Independent Viability Experts

CP Viability Ltd

FAO Ms Jessica Duffield
Senior Planning Officer
Barnsley Council

Sent by email only

Our ref: DN-1348
Your ref: 2025/0122
Date: 13th May 2026

Dear Ms Duffield,

PROPERTY ADDRESS: **Land south of Barugh Green Road Barugh Green Barnsley S75 1JY**
INSTRUCTING BODY: **Barnsley Council**
APPLICANT: **Avant Homes**

Further to our initial viability report dated 22nd October 2025. This addendum should be read alongside that original report.

1. Background

1.1. The site is comprised of undeveloped greenfield land. We understand that this extends to 4.8 Ha (11.95 acres) on a gross basis.

1.2. The current planning application is: **2025/0122** - *"Erection of 149 dwellings including associated access, drainage and landscaping works"*

1.3. Acting for the applicant, Bespoke Property Consultants ("BPC") undertook a viability review of the scheme in Nov 2025. BPC concluded that "*…the development does not generate a surplus over the Benchmark Land Value to fund affordable housing on site*".

1.4. Acting as an independent assessor on the instruction of the Council, we undertook a viability review of the scheme on 19th February 2026. We concluded that the scheme was viable with 26 (17.45%) onsite affordable housing and S106 contributions of £1,801,207. We reached a different conclusion to BPC owing to the following differences between the respective appraisals:

Input	BPC appraisal	CPV appraisal
Plot construction	£14,560,566	£14,802,475
BNG	£110,000	£104,000
Building Regs	£983,400	£372,500
Contingency	£1,089,750	£528,214
Abnormals	£3,849,155	£2,825,131
Professional fees	£1,743,601	£1,123,775
Disposal inc legals	£1,291,243	£1,009,797
Debit interest	£893,494	£1,788,113
Developer profit	20% MV	18.03% MV / 6% AH
Benchmark land value	£1,707,018	£1,434,267

1.5. Please note, the abnormal costs allowance adopted in our model was based on 3rd party independent quantity surveyor advice, undertaken by Hainstone on 17th February 2026.

1.6. BPC have submitted a rebuttal to our appraisal (received on 8th April 2026). The purpose of this addendum is to provide a response to BPC's rebuttal comments.

1.7. For ease, we have followed the order as set out in BPC's rebuttal.

2. Affordable Housing

2.1. In our appraisal, for the Affordable Rented discount, we adopted 50% of market value as the transfer values. BPC criticize our allowance, indicating that in our 2019 study for the Council we adopted 45% of Market Value.

2.2. We adopted 50% of market value as this is consistent with the approach applicants have adopted on recent viability cases in Barnsley. For example, land at Upper Hoyland Road, Hoyland (planning ref 2024/0976) in their Nov 25 appraisal the applicant adopted an allowance at 50% of market value. Furthermore, the Council's Affordable Housing SPD, adopted in July 2022, refers to an indicative allowance of 50% on Market Rent. Whilst this is framed as a guide, and does allow flexibility, it is our view that in this context our 50% allowance is reasonable. We are not therefore persuaded to adjust our adopted figure.

3. Benchmark Land Value

3.1. BPC accept our suggested benchmark land value of £1,461,762 (albeit we would stress that this has been set at a level which is reflective of the associated scheme abnormal costs). This is welcomed.

4. Contingency

4.1. BPC's allowance equated to 6.07% of their standard costs. In our appraisal, we indicated that it is important not to overstate the level of contingency, as this is a cost which may never be realised (and if it is not realised, then the additional capital in the appraisal becomes profit for the developer). Whilst the viability guidance does accept that some level of contingency is required, this has to be balanced against the need to deliver planning policies.

4.2. In the Upper Hoyland scheme referred to above in paragraph 2.2, we adopted a 3% contingency allowance. Furthermore, for the MU1 – Barnsley west site (ref 2021/1090) a S106 agreement has recently been agreed (in 2026) which includes a viability review mechanism that incorporates a contingency of 3%. We are not therefore persuaded to adjust the 3% contingency allowance, which is reflective of the approach adopted and agreed elsewhere.

5. Abnormal costs

5.1. BPC's original appraisal included abnormal / infrastructure costs totalling £3,849,155, plus Building Regulations allowances of £983,400, garages of £107,800 and Biodiversity Net Gain at £110,000. This gave a total of £5,050,355 (we note there is a discrepancy in BP's latest submission, as the figure referred to as being in their original appraisal is stated to have been £5,092,005).

5.2. Hainstone undertook a review of the costs and concluded that the abnormal should total £2,825,131. Additional allowance we adopted for Building Regulations (£372,500), garages (£107,800) and Biodiversity Net Gain (£104,000). This equated to £3,409,431.

5.3. Following a review of Hainstone's comments, the overall allowance has been reduced to £4,777,021. However, this is still significantly above Hainstone's total of £3,409,432.

5.4. In light of the remaining difference between the respective cost assessors, we instructed Hainstone to review the latest comments and provide an updated position. This was received on 13th May 2026. Please see attached Appendix 1. Hainstone provide the additional following comments:

- ***Future Homes Standard*** – £610,500 variance: The Government confirmed on 26th March 2026 that the Future Homes Standard (FHS) will come into effect from 24th March 2027. Hainstone have excluded an additional allowance on the basis that prevailing BCIS rates and current market pricing are considered to already incorporate a substantial proportion of the uplift associated with enhanced energy efficiency requirements. However, you may wish to consider this matter further within the context of the overall viability conclusions.
- ***Retaining Walls*** – £165,000 variance: No supporting information has been provided to demonstrate the locations where retaining walls are required, nor the proposed form of construction. Furthermore, the applicant has identified this item as a contingency allowance and therefore we consider this should fall within the scope of the overall contingency provision already included within the appraisal.
- ***Wayleave Removal Costs*** – £84,700 variance: We consider these costs to relate to land acquisition and enabling matters rather than site-specific abnormal development costs and therefore do not consider they should be included within the abnormal cost allowance.
- ***SuDS Basins and Swales*** – £76,500 variance: Having reviewed the information provided, we remain satisfied that our adopted allowance is appropriate.
- ***Earthworks Made Ground*** – £152,000 variance: The explanatory notes provided do not align with other costs agreed elsewhere within the assessment. Accordingly, additional supporting information would be required should the applicant wish to pursue this item further.
- ***Earthworks Disposal*** – £190,620 variance: Whilst the applicant has provided indicative quantities/measures, no supporting information has been submitted to verify that the proposed quantities are accurate or to demonstrate that they exclude works typically associated with standard development activities.

Future Homes Statement

- BCIS benchmark construction cost data is considered to substantially reflect the market's current pricing position in relation to enhanced energy efficiency requirements arising from the 2021 Part L uplift and the transition toward the Future Homes Standard (FHS).
- The residential construction market has already experienced significant specification adjustments since the June 2022 Building Regulations update, including improved thermal fabric performance, increased airtightness standards, enhanced glazing specifications, ventilation upgrades, and wider adoption of photovoltaic (PV) systems.
- As a result, prevailing tender prices and BCIS rates are understood to incorporate a material proportion of the cost uplift associated with future low-carbon compliance requirements, particularly for fabric-first measures and renewable technologies that are now routinely specified within contemporary residential developments.
- Whilst the Future Homes Standard will introduce additional compliance requirements — most notably around low-carbon heating systems, onsite renewable generation, and more stringent commissioning/testing obligations — it is considered that the abnormal cost impact above current market norms is narrower than would have been the case prior to the 2021/2022 regulatory uplift.
- Accordingly, no substantial standalone allowance for Future Homes Standard compliance has been adopted beyond the prevailing BCIS-derived build cost assumptions, other than limited adjustments where scheme-specific low-carbon technologies or infrastructure requirements materially exceed current market-standard residential specifications.

5.5. Overall, Hainstone's total costs equate to £3,418,031, which is only marginally above their Feb 26 allowance (which totalled £3,409,431).

5.6. As a side, we note the comments from Hainstone with respect to the BCIS already reflecting energy efficiency costs. We would also make the point that the impact of the Future Homes Standards on the value of dwellings is not yet fully known, and the values adopted in our appraisal reflect current standards therefore it is reasonable to assume costs based on current standards. The MHCLG Future Homes Standard Impact Assessment, published in March 2026, does refer to the potential for developers to pass over costs of the standard to homeowners and potentially, in the longer term, to landowners through adjustments in land price. That said, the study does acknowledge that, at this stage, it is difficult to draw any firm conclusions. However, in light of this uncertainty and given the comments raised by Hainstone, it remains our view that no adjustment in our appraisal is required (there is already an allowance of £2,500 per dwelling over and above the BCIS rate for Building Regulations compliance).

5.7. In summary, we have followed Hainstone's advice and adopted their adjusted costs of £3,418,031.

6. Professional fees

6.1. BPC's original appraisal included professional fees of £1,743,601, which equated to 9.72% of the standard construction costs (or 8% of all of the construction costs). No evidence was provided to justify this allowance.

6.2. In our report we cited 6 developments in Barnsley and calculated the professional fees (expressed as a percentage of standard construction costs only). The average across the sample was 6.71%. However, if an outlier of 9.91% was removed, the average reduces to 6.06%. We also referred to the M1 Strata site (referred to above in paragraph 4.2) where a figure of 5.51% has been agreed in the S106 review Mechanism. Only balance, we considered an allowance of 5.50% to be reasonable here.

6.3. BPC argue that the MU1 Strata scheme is not comparable, as this is a multi-phased development whereas the subject site is not. However, they go on to suggest that they would be willing to agree to the average figure of 6.71%.

6.4. Having considered this, we would be willing to adjust the professional fees allowance to 6.06% of the standard construction costs, as this is reflective of the average in Barnsley, after the outlier of 9.91% is removed from the sample (as this, in our view, 'skews' the overall average).

7. Disposal fees

7.1. BPC's agree to our suggested allowance of 3% on revenue, plus legal costs at £650 per unit. This is welcomed.

8. Finance

8.1. In our appraisal we adopted a debit interest rate of 7%, compared to BPC's allowance of 7%. BPC have now agreed to 7%, which is welcomed.

9. Profit on GDV

9.1. BPC suggested a profit at 20% on revenue, whereas we adopted 18.03% on market value revenue, plus 6% on revenue for any affordable units.

9.2. BPC maintain their position that they consider 20% on revenue to be appropriate. Whilst we acknowledge and respect their view, our own position is that it is reasonable to follow the MU1 Strata allowance of 18.03% on revenue, which has been negotiated over an extended period and is now an agreed position in the S106 Review Mechanism (confirmed in 2026). This falls within the 15% to 20% on revenue range as suggested in the viability guidance and is therefore deemed to be a reasonable allowance for testing the viability of the subject scheme.

10. Project Programme

10.1. BPC discuss the development programme, suggesting that our approach is unrealistic. However, we would stress that this is somewhat academic. BPC's own appraisal shows a total finance cost of £893,494. In our appraisal, based on our development programme, the finance costs are significantly higher at £1,788,113. If we were to adopt BPC's development programme, we anticipate that this would serve to reduce the debit interest costs and therefore improve viability, not vice versa. We, however, are content to maintain our development programme, as we consider this to be a reasonable approach compared to what has been adopted on other schemes.

11. Conclusions

11.1. As discussed above, we propose a compromise on the professional fees and we have applied Hainstone's updated costs. However, for the other appraisal assumptions, we are not persuaded to adjust our allowances.

11.2. Please see attached our updated appraisal (Appendix 2). This shows a viable outcome (the residual land value of £1,478,446 being just above the benchmark land value of £1,434,267) with 24 (16.11%) onsite affordable units, provided as 17 rented and 7 intermediate, plus S106 contributions totalling £1,801,207.