Independent Viability Experts

CP Viability Ltd

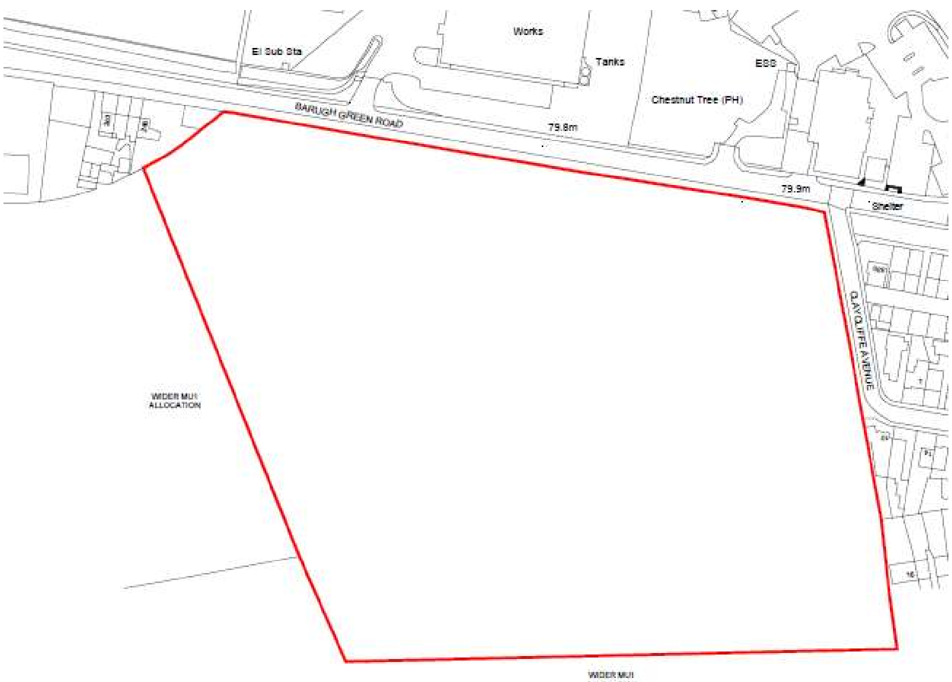
FAO Ms Jessica Duffield
Senior Planning Officer
Barnsley Council

Sent by email only

Our ref: DN-1348
Your ref: 2025/0122
Date: 19th February 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 your instruction dated 16th December 2025 and receipt of the 3rd party quantity surveyor cost review (completed by Hainstone) on 17th February 2026, we are pleased to report as follows.

1. Property Overview

1.1. The subject property is located on the southern fringe of of Barugh Green, a satellite village of Barnsley lying just under 2.5 miles north west of the town and close to the adjoining suburb of Redbrook. The main road access to the locality is via the A635 Barugh Green Road/Cawthorne Road, which runs through the village to the town centre and is one of the main east-west routes between South Yorkshire and Manchester. The nearest link to the strategic road network is junction 37 of the A1(M) motorway circa 1.5 miles to the south. The nearest rail station is in Darton, around 1.6 miles north of the site, with regular services to Leeds and Sheffield.

1.2. More specifically, the subject site is situated to the south of Barugh Green Road and to the west of Claycliffe Avenue, less than half a mile to the east of the village centre. The immediate area is characterised by a mixture of mostly older, average quality social/ex-social housing to the east, commercial/retail/light industrial development to the north (on the opposite side of the road), open agricultural land to the south earmarked for future development) and partly to the west with the curtilage of a terrace of 4 houses, beyond which is a garden centre to the west fronting Barugh Green Road.

1.3. The site comprises undeveloped land currently used as pasture and has mature hedgerows on its northern and (the majority of) its western boundaries. A mature hedgerow is also present towards the southern boundary, which is unmarked, as is part of the western boundary. The eastern boundary adjoining Claycliffe Avenue is marked by a post and wire fence. A drainage ditch runs along part of the northern boundary inside the site. Two sets of overhead pole mounted power lines cross the site in a south westerly direction from Claycliffe Avenue. The western half of the site was previously the subject of opencast coal mining in the 1950s, with a small encroachment of 1960s opencast coal mining on the southern boundary close to the south east corner.

1.4. The site slopes gently upwards towards the south from Barugh Green Road. It is roughly quadrilateral in shape but with a slight deviation in the north west corner. Access into the site is only currently available from a field gate in the north west corner onto Barugh Green Road. It is proposed to form a new access centrally on this boundary to serve the new development.

1.5. According to the 'Viability Report' dated 24th November 2025 submitted by Bespoke Property Consultants ("BPC") on behalf of the applicant company, the site extends to 4.8 Ha (11.95 acres) on a gross basis.

1.6. The site is identified in the adopted Local Plan (2019) as part of an allocated mixed-use MU1, with an indicative capacity of 1,700 dwellings and 43Ha of employment land. The illustrative plan excludes the subject site. Strata Homes are currently seeking a hybrid planning permission for a mixed-use development to the south and the west of the site, with enabling works ongoing to implement two roundabouts on Barugh Green Road and Higham Common Road.

1.7. In terms of planning history, an application was made under ref: **2020/0977** for "*Residential development of 140 dwellings with associated landscaping, infrastructure and open space."* This application underwent a viability review and was subsequently withdrawn.

1.8. The current planning application for the subject site is as follows:

2025/0122 - *"Erection of 149 dwellings including associated access, drainage and landscaping works"*

1.9. We understand from the BPC "Viability Report" dated 24th November 2025 that the accommodation to be provided will be as follows:

Description	Type	Beds	Units	Unit Size (sq m)	Gross Internal area (sq m)
Askham	EoT	2	13	66.00	858
Eastbeck	EoT / MT 2.5 storey	2	10	76.00	760
Ferndale	EoT	2	13	75.00	975
Knaresborough	EoT	2	28	77.00	2,156
Leyburn	Detached	3	10	88.00	880
Baildon	EoT 2.5 storey	3	12	90.00	1,080
Salbury	EoT 2.5 storey	3	12	101.00	1,212
Wentbridge	Detached	4	6	106.00	636
Netherton	Detached 2.5 storey	4	11	117.00	1,287
Cookbury	Detached	4	3	118.00	354
Thoresby	Detached	4	1	134.00	134
H2	Det bungalow	2	6	70.43	423
E2 1	EoT 2.5 storey	2	12	77.56	931
B3	EoT 2.5 storey	3	10	88.17	882
D4	Detached 2.5 storey	4	2	118.61	237
			149		**12,804**

NB: Unit sizes are estimated by measuring the Avant Homes Proposed House Types Brochure (Affordable dwellings) submitted in support of the planning application. Open market house types are taken from the BPC Report Table 3 – Sales pricing by unit type. We estimate the total GIA 12,804 sq m (137,827 sq ft), compared to the BPC appraisal which states a total GIA of 12,832 sq m (138,123 sq ft). This is equivalent to a variance of 28 sq m (297 sq ft). This is probably due to rounding of the open market dwellings.

2. Scope of Assessment and General Assumptions

2.1. As indicated above, acting for the applicant BPC submitted their viability review dated 24th November 2025. In it, BPC consider a single appraisal scenario. They conclude "*…the development does not generate a surplus over the Benchmark Land Value to fund affordable housing on site*".

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 19th February 2026.

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. BPC's appraisal – summary

3.1. BPC's November 25 review considers a scenario with no affordable housing and a S106 contribution of £1,801,207. This results in a residual land value of £852,361. The separately assessed benchmark land value is £1,707,018 and this therefore fails to meet the viability threshold. Based on their modelling, BPC conclude that "*It is clear that the required S.106 contributions are having a detrimental affect on the viability of the scheme.".*

3.2. No sensitivity testing is carried out.

3.3. To summarise BPC's assessment, 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	149	£247,602	£36,892,653
Total			**£36,892,653**

Gross Development Cost (Outgoings)

Type	Notes	Total
Estate housing	£105.64 per sq ft (137,826 sq ft GIA)	£14,560,566
Garages	6 @ £17,966.67 each	£107,800
External works	15% of build costs	£2,184,085
BNG		£110,000
Building Regs		£983,400
Contingency	6.07% of build costs	£1,089,750
Professional fees	9.72% of build costs	£1,743,601
Abnormal works	Various (£322,105 per acre)	£3,849,155
Planning contributions	S106	£1,801,207
Marketing & sales	3.50% of GDV	£1,291,243
Finance	7.50% debit	£893,494
Developer profit	20% MV of GDV	£7,378,531
Acquisition costs	Legals, SDLT	£47,460
Total		**£36,040,292**

3.4. This produces a residual land value of £852,361. BPC conclude that *"… the development does not generate a surplus over the Benchmark Land Value to fund affordable housing on site. It is clear that the required S.106 contributions are having a detrimental affect on the viability of the scheme."*.

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 1.9).

4.2. In their appraisal, BPC have adopted an average value of £267.10 psf across all house types.

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

- New build evidence from Smithywood Gate by Avant Homes, Bleachcroft Way by Harron Homes, Mount Vernon Road by Orion Homes and Spring Lane by Gates Homes.

4.4. With regard to the above developments:

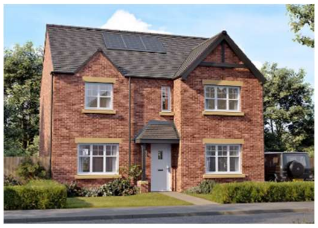
- **Smithywood Gate by Avant Homes:** Located just over 2 mile to the south of the subject site. This development is located on the southern fringe of the village of Dodworth. According to Rightmove average price data, Dodworth achieved an average of £229,470 in comparison with £247,000 in Barugh Green. The development offers 3 and 4 bed houses with prices advertised as starting from £284,995. Incentives are available including 5% deposit contributions.
- **Bleachcroft Way by Harron Homes:** Located around 3.7 miles to the south east of the subject site, this development is located on the edge of residential housing in the suburb of Kendray. The development offers 2, 3 and 4 bed houses with expansive green spaces, woodlands and wildflower meadows. Kendray achieved an average of £157,238 in the last year, lower than the average value of property in Barugh Green.

- **Mount Vernon Road by Orion Homes:** Located just under 2.7 miles to the south east this development is located on the site of the former Mount Vernon Hospital. The area is largely residential with open green space and woodland to the south east. Worsborough achieved average values of £163,095 in the last year, considerably lower than the average values for Barugh Green. The development is now sold out.
- **Spring Lane (Spring Farm Court) by Gates Homes:** Located in Carlton around 3.25 miles to the east, this development is located within a small village, with limited amenities. Rightmove average values are given as £199,633 in the last year, which is again lower than those achieved in Barugh Green.

4.5. 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. This postcode covers a large area and as such the results have been limited to those of a similar size and style, whilst considering location. This search returned only one result, a semi-detached property in Staincross, just under 2 miles to the north east of the subject site, which is comprised of 187 sq m and sold for £465,000 in August 2024 (£2,487 psf).

4.6. Due to the lack of sold new build evidence we have then considered available new build housing within 1 mile of the site. We note the following:

Scholars Gate, Darton Lane, S75 5AL, Duchy Homes: located approx. 1.2 miles to the north east of the site. The following are available:

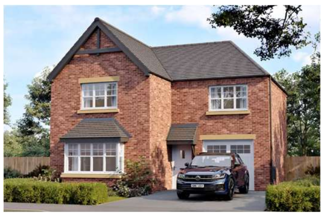


£416,995

1,267 sq ft (£329 psf)

118 sqm (£3,534 psm)

The Calvery 4 bed det



£409,995

1,265 sq ft (£324 psf)

117 sqm (£3,504 psm)

The Willington 4 bed det

Millers Grove Barugh Green: Located just over 750m to the north of the site. The following are available for sale:

£289,950

861 sq ft (£337 psf)

80 sqm (£3,624 psm)

3b det

£260,000

947 sq ft (£275 psf)

88 sqm (£2,955 psm)

3b semi

4.7. We are also conscious that during 2025 a viability assessment was undertaken on the neighbouring parcel of land (planning ref **2021/1090**), brough forward by Strata Homes. This was for 1,560 dwellings in total across a gross site area of 185.42 acres (net 125.16 acres). Following an extensive viability review process, in which we were instructed by the Council to undertake an independent assessment, a compromise position was reached based on nil onsite affordable housing, but S106 contributions totalling £14,981 per dwelling. This appraisal was dated 23rd May 2025. The average sales values agreed in Phase 1 (which is for 181 dwellings) was £271.22 per sq ft, assuming an average dwelling size of 1,417 sq ft per dwelling.

4.8. Taking into account the nature of the proposed dwellings at the subject site (which are generally smaller than proposed in the Strata modelling) our view is that the average allowance put forward by BPC is broadly reasonable for the purposes of the viability testing and we have subsequently adopted the same in our appraisal. For any affordable rented units we have assumed 50% of the average market value and for shared ownership 67.5% of market value.

<u>Construction costs</u>

4.9. In their assessment, BPC's appraisal show the following build costs:

- Estate housing	£105.42 per sq ft
- Garages (6)	£17,966.67 each garage
- Standard external works	£2,184,085 (15.00% of base build costs)
- Biodiversity Net Gain	£110,000
- Building Regs	£983,400 (£6,600 per dwelling)
- Contingency	£1,089,750 (6.07% of build costs)
- Abnormal works	£3,849,155 (£322,105 per acre)

4.10. In deriving their plot construction costs, BPC has had regard to the Build Cost Information Service ("BCIS") 'Estate Housing Generally' median rate, rebased to Barnsley, equating to £1,305 per sq m (£121.24 per sq ft). The plot construction costs are therefore based upon BCIS data, which is widely used within the development industry as a benchmark for construction costs. BPC further state that an allowance of 15% for external works has been applied to reflect the additional areas of green space within the scheme, derived from the Local Plan Viability Testing document (May 2019), and that preliminaries and overheads and profit are included within the BCIS base build cost. A review of the BPC Financial Viability Appraisal (Appendix A) indicates construction costs of £16,744,651, equating to £121.23 per sq ft, which it is assumed includes the cost of external works, as no separate allowance has been identified. On the basis that 15% of this figure is attributable to external works, this results in an estate housing base build cost, allowing for the adjusted GIA referred to at paragraph 1.09, equivalent to £105.64 per sq ft.

4.11. 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, garages, contingency, abnormals and professional fees and therefore these costs also need to be allowed for within the appraisal.

4.12. 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. 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.

4.13. By way of comparison, we have reviewed a number of recent viability assessments in which we have been involved. These include an appraisal for a scheme of 126 dwellings at Keresforth Road, Dodworth (Barnsley), where the applicant adopted BCIS lower quartile build costs for two-storey housing, rebased to the local area.

4.14. 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. For this reason, we have adopted the default dataset, Estate Housing Generally Lower quartile rate.

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

BCIS®

£/M2 STUDY

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

Last updated: 07-Feb-2026 08:02

Rebased to Barnsley (85; sample 34)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,360	678	1,156	1,301	1,489	4,669	1266

4.16. We consider the Estate Housing Generally lower quartile rate of £1,156 per sq m (£107.40 per sq ft) to be appropriate.

4.17. BPC note the 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. BPC state they have allowed for an allowance of 15% of estate housing costs for external works. As noted previously, the BPC appraisal contained no separate allowance for external works, and we assumed that this was contained within the overall build costs.

4.18. 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:

4.19. 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:

Site Address	Local Authority	Date	Units	Externals (% plot)
Land off Goldthorpe Rd, Goldthorpe	Barnsley BC	Apr-24	106	10.00%
Land off Dodworth Green Rd, Dodworth	Barnsley BC	Mar-23	51	15.00%
Land north of Keresforth rd, Dodworth	Barnsley BC	Sep-25	126	0.00%
Land to south of Lee Lane, Royston	Barnsley BC	Apr-24	242	10.00%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-22	202	10.00%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-24	221	9.05%

4.20. This shows that external cost allowances can fluctuate from site to site. However, generally, we would expect the external costs to be around 15% of the plot costs. BPC's allowance is therefore considered to be within an acceptable tolerance and has been applied to our appraisal.

4.21. 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.

4.22. 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.

4.23. With respect to what we deem to be abnormal / site specific infrastructure works costs, BPC allow:

Hedge and tree removal	16,500.00
Tree protection	10,450.00
Earthworks Sirius Price	1,103,300.00
Earthworks disposal topsoil	190,703.70
Earthworks disposal subsoil	229,460.00
S278 off site works	222,436.50
Drainage Over sized pipes	25,300.00
Drainage SUDS	346,500.00
Drainage Hydrobrake	11,550.00
Drainage Head Walls	16,500.00
Drainage Land Drainage	40,975.00
Services substation	43,890.00
Services Diversion works	223,300.00
Services contribution to remove elec	84,700.00
Boundary screen walls	71,500.00
Water services	20,625.00
Retaining brick/block	165,000.00
Radon protection	139,315.00
1.5m trench	149,600.00
Piled plots steel	433,125.00
Piled plots Odex	193,050.00
Piling mat	111,375.00

4.24. These total £3,849,155 (equivalent to £322,105 per net acre).

4.25. Given the significant level of purported costs, we have sought cost advice from a third-party, independent quantity surveyor. Hainstones were subsequently engaged to review Appendix E (the costs of £3,849,155 (plus the building regulations, garages and BNG). Please see attached Appendix 1, which sets out their findings. In summary, Hainstones conclude that the admissible abnormal costs in the viability appraisal should total £2,825,131. We have subsequently adopted Hainstones' findings within our appraisal. In addition, Hainstone conclude that the garage costs of £107,800 is reasonable, the Biodiversity Net Gain should be £104,000 and the Building Regulations allowance should be £372,500 (£2,500 per unit). We have applied all of these figures to our appraisal.

4.26. We would stress that to some degree the impact of abnormal costs can be offset in the land price (at least when determining viability). The Planning Practice Guidance ('PPG') on viability makes it clear that abnormal costs must be factored into the assessment of land value, with the implication being the higher the abnormal costs the greater the downward pressure on land value.

4.27. 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.

4.28. 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.

4.29. 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).

Professional fees

4.30. BPC have allowed for professional fees totalling £1,743,601 (equivalent to 9.90% of our adjusted build costs).

4.31. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.19. We note the following:

Site Address	Local Authority	Date	Units	Prof fees %
Land off Goldthorpe Rd, Goldthorpe	Barnsley BC	Apr-24	106	9.91%
Land off Dodworth Green Rd, Dodworth	Barnsley BC	Mar-23	51	8.04%
Land north of Keresforth rd, Dodworth	Barnsley BC	Sep-25	126	4.89%
Land to south of Lee Lane, Royston	Barnsley BC	Apr-24	242	5.56%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-22	202	6.00%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-24	221	5.84%

4.32. Across the sample, the average professional fee allowance equates to 6.71%.

4.33. Furthermore, we are conscious that in the adjoining assessment for the Strata site (discussed above in para 4.7) the professional fees agreed between the applicant and ourselves for the modelling equated to 5.51% on standard and abnormal costs.

4.34. Having considered the above, for consistency our view is that a 5.5% allowance is reasonable at the subject site, applied to both the standard and abnormal works (i.e. in line with the approach agreed on the neighbouring Strata site).

Planning policies

4.35. The Affordable Housing Statement (dated February 2025), submitted in support of the planning application indicates 31 dwellings as affordable homes, equivalent to 20% affordable housing, which we understand is in accordance with the S106 agreement (we have not reviewed the S106 agreement), as shown in the table below:

House Type	No. Units	Beds	m2	ft2	Tenure
E.21	2	2	76.3	821	1st Homes
B3	6	3	90.3	972	1st Homes
Leyburn	1	3	88	947	LCHO
E.2.1	6	2	76.3	821	AR
B3	8	3	90.3	972	AR
D4	2	4	117	1257	AR
HAT	2	2	76	818	AR
Bramley	2	1	62.5	673	AR
Totley	2	1	68.5	737	AR
	31				

4.36. We have reviewed drawing no. 4213-200 Rev B, this shows 30 dwellings for affordable housing and mix has shown below:

Plot	House Type	Type
13	B3	SD
14	B3	SD
15	C1	SD
16	C1	SD
17	B3	SD
18	B3	SD
25	C1	SD
26	C1	SD
27	B3	SD
28	B3	SD
29	C1	SD
30	C1	SD
54	B3	SD
55	B3	SD
56	E2.1	SD
57	E2.1	SD
58	D4	SD
59	D4	SD
101	E2.1	SD
102	E2.1	SD
103	B3	SD
104	B3	SD
105	E2.1	SD
106	E2.1	SD
125	H2	SD
126	H2	SD
134	H2	SD
135	H2	SD
136	H2+	SD
137	H2	SD

NB: We acknowledge that the planning process is inherently dynamic, with information subject to ongoing review and update. Accordingly, we request that the Council confirms the requirements set out within the Section 106 Agreement, including the agreed tenure mix. Furthermore, the applicant is required to submit a corrected layout plan clearly identifying the locations of the affordable units and the house type. There are discrepancies between number of units, house types utilised and whether detached or semi-detached.

4.37. In addition, the Council has confirmed the following S106 requirements (totalling £1,801,207):

Sustainable travel	113,158
Sports pitches	134,249
Education	1,553,800

Marketing / legal costs

4.38. To cover sales and marketing, BPC have allowed the equivalent of 3.5% of the revenue for the market value dwellings in their appraisal. No further allowance for the sales legal fees for all of the dwellings (irrespective of tenure) is included.

4.39. By way of evidence, we have again reviewed the viability appraisals referred to above in para 4.19. We note the following:

Site Address	Local Authority	Date	Units	Marketing
Land off Goldthorpe Rd, Goldthorpe	Barnsley BC	Apr-24	106	2.00%
Land off Dodworth Green Rd, Dodworth	Barnsley BC	Mar-23	51	2.50%
Land north of Keresforth rd, Dodworth	Barnsley BC	Sep-25	126	7.00%
Land to south of Lee Lane, Royston	Barnsley BC	Apr-24	242	2.50%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-22	202	2.50%
Land off Wakefield Road, Barnsley	Barnsley BC	Apr-24	221	2.50%

4.40. Across the sample, the average marketing / disposal fees allowance equates to 3.17% (removal of the outlier at 7%) this reduces to an average of 2.4%.

4.41. Furthermore, we are conscious that in the adjoining assessment for the Strata site (discussed above in para 4.7) the disposal fees agreed between the applicant and ourselves for the modelling equated to 3% on revenue, plus £650 per unit for legals.

4.42. Having considered the above, for consistency our view is that a 3% on revenue is reasonable at the subject site, plus £650 per unit for legals (i.e. in line with the approach agreed on the neighbouring Strata site).

Finance

4.43. BPC have allowed for finance costs at a debit interest rate of 7.5%. In light of recent decreases in the Bank of England base rate, and to provide a consistent approach we have applied a 7% within in our appraisal.

4.44. 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

4.45. BPC consider that the appropriate level of developer's profit for this scheme should be 20% of total revenue for the market value dwellings and 6% 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.

4.46. 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.

4.47. 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.

4.48. In our view, the subject site reflects an attractive greenfield site in a good market location. Furthermore, it is a single-phase development, which can be regarded as being lower risk (as the time to recover capital inputted at the start of the scheme is quicker than a multiphase development).

4.49. We are also conscious that in the adjoining assessment for the Strata site (discussed above in para 4.7) the developer profit agreed equated to 18.03% on revenue. For consistency, we have applied the same to the subject site. However, for any affordable we have assumed 6% on revenue, in line with the approach adopted elsewhere.

Benchmark land value

4.50. 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.

4.51. 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.

4.52. 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:

4.52.1. 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.

4.52.2. The EUV should disregard any hope value.

4.52.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.

4.52.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.

4.52.5. 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.

4.52.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.

4.52.7. 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.

4.53. 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.

4.54. In their appraisal, BPC follow the guidance and look to identify the existing use value. BPC in this instance have considered 3 separate reviews of the BLV.

I) BPC quote the Local Plan Viability Testing (May 2019), stating that the report allowed a benchmark

II) Reference to the Land South of Barugh Green Road and east of Higham Common Road – which put forward a BLV of £214,538 per hectare due to significant abnormals costs at circa £1.2m per hectare

III) Alternatively, the EUV premium method could be used, adopting agricultural land values for the area multiplied by a factor (eg:10-12 times) is standardised industry practice and assumes the level in which a landowner may consider selling their land for residential development. Agricultural land prices amount to circa £24,710 per Ha (£10,000 per acre). Applying a multiplier of 10 generates a benchmark land value of £247,100 per Ha (£100,000 per acre).

4.55. BPC set out their findings based upon the above methodologies as shown below:

Benchmark Land Value	**£/Ha**	**Subject Scheme (Ha)**	**Total**
Local Plan	£400,000	4.8	£1,920,000
Adjoining Scheme	£1,407,786*	4.8	£6,757,373*
EUV +	£247,100	4.8	£1,186,080

4.56. BPC state as follows:

"The adjoining scheme BLV is gross of abnormal costs. Deducting abnormal costs (£5,050,355) associated with this scheme would generate a benchmark land value of £1,707,018 (£355,628 per Ha). This is less than the Local Plan review (£400,000 per Ha). Having regard to the above, the Benchmark Land Value for the adjoining scheme is the more robust option given this was most recently agreed between the developer and the local planning authority. The Benchmark Land Value we have adopted is therefore £1,707,018".

4.57. We consider that the EUV Premium plus approach is the most appropriate method for calculating this is consistent with recent appraisals we have been involved to include Keresforth Road:

4.58. For the existing use value (deemed to be based on underlying agricultural use) we have considered the agreed allowance on the neighbouring Strata site (discussed above in para 4.7). Here, an existing use value of just over £8,000 per acre was agreed. However, this was for a larger parcel of land and subsequently a reduction for reasons of quantum is expected. We consider an adjustment to £10,000 per acre to be reasonable for the subject site.

4.59. 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 a 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).

4.60. Based on Hainstone's figures, the abnormal costs equate to £2,825,131 or £236,413 per gross acre. Assuming a net developable area of say 70%, this gives a net area of 8.37 acres. At £2,825,131 the abnormal costs would therefore equate to around £335,000 per net acre.

4.61. Taking into account the above, given the level of abnormal costs associated with the subject site, we consider a 12 times premium uplift to be appropriate. This equates to a (rounded) benchmark land value of £1,434,267, which we have applied to our appraisal.

5. Appraisal results and conclusions

5.1. We have initially run an appraisal with the full onsite affordable housing. However, this generates a residual land value below the benchmark land value and is therefore deemed to be unviable. On a 'trial and error' basis we have subsequently reduced the affordable housing provision to assess at what point (if any) this returns a viable outcome. Please see attached our appraisal. Based on 26 (17.45%) affordable housing (provided as 19 affordable rent and 7 shared ownership) and S106 payments of £1,801,207, the scheme generates a residual land value of £1,461,762. As this is just above our benchmark land value of £1,434,267 this is deemed to be viable.

5.2. For illustrative purposes, we have compared our appraisal to BPC's submission:

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

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

	Sales: Rate /ft²				
Construction: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	16.790% (£1,065,255)	16.790% (£1,757,576)	16.790% (£2,445,888)	16.790% (£3,130,447)	16.790% (£3,811,509)
-2.500%	16.790% (£567,853)	16.790% (£1,263,508)	16.790% (£1,954,974)	16.790% (£2,642,500)	16.790% (£3,326,178)
0.000%	16.790% (£58,182)	16.790% (£767,039)	16.790% (£1,461,762)	16.790% (£2,151,984)	16.790% (£2,838,445)
+2.500%	16.790% £491,264	16.790% (£268,143)	16.790% (£965,995)	16.790% (£1,659,233)	16.790% (£2,348,604)
+5.000%	16.790% £1,045,557	16.790% £270,573	16.790% (£467,818)	16.790% (£1,164,248)	16.790% (£1,856,631)

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 £767,039, which is below the benchmark land value of £1,434,267 and therefore unviable.

5.5. In summary, we agree with the applicant that the scheme cannot viably support the full planning affordable housing policy requirements. However, our modelling shows that 26 onsite affordable units (17.45%) can be provided, plus the S106 payments of £1,801,207.

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.