheme. We propose that any uplift beyond this is captured by way of an Overage, which would ensure the Council secure over achievement up to the value of the total S106 ask should Place Making Premium or Market Conditions exceed current proposals.

Standard Build Costs

We previously compromised on build costs at £122.94/sqft. We understand that the Council have suggested that build costs should be £120.47/sqft. We have now taken a further compromised position at £121.70/sqft, with a view to reaching a resolution. There is little science on this matter as we feel that we have already compromised and this is more a gesture to achieve a satisfactory resolve.

This means that Strata have reduced build costs by £11.22/sqft, and we are now just £3.70/sqft away from CPV's original stated build cost at £118/sqft, which demonstrates significant compromise on our part.

This adjustment reduces the development cost by a total of £2,700,791 (Standard Build –£2,500,733 & Professional Fees –£200,059).

Highways Costs

Since we submitted our Initial Without Prejudice Offer to you, the Council's Highways Team have provided costings for the majority of the off-site highway works. S106 contributions are requested for three of the junctions and two junction improvements are now required through Grampian planning conditions. Strata are being asked to carry out these works rather than make a S106 payment so they will need to be added to the development costs. A cost was not provided for works to the Whinby Road roundabout and until such cost is known, we have attributed a notional £500,000 to these works.

As per the email from Highways on 8th May 2025 we understand the off-site highways works are to be costed as follows:

Off site highways contributions via S106

- B6428/A61 Staggered Junction (Lee Lane / Shaw Lane) – £823,592
- Chestnut Tree roundabout / Redbrook Road / A635 – £94,875
- Dearne Hall Road – £91,250
 - Total – **£1,009,717**

Conditioned works to be carried out by Strata

- Pogmoor Road / Summer Lane traffic signals – £226,450
- Whinby Road – £500,000
 - Total – **£726,450**

REVISED Without Prejudice Offer – 100% OMS Scheme

In addition to the onsite delivery of Primary School, Strategic Infrastructure & Link Road, the above adjustments to the Financial Viability Assessment model have been made on the basis of a fully Open Market Scheme. The above adjustments provide a surplus over and above developer return of 18% of **£4,799,636** offering for financial contributions and off-site highways works which would be secured via the S106 agreement or Grampian condition. This equates to £3,076/plot. We propose that how and what this is spent on it considered by Barnsley Council but acknowledge that the Highways contributions will likely be a necessity to make the development acceptable, as per the NPPF. The conditioned highways works will need to be taken from this figure and if the off-site highways contributions are also accounted for this leaves **£3,063,469** to be apportioned to any other S106 asks.

REVISED Without Prejudice Offer – OMS and AH scheme

We understand that the Council are expecting a level of Affordable Housing to be delivered on site. With this in mind, we have looked at a scenario whereby S106 financial contributions are reduced from the c£4.8m mentioned above, to £2.24m. This facilitates 43 units across phases 6 and 7 (at c. £59.5k per AH plot). Again, if the highways works are accounted for from this amount, this would leave £503,833 for other S106 asks.

Strata still remain committed to delivering Affordable Housing outside of the S106 for Phase 1, and have a deal agreed in principle with an RP to deliver the 16% AH utilising Homes England grant funding. We have shown the affordable units on the planning layout for phase 1 and this will be an approved plan. This can be referred to within the committee report and as stated we are committed to this delivery, but it cannot be referenced in the S106 as HE grant funding would then not be available to the RP.

If politically within the S106 there needs to be reference to a scheme of Affordable Housing or a limited number of AH units for later phases, but we can agree to a mechanism that Grant Funded AH will contribute to the overall % achieved and offset the S106 required units. We feel this would be a compromise to allow the securing of AH in latter phases in the S106 but allowing earlier delivery in other phases on the scheme and a likely stronger overall AH provision. If the Council agree with this approach, the offer of c.£4.8m would stand and we will take the risk on committing to the 43 affordable units in phases 5 and 6 as we still believe we will over deliver on grant funded units across earlier phases the scheme.

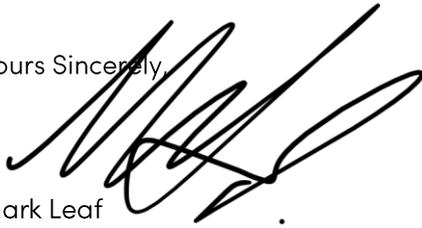
Review Mechanism

In the meeting in March, we discussed that the S106 will contain a review mechanism for all future RM applications for Parcels R2 – R7, we would propose creating a simple framework whereby revenues and standard build costs are reviewed and the head room/surplus of the scheme evaluated.

It would be good to understand if any future surplus will go to cash contributions or onsite delivery of Affordable Housing and subject to acceptance of the offer, I suggest we meet to work through this mechanism in more detail to ensure that it is fair and balanced for both parties.

I hope that this Without Prejudice offer is welcomed and demonstrates our commitment to see the scheme come forward. Once you have taken the time to review this offer, I would welcome your response as soon as possible to enable this scheme to be taken to Planning Committee on the 25th of June. We remain committed to achieving this date.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Mark Leaf', written over the 'Yours Sincerely' text.

Mark Leaf

Chief Growth Officer

Strata

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