



Independent Viability Experts

FAO Ms Jessica Duffield
Senior Planning Officer
Barnsley Council

David Newham MRICS
Director
CP Viability Ltd

Sent by email only

Our ref: DN-1293
Your ref: 2022/0016
Date: 22nd October 2025

Dear Ms Duffield,

PROPERTY ADDRESS: Land north of Keresford Road Dodworth Barnsley S75 3QY

INSTRUCTING BODY: Barnsley Council

APPLICANT: Keepmoat Homes



Further to your instruction dated 1st October 2025, we are pleased to report as follows.

1. Property Overview

- 1.1. The subject property is located to the east of the village of Dodworth around 2 miles southwest of Barnsley town centre. The site wraps around the eastern edge of the village and is located immediately adjacent to junction 37 of the M1. The A628 (Whinby Road, located to the north of the site, gives access from the M1 to the village and further to the west gives access to Penistone. The nearest rail connection to the subject site is at Dodford train station, around 975m to the northwest with services to Sheffield and Huddersfield. Dodworth village centre around 800m to the west of the site has a limited range of local amenities, including a small high street with a convenience store, primary schools, a hotel, a public house and an industrial/commercial estate to the north and northwest of the village.
- 1.2. More specifically, the subject property lies in an edge of settlement location on the outskirts of existing residential development. To the south and west are residential areas of housing, to the east is the M1 and to the north is an area of public open space, separating the site from the slip road for junction 37 of the M1 motorway. A convenience store is located within 50m of the north of the site, and a Toby carvery restaurant is located on the slip road for the M1. Residential housing in the vicinity of the site is a mixture of detached and semi-detached two storey dwellings.
- 1.3. The site is comprised of previously agricultural land and areas of woodland, a tree belt is located along the western boundary, within which there is a ditch that connects to Dodworth Dike in the south. A Public Right of Way dissects the site to the south, running from Lambert Fold in the west to a footbridge over the M1 in the east. The site is mainly overgrown grassland with a varying topography. The site slopes from north down to the south, with a steep landscaped embankment located between the site and the slip road for the M1, which is situated below the level of the site.

- 1.4. According to the 'Financial Viability Assessment' dated 16th September 2025 submitted by Heb Chartered Surveyors ("Heb") on behalf of the applicant company, the site is irregularly shaped, generally flat and extends to 7.73 Ha (19.10 acres) on a gross basis.
- 1.5. There has been one application in respect of part of the site: **2018/0456** "*Residential development of 146 dwellings with access, car parking, landscaping and ancillary works*" This was withdrawn in April 2018.
- 1.6. The current planning application for the subject site is as follows: **2022/0016** - "*Residential development of up to 126 dwellings and associated works (Outline application with matters reserved apart from means of access)*"
- 1.7. We understand from the Heb "Financial Viability Assessment" dated 16th September 2025 that the accommodation to be provided will be as follows:

Description	Type	Beds	Units	Unit size (sq ft)	Gross internal area (sq ft)
Padbury	Semi	2	33	765	25,245
Seacourt	Semi	3	20	918	18,360
Holgate	Semi	3	20	1,019	20,380
Killington	Detached	3	15	1,013	15,195
Farley	Detached	3	10	1,021	10,210
Selset	Semi	3	12	1,088	13,056
Newham	Detached	4	6	1,289	7,734
Thirlmere	Detached	4	10	1,300	13,000
Total			126		123,180

2. Scope of Assessment and General Assumptions

- 2.1. As indicated above, acting on behalf of the applicant, Heb submitted their viability review on 16th Sept 2025. In it, Heb consider 3 appraisal scenarios. They conclude *"...the scheme for the purpose of assessing viability is deemed to be unviable..."*
- 2.2. We have been instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to whether this can provide any affordable housing / S106 contributions.
- 2.3. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that prior to accepting this instruction we undertook a conflict-of-interest check. It is stressed that as an organisation we only provide independent viability reviews upon the instruction of Local Authorities and therefore can guarantee that we have not provided viability advice on behalf of the applicant / their advisors for this scheme or any other project. Within this context and having undertaken a review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.
- 2.4. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that the fee agreed to undertake this review is a fixed rate (covering the elements set out in our fee quote / terms of engagement) and is not performance related or a contingent fee.
- 2.5. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that CP Viability Ltd is not currently providing ongoing advice to Barnsley Council in area-wide financial viability assessments to help formulate policy.

- 2.6. As stated within the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) it is now a mandatory requirement to provide sensitivity analysis of the viability results. This is to demonstrate to the applicant and decision maker the impact that changes to inputs have on the viability outcome and also to help the assessor reach an informed conclusion. We have subsequently undertaken sensitivity testing as part of this review.
- 2.7. We have assessed the viability of the scheme as at 22nd October 2025.
- 2.8. This assessment does not provide a critique of the proposed development design (i.e. we have not commented on the efficiency of design, density etc). Our role is limited to testing the viability of the proposals as detailed on the relevant planning applications.
- 2.9. We have relied on the information provided to us by the instructing body and the applicant/developer and in particular information publicly available through the Council's planning portal website. We have not met either of the Instructing Body or the applicant/developer and subsequently have not partaken in any negotiations regarding the scheme.
- 2.10. In accordance with the RICS "Assessing viability in planning under the National Planning Policy Framework 2019 for England (Guidance Note 1st Edition, March 2021), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).
- 2.11. In undertaking our appraisals, we have utilised the ARGUS Developer toolkit. This is an industry approved cash-flow model, designed specifically for residual appraisals.

2.12. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor.

3. Heb's appraisal – summary

3.1. As stated above, Heb's "Financial Viability Assessment" dated 16th September 2025 considers the following:

- **Scenario 1** – policy compliant (30% affordable housing / S106 £1,398,866). Profit on GDV of 20% (18.55%). Results in a residual land value of (minus) -£2,606,630.
- **Scenario 2** – policy compliant (30% affordable housing / S106 £1,398,866). Profit on GDV of 15% (14.39%) and results in a residual land value of (minus) -£1,725,113.
- **Scenario 3** – with 30% affordable housing and no Section 106 contributions returns a residual land value of (minus) -£1,544,614.

3.2. All scenarios are below their separately assessed benchmark land value of £2,865,000 and therefore fail to meet the viability threshold. Based on their modelling Heb conclude (in respect of scenario 1) that *"On this basis the scheme for the purpose of assessing viability is deemed to be unviable and the viability gap is £5,471,630."*

3.3. They carry out sensitivity testing on the outcome of their appraisal, through the reduction of profit to 15% in scenario 2 and the removal of the S106 contributions completely. They conclude *"This shows only a slightly improved land value which is still negative..."*.

3.4. To summarise Heb's assessment (Scenario 1), we have categorised the costs under what we consider to be the most common sections of a viability appraisal. This categorisation approach allows us to undertake a comparison with other developments.

Gross Development Value (Revenue)

Type	No.	Av price per sq ft	Total
Market Value dwellings	88	£283	£25,724,695
Affordable Rented dwellings	38	£140	£4,498,200
Total	126		£30,222,895

Gross Development Cost (Outgoings)

Type	Notes	Total
Semi construction	£97 per sq ft (44,911sq ft GIA)	£4,356,367
Det construction	£121 per sq ft (46,139 sq ft GIA)	£5,582,819
Afford. Construction	£106 per sq ft (32,130 sq ft GIA)	£3,405,780
Future Homes	£6,050 per unit (£6.19 per sq ft)	£762,300
Electric Charging	£800 per unit	£100,800
Contingency	6.04% of base build costs	£806,459
Professional fees	4.89% of build costs	£652,185
Infrastructure /Abnormals	Various (£309,632 per acre)	£5,913,971
Planning contributions	£106	£1,398,866
Marketing & sales	7% of market value GDV (3.5% of all)	£1,800,729
Sales legal fees	£2,077 per dwelling (MV)	£261,745
Finance	9% debit	£2,182,377
Developer profit	18.55% MV/18.55% AH of GDV	£5,605,128
Total		£32,829,526

- 3.5. This produces a negative residual land value of (minus) -£2,606,630. Heb conclude that “... the scheme for the purpose of assessing viability is deemed to be unviable...”

4. CP Viability's appraisal

Gross Development Value (Revenue)

4.1. We have based our assessment of value for the completed dwellings on the mix detailed above (see para 1.7).

4.2. In their appraisal, Heb have adopted the following market sales values:

- 2b Semi	765 sq ft	£214,200 (£280 psf)
- 3b Semi	918 to 1,088 sq ft	£257,040 to £304,640 (£280 psf)
- 3b Det	1,013 to 1,021 sq ft	£288,705 to £290,985 (£285 psf)
- 4b Det	1,289 to 1,300 sq ft	£370,500 to £367,365 (£285 psf)

4.3. To arrive at these values, Heb consider the following:

- Land Registry average sales data between 2023 and 2025.
- New build availability at 9 developments.
- New build reserved data at 4 developments
- New build sold data for 4 developments
- Second hand sales data within 1 mile of the postcode S75 3NX, completed within the last 12 months.
- Second hand available data within 1 mile of the postcode S75 3NX.

4.4. For the purposes of our review, we have initially considered Land Registry data for the postcode area 'S75' within which the subject site is located. We have limited the results to semi-detached and detached houses which completed within the last 2 year period. Results are limited; however, we note:

Barratt Homes, Lock Keepers Gate. Located around 1.85 miles to the north of the subject site, on the outskirts of Barugh Green. The development is now complete; the following sales were achieved in the latter part of 2023.

	Address	SQFT	£ per SQFT	Price	Date	Type
61	DEARNE HALL LANE	1,066	£285	£304,045	20/10/2023	Det
63	DEARNE HALL LANE	1,066	£285	£303,996	13/10/2023	Det
			£285	£304,021		
2	DEARNE HALL LANE	1,270	£292	£370,496	21/12/2023	Det
76	DEARNE HALL LANE	1,302	£277	£360,996	10/11/2023	Det
78	DEARNE HALL LANE	1,302	£277	£360,996	15/12/2023	Det
			£277	£360,996		

We can compare:

- A detached property of 1,066 sq ft which achieved (on average) £285 psf, with a semi-detached property of 1,088 which has a proposed value of £280 psf.
- A detached property of 1,270 sq ft which achieved £292 psf, with a detached property of 1,289 sq ft which has a proposed value of £285 psf.
- A detached property of 1,302 sq ft which achieved (on average) £277 psf, with a detached property of 1,300 sq ft which has a proposed value of £285 psf.
- Overall, the values are broadly similar.

4.5. Due to the lack of transactional evidence we have then considered available new build dwellings within 3 miles of the subject site. We note the following.

Smithy Wood Gate by Avant Homes. Located circa 0.7 of a mile to the south of the site. The following homes are currently available for sale:

The Leyburn 3b detached	£274,995 947 sq ft (£290 psf)
The Leyburn 3b detached	£299,995 947 sq ft (£317 psf)
The Leyburn 3b detached	£304,995 947 sq ft (£322 psf)
The Leyburn 3b detached	£309,995 947 sq ft (£327 psf)
The Cookbury 4b detached	£389,995 1,275 sq ft (£306 psf)

When comparing the available property values against those proposed we are able to see:

- A semi of 918 sq ft has a proposed value of £280 psf, compared with a semi of 947 sq ft at this site which asking between £290 - £327 psf.
- A detached of 1,289 sq ft has a proposed value of £285 psf, compared to a detached at this site of 1,275 sq ft which asking £306 psf.
- Each of these values are higher than those proposed at the subject site.

Hay Green Park by Avant Homes. Located approx. 3.05 miles to the southeast on the outskirts of Hoyland.

The Leyburn 3b detached	£309,995 - 947 sq ft (£327 psf)
The Horbury 4b detached	£369,995 - 1,291 sq ft (£287 psf)

At the subject site, a property of 918 sq ft has a proposed value of £280 psf and a property of 1,289 sq ft has a proposed value of £285 psf. Both of which are lower than those values shown as asking price at this development. However, Hoyland has a lower average value (£187,294) accordingly to Rightmove sold data, than Dodworth (£202,180) over the last 12-month period. So, this is not expected.

4.6. We have then considered second-hand sold dwellings in Dodworth. The results below are limited, as many sold properties did not have similar square footage to the subject site.



19 Bowden Grove Dodworth S75 3TB
3 bed semi-detached
£210,000 on 22nd November 2024
764 sq ft (£275 psf)



6 Orchard Croft Dodworth S75 3QY
3 bed detached
£260,000 on 25th October 2024
1,076 sq ft (£242 psf)



3 Cramlands Dodworth S75 3QZ
4 bed detached
£360,000 on 11th December 2024
1,334 sq ft (£270 psf)

4.7. Finally, we have considered available second-hand properties. We note the following:



Woodland Mews
3 bed semi-detached
£220,000
947 sq ft (£232 psf)



Water Royd Drive Dodworth
4 bed detached
£320,000
1,284 sq ft (£249 psf)



Far Townend Dodworth
4 bed detached
£368,000
1,270 sq ft (£290 psf)

4.8. Overall, and having considered all of the above, we find Heb's suggested average value rate to be slightly below expectations for 2 key reasons:

- The transactional evidence from Lock Keepers Gate showed broadly similar values to those adopted by HEB at the subject scheme. However, these values were achieved in late 2023. According to the UK House Price Index, the average new build price in Barnsley in October 2023 was £256,790. The latest figure shown in the data (June 2025) shows a new build average of £288,202, which is an increase of around 12%.
- Current asking prices are significantly higher than the values proposed by Heb. Even with a 5% deduction for sales incentives, this would result in net sales values above Heb's figures.

4.9. Adopting what we consider to be a cautious approach; we have increased the semi average values from £280 to £285 per sq ft. Similarly, we have increased the detached average from £285 to £290 per sq ft.

4.10. As for affordable housing, we have assumed an average transfer rate equivalent to 50% of the equivalent market value (to cover both rented and shared ownership tenures), which is consistent with the approach we have recently accepted on other residential development schemes in the Barnsley District.

Construction costs

4.11. In their assessment, Heb's appraisal show the following build costs:

- Semi plot	£4,356,367 (£97 per sq ft)
- Detached plot	£5,582,819 (£121 per sq ft)
- Affordable plot	£3,405,780 (£106 per sq ft)
- Future Homes	£762,300 (£6,050 per unit)
- Electric charging	£100,800 (£800 per unit)
- Contingency	6.04% of combined base build costs
- Infrastructure / abnormal works	£5,913,971 (£309,632 per acre)

4.12. To arrive at their plot construction costs Heb refer to the Build Cost Information Service ("BCIS") lower quartile rate for 2 storey housing (By house type), rebased to Barnsley. Their plot costs therefore derives from the BCIS, a database regularly used in the development industry as a point of reference for construction costs.

- 4.13. We agree that it is appropriate to refer to the BCIS in order to establish plot costs for a scheme of this scale and nature. Please note that BCIS data excludes external works, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.
- 4.14. To give the BCIS data some context, between January 2015 and Oct 2024 there were 149 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.98 houses per scheme submitted into the data. 58.39% of the sample comprised schemes consisting of 20 houses or less and only 10.74% of the sample (16 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors.
- 4.15. The efficiency savings that a volume housebuilder is able to make with respect to both labour and material are not therefore reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs incurred by volume house builders. For this reason, the BCIS median rate is not generally used when considering a scheme that would be implemented by a volume house builder. For schemes like the subject development, the lower quartile rate is typically used (which is the approach adopted by Heb).
- 4.16. We initially reviewed the BCIS 5-year dataset, which provides the most recent and up to date build costs data. However, the sample size was considered too small and did not include all house types.

4.17. Furthermore, we have concerns about the reliability of adopting the BCIS ‘individual’ rates, due to small sample sizes (particularly for detached dwellings). We therefore typically prefer to use ‘general’ rates.

4.18. We note the following current rates (rebased to Barnsley):



£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 18-Oct-2025 07:36

Rebased to Barnsley (86; sample 34)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,363	680	1,156	1,305	1,491	4,678	1263
Single storey (15)	1,563	915	1,304	1,492	1,707	4,678	199
2-storey (15)	1,314	680	1,138	1,271	1,446	2,819	995

4.19. We consider the 2-storey rate lower quartile rate to be appropriate, which is currently £1,138 per sq m (£105.72 per sq ft). We have applied this to our appraisal as an average rate to all dwelling types.



4.20. Heb' allow a further £6,050 for Future Homes costs, which are due to come into effect in late 2025 (and are not currently reflected in the BCIS figures). It is debatable as to whether this should be allowed as a cost to the developer in this appraisal for 2 key reasons:

- It is unclear how the improvements in energy efficiency will impact on the 'end values' of dwellings. It is likely that a dwelling which is more energy efficient (and therefore attracts lower energy bills) would have a higher market value when compared to a dwelling which is less efficient. It is conceivable that the majority (if not all) of the costs associated with delivering the Future Homes Standard would be offset by an improvement in the market value of the dwelling. This, at this stage, remains untested in the marketplace therefore it is difficult to appropriately balance this in current viability testing.
- Our understanding is that this will be a requirement from December 2026, however, as with the Part L and F changes first introduced in June 2022, there is likely to be a 12 month transitional period, in which case this wouldn't be a requirement until later 2027 (at which point a large proportion of the site could have been constructed)

4.21. In light of these uncertainties, we consider it appropriate to exclude Future Homes costs from the viability appraisal testing.

4.22. However, the Building Safety Levy is due to come into effect from 1st October 2026 and will therefore impact on the site. The rate for Barnsley Council (as set by the Government) for greenfield sites is £8.30 per sq m, applied to market value housing only (and not affordable). For a policy compliant scheme, this equates to £70,206, which we have applied when running a policy compliant model.

- 4.23. Heb’s allowance of £800 per dwelling is deemed appropriate for the electric vehicle charging and has been accepted in our appraisal.
- 4.24. Heb’ note that BCIS costs do not include external works, and generally they use a fixed percentage to uplift the build costs to take into account the cost of external works. That said, Heb do not appear to allow for ‘standard’ external costs in their review.
- 4.25. However, we consider that it is necessary to include an allowance for ‘standard’ external works. By way of evidence, we have reviewed other viability appraisals we have been involved with for similar scale schemes. We have identified the standard externals put forward by the applicants in their own viability appraisals (therefore not our opinion). We note the following:

Site Address	Council	Date	Units	Externals (% plot)
Dodworth Green Rd, Dodworth	Barnsley BC	Mar-23	51	15.00%
Goldthorpe Rd, Goldthorpe	Barnsley BC	Apr-24	106	10.00%
Wakefield Road, Barnsley	Barnsley BC	Apr-24	221	9.05%
Lee Lane, Royston	Barnsley BC	Apr-24	242	10.00%

- 4.26. Based on the above, and adopting a cautious approach, for the purposes of our review we have adopted 15% of the plot costs.
- 4.27. In terms of contingency, we would stress that this is ultimately a figure which may never be realised by a developer (and there is a line of argument to say that a contingency should not be allowed in viability testing for this reason, as essentially ‘risk’ is reflected already in developer profit). In other words, this is a cost which may never be drawn upon by the developer in which case this simply becomes an additional profit, potentially at the expense of planning policy requirements.

4.28. However, and notwithstanding this, it is common practice to apply contingencies to viability modelling (as well as this approach being approved through the viability guidance) therefore we are of the view that it is appropriate to make some allowance for contingency in the appraisal, albeit not overstating this given the pressures on Councils to deliver planning policies. We are of the view that a figure of 3% reflects a reasonable balance between the need to include some level of contingency but also the Council's need to deliver planning policies. We have applied this in our appraisal.

4.29. With respect to abnormal / site specific infrastructure works costs, Heb allow:

E/O Trench	158,496
Driven Piles	484,911
Reinforcement	67,200
Bike Shed	78,400
Retaining	1,181,412
Screen Walls	90,649
Acoustic Fence	149,850
POS	107,059
Elevational Treatments	63,000
Works to Right of Way	40,000
Carlow Tank	719,610
Pumping Station	178,024
Extra Over Depths	358,080
Cut & Fill	529,485
Veg removal	50,000
Removing Rock	24,750
Stat Diversions	77,320
Substation	81,500
Importing Stone	83,404
Access Works	1,201,821
Mines & Minerals / Insurance	189,000

4.30. These total £5,913,971 (equivalent to £309,632 per acre).

4.31. Given the significant level of purported costs, we have sought cost advice from a third-party, independent quantity surveyor. Thornton Firkin were subsequently engaged to review the costs of £5,913,971 (plus the Future Homes Standards, car charges and bike shed and hoops). Please see attached Appendix 1, which sets out their findings. In summary, Thornton Firkin conclude that the admissible abnormal costs in the viability appraisal should total £2,007,806. However, Thornton Firkin do conclude as follows (see Section 5 of their report):

However, given the level of information provided, several of the submitted abnormal cost items may be substantiated should additional information and cost details were forthcoming.

4.32. In other words, for some of the cost items Thornton Firkin were unable to accept these due to a lack of supporting evidence / information. If the applicant is able to provide more detail / supporting evidence then Thornton Firkin can revisit their position.

4.33. Please note, though, that the level of benchmark land value is connected to the level of abnormal costs (as required under the Planning Practice Guidance: Viability). If the abnormal costs increase, the benchmark land value decreases and vice versa. In practical terms, it is not the case that if abnormal costs go up by £100,000 per acre the land value will always decrease by £100,000 per acre, as the land value still has to be at a sufficient level to incentivise a landowner to release the site for development. For example, if a site has an existing use value as an agricultural field at £10,000 per acre and, after abnormal costs are deducted, a residential scheme can only deliver a land value of £15,000 per acre then this would not represent a sufficient incentive for a landowner to release the site for development. There still has to be some sort of suitable premium above the existing use value.

4.34. However, it is reasonable that the burden of the higher abnormal costs on a development should not fall solely on the Council through a reduction in their planning policies. The principle that the land value must bear the most significant proportion of any abnormal costs is a sound one.

4.35. In short, changes in abnormal costs are of course significant. However, when assessing viability, they should be balanced against land value (which can serve to dampen the effect of abnormal costs on the overall viability outcome). In this respect, even if abnormal costs were to increase in the future (following receipt of further evidence from the applicant) this does not automatically mean that there will be a change in the viability outcome, as the level of benchmark land value would need to be reduced to reflect this change. We can provide further advice in the event that the applicant does provide further detail on the abnormal costs which results in a change in Thornton Firkin's conclusions.

Professional fees

4.36. Heb have allowed for professional fees totalling £652,185 (equivalent to 4.31% of our adjusted build costs).

4.37. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.25. We note the following:

Site Address	Council	Date	Units	Prof fees %
Dodworth Green Rd, Dodworth	Bamsley BC	Mar-23	51	8.04%
Goldthorpe Rd, Goldthorpe	Bamsley BC	Apr-24	106	9.91%
Wakefield Road, Bamsley	Bamsley BC	Apr-24	221	5.84%
Lee Lane, Royston	Bamsley BC	Apr-24	242	5.56%

4.38. In light of the above, if anything, Heb's allowance is deemed to be below expectations. We have subsequently increased this to 6% in our appraisal.

Planning policies

4.39. We understand that the Council's existing policy H7 requires 30% onsite affordable housing for housing developments of 15 or more dwellings in Penistone, Dodworth and the Rural West. The local requires a tenure split of 70% affordable rent and 30% intermediate housing. Heb have accounted for 30% within their appraisals, with 38 units in total. If the affordable housing requires are to meet local plan policy requires this should have a tenure mix comprising 27 rented and 11 Intermediate tenure dwellings.

4.40. In addition, Heb have included the following S106 requirements (totalling £1,398,866):

Green Space	503,816
Biodiversity Net Gain	89,750
SYMCA	69,300
Education	736,000

4.41. We have adopted the same in our appraisal. Please note, if this is subject to significant variation in the future then this could impact on our overall viability conclusions (and we may need to update our recommendations).

Marketing / legal costs

4.42. To cover sales and marketing, Heb have allowed marketing / disposal costs totalling £1,800,729. This is equivalent to 7% of the market value revenue or 3.5% if the affordable revenue is also factored in. A further allowance of £2,077 per unit is made for legal costs.

4.43. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.25. We note the following:

Site Address	Council	Date	Units	Marketing /disposal
Dodworth Green Rd, Dodworth	Barnsley BC	Mar-23	51	2.50%
Goldthorpe Rd, Goldthorpe	Barnsley BC	Apr-24	106	2.00%
Wakefield Road, Barnsley	Barnsley BC	Apr-24	221	2.50%
Lee Lane, Royston	Barnsley BC	Apr-24	242	2.50%

4.44. The above are each based on market value revenue only. We therefore consider it reasonable to apply a 2.5% on market value revenue allowance for the marketing / disposal costs. Furthermore, we have allowed £800 per open market dwelling and £10,000 for the transfer of the affordable dwellings, which we would expect to be transferred in batches on the same title plan.

Finance

4.45. Heb have allowed for finance costs at a debit interest rate of 9%. Considering recent decreases in the Bank of England base rate this is considered to be higher than our expectations. We have reduced the interest rate to 7% which we consider to be reasonable for viability purposes, when assuming 100% debt financing.

4.46. To calculate the finance, we have inputted our appraisal data into Argus Developer, which is an industry approved discounted cash flow model. This calculates the finance charge.

Developer's profit

- 4.47. Heb consider that the appropriate level of developer's profit for this scheme should be 20% of total revenue for the market value dwellings and 8% of total revenue for the affordable dwellings, using the argument that the subject scheme has a greater degree of risk due to several macro-economic and site-specific factors.
- 4.48. For a scheme of this size and nature we believe it is appropriate to apply a profit margin expressed as a percentage of the revenue.
- 4.49. The Planning Practice Guidance ("PPG") on viability shows that profit is a reflection of risk and is subject to adjustment to take into account site specific circumstances. The PPG suggests that developer profit should fall within a range of 15% to 20% on revenue, unless firm evidence suggests otherwise (whilst this is within the context of Local Plan viability testing the recent viability consultation process suggested that this was a reasonable range to apply to decision making viability assessments). With regard to the affordable housing, the PPG states that: "A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk." This is conventionally around 6 % to 8% on revenue.
- 4.50. As for the larger schemes referred to above in paragraph 4.25 (Dodworth Green Rd, Lee Lane and Wakefield Rd) in each of these examples we accepted 20% on market value revenue and 6% on affordable revenue. For consistency, we consider it reasonable to adopt the same approach here.

Benchmark land value

- 4.51. The BLV attempts to identify the minimum price that a hypothetical landowner would accept in the prevalent market conditions to release the land for development. Whilst a relatively straight forward concept in reality this is open to interpretation and is generally one of the most debated elements of a viability appraisal. It is also often confused with market value, however the guidance stresses that this is a distinct concept and therefore is different to market value assessments.
- 4.52. The standard approach is to run an initial appraisal based on all of the above fixed inputs to arrive at a site value for the site. In accordance with the RICS guidance, this residual site value can then be compared to the “benchmark land value” (which is the minimum price that a hypothetical landowner would accept and a hypothetical developer would pay for the scheme to be delivered). If the residual site value is above this “benchmark” then the scheme is viable. If the residual site value falls below this figure then the scheme is deemed to be unviable.
- 4.53. Viability assessors are provided some guidance through the National Planning Policy Framework (‘NPPF’) and Planning Practice Guidance (‘PPG’), as published on 24th July 2018 (and subsequently revised). One area which the PPG deals with is in relation to assessing BLV, stating the following:
- 4.53.1. To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.
- 4.53.2. The EUV should disregard any hope value.

- 4.53.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.
 - 4.53.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.
 - 4.53.5. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
 - 4.53.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.
 - 4.53.7. Alternative Use Value of the land may be informative in establishing benchmark land value. However, these should be limited to those uses which have an existing implementable permission for that use. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.
- 4.54. In other words, the Council should not subsidise (through a loss of planning policy contributions) any overbid made when acquiring the site. Any overbid (or indeed underbid) for a site should therefore be disregarded when considering the BLV. As part of the process of reviewing viability it is down to the assessor to determine whether a price paid is an appropriate figure (or not) to use as a BLV.

- 4.55. Heb's benchmark land value equates to £2,865,000. To arrive at this, Heb follow the guidance and look to identify the existing use value, stating that the land comprises 19.10 acres of greenfield land, essentially of agricultural and woodland use only. Suggesting that for the purposes of viability, they consider the land value to be in the region of £10,000 per acre. Overall, they arrive at an existing use value of £191,000. The Heb report offers no evidence to support this value, providing neither transactional evidence, indices data or evidence of properties currently on the market.
- 4.56. We agree that Heb's suggested existing use value of £10,000 per acre is broadly reasonable for the purposes of the viability testing and we have adopted the same in our appraisal.
- 4.57. In terms of the premium uplift, the guidance does not provide any indication of what a reasonable return equates to. However, as suggested above, there are now planning appeal decisions which provide some assistance, in particular the following cases:
- Warburton Lane, Trafford appeal from Jan 2021 (ref 3243720) solidified the key viability principle that there is a relationship between the level of abnormal costs and the corresponding benchmark land value (on the basis that as abnormals increase the benchmark land value decreases and vice versa). In this decision the Inspector agreed with the Council that 10 times multiple of the existing use value was appropriate. In that particular case the abnormal costs were in excess of £400,000 per net acre (around £350,000 per gross acre).

- Halton Heights, Forge Weir View involving Wrenman Homes and Lancaster City Council (ref 3285794) dated 29th July 2022. The Inspector accepts an existing use value of £10,000 per acre and a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the abnormal costs equated to £164,544 per net acre. The guidance states that the higher the abnormal costs, the lower the benchmark land value (as the existing use value is fixed the only way this can be accounted for is by reducing the premium uplift).

4.58. Taking into account the above, given the level of abnormal costs associated with the subject site (following Thornton Firkin's review), we consider a 15 times premium uplift to be appropriate. This equates to a (rounded) benchmark land value of £2,865,000 which we have applied to our appraisal (which is in keeping with Heb's figure).

5. Appraisal results and conclusions

- 5.1. We have initially run a policy compliant appraisal based on 30% onsite affordable housing and S106 contributions totalling £1,398,866. Please see attached our appraisal (Appendix 2). Our appraisal generates a residual land value of £3,195,590. As this is above the agreed benchmark land value of £2,865,000 this is deemed to be viable.
- 5.2. For illustrative purposes, we have compared our appraisal to Heb's submission:

Input	Heb appraisal	CPV appraisal
Market value revenue	£25,724,695	£26,179,945
Plot construction costs	£13,344,966	£13,022,614
Future Homes	£6,050 per unit	£0 per unit
Building Safety Levy	£0	£70,206
Plot externals	£0	£1,953,392
Contingency	£806,459	£454,410
Abnormals	£5,913,971	£2,007,806
Professional fees	£652,185	£908,821
Marketing/disposal	£1,800,729	£654,499
Legals	£261,745	£80,400
Finance	£2,182,377	£1,192,380
Profit – affordable	8% AH revenue	6% AH revenue

5.3. As per the requirements of the guidance, we have also run sensitivity testing:

Construction: Rate /ft²	Sales: Rate /ft²				
	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	273.16 /ft²	280.35 /ft²	287.53 /ft²	294.72 /ft²	301.91 /ft²
-5.000%	17.920%	17.920%	17.920%	17.920%	17.920%
100.43 /ft²	(£2,852,522)	(£3,261,651)	(£3,670,781)	(£4,079,912)	(£4,489,042)
-2.500%	17.920%	17.920%	17.920%	17.920%	17.920%
103.08 /ft²	(£2,614,757)	(£3,024,056)	(£3,433,181)	(£3,842,316)	(£4,251,446)
0.000%	17.920%	17.920%	17.920%	17.920%	17.920%
105.72 /ft²	(£2,376,936)	(£2,786,341)	(£3,195,590)	(£3,604,720)	(£4,013,850)
+2.500%	17.920%	17.920%	17.920%	17.920%	17.920%
108.36 /ft²	(£2,139,115)	(£2,548,520)	(£2,957,925)	(£3,367,125)	(£3,776,254)
+5.000%	17.920%	17.920%	17.920%	17.920%	17.920%
111.01 /ft²	(£1,901,294)	(£2,310,699)	(£2,720,104)	(£3,129,509)	(£3,538,659)

5.4. This shows the impact on the residual land value if sales values were to increase / decrease at 2.5% intervals and likewise if construction costs were to increase / decrease at 2.5% intervals. By way of explanation, if the overall sales values decreased by 2.5% and the construction costs remained the same, the residual land value would be £2,786,341, which is below the benchmark land value of £2,865,000 and therefore (just) unviable.

- 5.5. In summary, we disagree with the applicant and instead find that the scheme is viable with the full policy requirements: 38 onsite affordable units (30.16%), plus the S106 contributions totalling £1,398,866.
- 5.6. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this timeframe then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.