



Independent Viability Experts

FAO Ms Elaine Ward
Group Leader (Inner Team)
Barnsley Council

David Newham MRICS
Director
CP Viability Ltd
Our ref: DN-1035
Your ref: 2021/1090
Date: 23rd May 2025

Sent by email only

Dear Ms Ward,

PROPERTY ADDRESS: Land south of Barugh Green Road and east of Higham Common Road, Barnsley (Residential)

INSTRUCTING BODY: Barnsley Borough Council

APPLICANT: Strata Sterling (Barnsley West) Ltd

In connection with the viability of the above proposed scheme, this is an addendum to our initial report dated 3rd February 2025 and our 'rebuttal response' dated 13th March 2025 and should be read in conjunction with those report.

1. Background

- 1.1. Acting on behalf of the applicant, Continuum submitted a viability appraisal of the proposed scheme in December 2024, followed by an updated version in January 2025. Continuum concluded that the scheme was unable to viably support any S106 contributions or affordable housing provision.
- 1.2. We were subsequently instructed by the Council to undertake an independent assessment of the scheme. We submitted our draft report on 2nd February 2025 and concurred that the scheme was unable to viably support the full planning policy asks. However, contrary to Continuum's findings, we concluded that the scheme could viably support 16% onsite affordable housing, plus S106 payments totalling £22,798,880.



1.3. We reached a different outcome to Continuum due to the following differences in our appraisal inputs:

Input	Continuum appraisal	CPV appraisal
Average residential MV	£265.20 per sq ft	£285.06 per sq ft
Plot construction	£132.92 per sq ft	£118 per sq ft
Infrastructure contingency	5%	3%
Finance – credit rate	0%	2%
Benchmark land value	£16,100,000	£12,350,000
Developer profit	19.99% on revenue	16.66% on revenue

1.4. Continuum provided a ‘rebuttal’ to our initial report in January 2025, specifically commenting on the market sales values, affordable values, plot construction / base build costs, Future Homes Standards, contingency, finance, profit and benchmark land value.

1.5. We provided a ‘rebuttal response’ on 13th March 2025, where we responded to the various rebuttal comments raised by Continuum. In this rebuttal response document we concluded as follows:

- *We have requested further clarity on the net developable area of the scheme and will confirm our position on the benchmark land value once this has been provided. For the moment.*
- *We have also reserved our position on the timings for drawing down of the land, which we have requested as topic of discussion at the forthcoming meeting. We have also requested some further evidence regarding the timings of the service infrastructure works.*

- *Notwithstanding the above, at the current time we are not persuaded to adjust any of our appraisal assumptions and therefore maintain that the scheme can viably support 16.03% onsite affordable housing and S106 payments totalling £22.798million.*

1.6. The purpose of this addendum is to summarise the further viability discussions that have taken place since this time and also to provide a final recommendation to the Council.

2. Applicant offer 10th April 2025

2.1 On 10th April 2025 the applicant submitted a 'without prejudice' offer to the Council (in a pdf letter format). The letter discussed the areas where the applicant still disagreed with our findings on the viability assumptions, including:

- Build costs: the applicant still did not agree with our position, however they proposed a compromise where they accepted our suggested base build cost, plus an allowance for Part L and F Building Regulations.
- Contingency: we suggested 3% whereas Continuum had used 5%. The applicant suggested a compromise of 4%.
- Revenues: the applicant did not agree to our approach to house price inflation (2.5%) and a 'place making' premium (5%). The applicant agreed to apply a premium to parcels R4, R5 and R6 only, reflecting an overall average uplift of 2% across the whole scheme.
- Developer profit: the applicant suggested a without prejudice offer at 18% on revenue (compared to their previous suggestion of 20%).

2.2 Based on the suggested compromises / adjustments in the appraisal, the applicant's offer was as follows:

- Onsite delivery of Primary school.
- Delivery of strategic infrastructure and link road.
- £3,000,000 (to be distributed to S106 costs or affordable housing at the discretion of the Council).
- Phase 1 to have 16% onsite affordable housing, albeit this would be delivered outside of a S106 mechanism.

3. CPV updated appraisal 28th April 2025 (sent to the Council via email)

3.1. In this email we indicated that we had reviewed the proposed comprises / adjustments by the applicant and concluded as follows:

- *Strata have proposed a circa 2% allowance for placemaking (I was previously at 7.5%, being 2.5% for inflation and 5% for placemaking). Having revisited this I still find Strata suggestion to be too low. However, I am willing to reduce the uplift to 3.5%, rather than 7.5%.*
- *I am willing to adopt the benchmark land value of £16,100,000.*
- *Strata propose an adjusted build cost of £122.94 per sq ft, which they state covers the Part L Building Regs compliance and plot externals. This compared to £118 per sq ft as used in my last appraisal. I note that the BCIS lower quartile rate has actually reduced since we last looked at this (see attached), however this may be a short term anomalous figure. In an attempt to reach an agreed position I would be willing to apply the (roughly) midpoint between my original allowance and Strata's suggested updated figure. This is equivalent to circa £120.47 per sq ft, which I've applied to my latest appraisal.*
- *I have accepted 4% as the abnormals contingency.*

3.2. Taking into account the above proposed assumptions, our adjusted appraisal showed a viable outcome with the following planning policy contributions:

- 88 onsite affordable units (5.64%), to be delivered in Phases 6 and 7 (i.e. towards the end of the scheme).
- Primary school delivery £11.55million.
- Delivery of strategic infrastructure and link road.
- Other S106 payments £11,819,905 (£7,577 per unit).

3.3. We noted that there was still therefore a significant difference between the applicant's position and our own.

4. Applicant further comments (sent via email to the Council 8th May 2025)

4.1. In this email the applicant specifically challenged our position on the inflation and placemaking premium, citing a lack of supporting evidence to justify our assumptions.

4.2. We responded to the Council (via email on 9th May 2025) and accepted that our allowances were not supported by firm evidence from other schemes (as this was very difficult to establish). However, we stressed that our views reflected a professional opinion based on our experience in the marketplace.

5. Applicant revised offer 22nd May 2025

5.1. On 22nd May 2025 the applicant submitted a 'without prejudice' offer to the Council (in a pdf letter format).

5.2. This included an increase in the placemaking premium, which served to add an additional £913,000 of revenue into the appraisal.

- 5.3. The applicant also suggested a final compromise of the build costs, being a total sum of £121.70 per sq ft.
- 5.4. Finally, the applicant also referred to some additional highways costs which had been identified, totalling £1,736,167.
- 5.5. The applicant's revised without prejudice offer was for the following 2 options:
- Onsite delivery of Primary school.
 - Delivery of strategic infrastructure and link road.
 - Additional highways works £1,736,167.
 - £3,063,469 (to be distributed to S106 costs or affordable housing at the discretion of the Council).
 - Phase 1 to have 16% onsite affordable housing, albeit this would be delivered outside of a S106 mechanism.
 - Review Mechanism in S106 agreement to revisit viability in the future.

Or

- Onsite delivery of Primary school.
- Delivery of strategic infrastructure and link road.
- Additional highways works £1,736,167.
- £500,000 (to be distributed to S106 costs or affordable housing at the discretion of the Council).
- 43 onsite affordable units in Phases 6 and 7 (2.78%).
- Phase 1 to have 16% onsite affordable housing, albeit this would be delivered outside of a S106 mechanism.
- Review Mechanism in S106 agreement to revisit viability in the future.

6. CPV Recommendations

- 6.1. It is welcomed that the applicant has proposed further comprises to the placemaking premium and build costs.
- 6.2. However, we still do not agree with the applicant's position on the placemaking premium. We do, though, accept that this is a difficult factor to evidence. On balance, and in the spirit of trying to reach a reasonable agreement, we suggest a reduction in the placemaking premium to an average of 3% across the scheme is reasonable (and also excluding inflation).
- 6.3. We do, though, agree to use the applicant's suggested final compromise on the build costs.
- 6.4. We have subsequently updated our appraisal to reflect the above adjustments (see attached to this addendum). With 0% affordable housing, this is showing a viable outcome with the costs of delivering the school, the highways works and also with the additional S106 asks of £5,075,905. In other words, the applicant's Option 1 above suggests there is a surplus of £3,063,469, whereas our model suggests that the additional S106 policy asks of £5,075,905 can be provided (so there is a difference between the respective positions of just over £2million).
- 6.5. It is likely that this remaining difference is due to the (still) slightly different approach to the placemaking allowance. The applicant applies certain rates to later phasing, whereas we have adopted an average of 3%.
- 6.6. **However, we do accept that it is likely to be more challenging to deliver any placemaking premium in the early phases of the scheme. If we remove the 3% premium from Phases 1 and 2, then the £2million surplus referred to above fall away.**

6.7. On balance, we concluded that the applicant is therefore presenting a reasonable position on the viability. We are therefore able to recommend acceptance (with the Council to make the decision on which of the 2 options to pursue), albeit this is strictly on the basis that a Review Mechanism is provided through a S106 agreement.