

For: South Staffordshire Council

**Further Note on Viability:
Follow-up to Regulation 19 Consultation**

November 2024

DSP23848



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1. Introduction

- 1.1. Viability in Planning has been amongst the key themes considered throughout by South Staffordshire Council (SSC) since appointing Dixon Searle Partnership (DSP) in 2019 to prepare a study to assess the potential viability of policies and sites coming forward through the Local Plan Review and updated development strategy for the district.
- 1.2. SSC has maintained contact with DSP, discussing any potential viability implications of national policy developments and other movements in circumstances along the way. The study was undertaken in two stages. Stage 1, completed in Autumn 2021, sought to inform the emerging plan policies through extensive sensitivity testing based on site typologies (representative development scenarios). This fed into detailed consideration of priorities by the Council. Stage 2, completed in October 2022, built upon the earlier work and considered the viability prospects for key site allocations. Overall, having informed their development, the Local Plan Review Viability Assessment (VA) provided and continues to provide appropriate, proportionate evidence for the emerging policies and their deliverability.
- 1.3. The Council carried out a Regulation 19 consultation between November and December 2022. However, as a result of national planning policy changes and proposals, the Council decided to revisit and update elements of the evidence base with a further Publication/Pre-submission consultation subsequently carried out in April to May 2024. In particular, the Council also sought to strengthen the proposed policy approach to climate change response (Policy NB6) as a key priority overall, with the policy evidence and justifications for these provided by specialist energy consultants Bioregional.¹
- 1.4. With a comprehensive assessment of the emerging plan policies provided through the VA work, SSC instructed DSP to consider the key viability-related themes made through representations, including the potential influence on viability associated with updated Policy NB6.

¹ Sustainable construction policy NB6 Tast A, Bioregional (2024)

2. Consultation Responses - Viability

- 2.1 As part of reviewing the representations received, the Council identified areas for further consideration in relation to viability.
- 2.2 Although necessarily reported on at particular points of time, viability in planning in the context of Plan Making is a strategic matter. Reflecting the Plan and other evidence, it makes an overview of viability through the ups and downs – the matters that influence it both positively and negatively. While new regulations come in and standards tend to rise, and there will inevitably be step changes in those, it can also reasonably be expected that extra over costs will reduce from the inception point assumptions, in time. Similarly, it is not appropriate to consider only constraints and pressures associated with the market, rather than opportunity as may be presented by less inflationary times for costs.
- 2.3 Overall, we are of the view that the approach to and use of assumptions and sensitivity testing with the VA remain appropriate. The following section summarises and offers DSP's response to SSC on the comments raised - based on the policy references as described in the Publication-stage Local Plan.
- 2.4 As part of considering this, DSP has carried out some additional sensitivity testing, specifically relating to Policy NB6A, on the site allocations tested as part of the Stage 2 VA. However, this note does not repeat the background, methodology and assumptions applied within the VA; the detail of which is set out within the completed 2022 report and may be read in conjunction with this note for the full background.

Policy NB6A: Net zero new build residential development (operational energy)

- 2.5 The consultation responses raised concerns that the VA underestimated the level of cost assumed to reflect carbon reduction/higher energy efficiency (with reference to the cost uplift set out in the Bioregional² evidence base report), and particularly relative to the revised requirements in Policy NB6A, which was updated following completion of the VA in 2022. Whilst it is not possible for the VA to be retrospective, with national policy and SSC priorities

² South Staffordshire Council Local Plan Review: Sustainable Construction Policy NB6 Task A (2023)
South Staffordshire Council Local Plan Review: Sustainable Construction Policy NB6 Addendum (2024)

having developed, it continues to be reasonably reflective of the proposed policy position at this strategic review level.

- 2.6 The VA reported in October 2022 assumed an extra over (uplift) on base build costs of +4.73% for flats and +7% for houses. The appraisal modelling applied a blended figure of +5.7% within mixed houses/flats development scenarios, based on a weighted average for flats/houses and informed by the assumed dwelling mix principles. Although Part L 2021 came into effect in June 2022, the VA adopted a relatively cautious approach assuming the Building Regulations Part L 2013 as a baseline as at the time we considered BCIS build cost data would not, or certainly not fully, be reflecting the quite newly implemented changes at the time. Whilst an element “catch up” is still likely to be the case to some extent, we can reasonably expect the data to have begun reflecting increased standards.
- 2.7 Allied with this, as a more general point, there is a consensus between specialist consultants that the extra over costs of achieving enhanced energy standards will reduce over time as experience of the requirements, materials/products/technologies, and the knowledge of and a widening market for these becomes more widespread.
- 2.8 These assumptions were based on the Regulation 19 Publication Plan 2022 policy which required new homes to be net zero carbon (regulated carbon emissions only, as calculated by Part L SAP) assuming minimum on-site 63% reduction on Part L 2021 TER (Target Emission Rate). With the Council having since sought to strengthen the emerging policy position and commissioning bespoke advice from specialist consultancy Bioregional, it is now appropriate to look at relative measures/costs and assumptions again.
- 2.9 The Bioregional report² provided a number of potential policy options - accompanied by estimated costs – review of which informed the Council’s selected approach. The further Publication stage/pre-submission LPR consultation in 2024 now proposes to require new homes to be net zero regulated carbon with a preference for on-site solutions achieving greater than a 63% reduction against Part L 2021 TER and net zero unregulated carbon through other measures if not achieved on-site i.e. via off-setting as a “last resort” option, assuming this takes account of decarbonisation of the grid.
- 2.10 The Bioregional Addendum report² (2024) provides an up to date summary of the above noted policy options/approaches put to SSC, with estimated costs for each as follows:-

Table 1: Bioregional 2024 estimated cost uplift by policy option

Policy Approach	Part L 2013 Baseline	Part L 2021 Baseline
Policy NB6 – Regulation 19 (2022) consultation version: Net zero carbon (regulated emissions) - minimum on-site 63% reduction on Part L 2021 TER	+3.8% to +5.5% (mid-point = +4.65%)	+0.3% to +1.5% (mid-point = +0.9%)
Policy NB6A – Publication-stage/pre-submission (2024) consultation version: Net zero regulated and unregulated carbon with a preference for on-site solutions >63% reduction against Part L 2021 TER	+7.2%	+2.6% to +2.9% (mid-point = +2.75%)

(DSP 2024 using Bioregional sourced cost uplift assumptions)

2.11 The above shows the cost uplift assumption applied within the VA reflected an appropriate allowance for achieving the SSC 2022 draft policy position. According to Bioregional, the 2024 policy position indicates an increased cost uplift albeit by only 0.2% beyond the cost range assumed within the VA (at +4.7% to +7%). However, to address the points raised through the Regulation 19 consultation stages, we have updated the Stage 2 viability assessment appraisals (see the findings in Table 2 below). These include the increased extra over cost assumption of +7.2% (compared with the previously tested allowances as per 2.5 above) as a sensitivity test - to view the degree of viability impact overall. This directly aligns with the Bioregional data, fully reflecting the current emerging (updated – enhanced) proposed policy position.

Table 2: Sensitivity test results - comparison

Site Allocation	Blended overall BLV £/ha (subject site area and GB compensation land)	DSP Stage 2 Results (2022)	DSP Sensitivity Test Results (2024) [+7.2% cost uplift for Policy NSB6A]
		RLV/ha at VL £3,700/m ²	RLV/ha at VL £3,700/m ²
Land North of Penkridge	£212,624 ³	£379,202	£359,545
land East of Billbrook	£236,353	£512,131	£486,264
Land adjacent 44 Station Road	£316,250	£386,487	£355,669
Land off Holly Lane	£316,250	£351,988	£320,000
Land at Landywood Lane	£292,568	£406,070	£375,679

(DSP 2024)

2.12 Table 2 above shows the updated sensitivity test results displayed in Residual Land Value (RLV) £ per hectare terms alongside the Stage 2 VA results which can then be compared with the assumed Benchmark Land Value (BLV). As can be seen, the further test results continue to exceed the assumed BLV levels indicating continued positive viability prospects across all the tested site allocations with 30% affordable housing. While it is acknowledged therefore that using such (latest) assumptions reflecting the updated policy and technical advice would have reduced the RLV outcomes compared with those reported previously, this is not to a material extent in regard to overall outcomes.

2.13 Overall, the blended extra over cost per m² assumed within the Stage 2 VA (2022) testing equates to approximately £75/m², with this increasing to £94/m² in the above further testing reflecting updated Policy NB6A (2024). On an overview basis, this change represents a cost difference of approximately £20/m² which equates to approximately 1.5% of base build cost overall. This is shown to have a minimal impact on overall viability and in absolute terms does not make an otherwise viable site, unviable. In the context of strategic-level viability assessment for Plan Making, we consider the updated cost uplift estimate has an effect which is well within the realms of normal movements in costs and values, either way, and we reiterate would not materially affect the viability position described within the Viability Assessment.

³ Note: whilst Green Belt compensatory measures are not required on this site, these figures have been used as a proxy for the additional public open space to be provided over and above the minimum policy requirement, in the form of a Riverside Park

- 2.14 From our wider experience at a site-specific level, we note the required standards set out in Policy NB6A could be addressed in a variety of ways e.g. through combinations of design and orientation of buildings, particular specification, use of materials, etc. for example, which detail is not factored into a strategic-level viability assessment specifically. In this context our assessment has to make a series of assumptions that are suitable across the review context.
- 2.15 Moving on to where we are now on estimates of relative costs, we note also that the Bioregional report suggests a lower extra over cost uplift (of between +2.6% to +2.9%) would now be applied to reflect the policy if assuming the current Part L 2021 as a baseline. With Building Regulations understood, still, to be updated again reflecting the forthcoming Future Homes Standard (2025), the baseline position will move on and as above the associated build costs will reasonably be expected to continue to reduce over time as higher standards become embedded.
- 2.16 Overall, we have been aware of estimated extra over costs put forward in viability or other evidence for net zero energy standards covering a wide range from around 1% to 11% added to base build cost. Appropriately, in our view and our experience of Viability in Planning at both Plan making and Decision Making stages, the making of allowances broadly in the centre of this wide range of views represents a suitable course for the purpose and in the context described through this and the full VA work.
- 2.17 Although we consider the cost assumptions applied in the Stage 2 VA (2022) remain appropriate at this strategic-level, the additional sensitivity testing shows the viability impact of increasing the cost assumptions remains within the positive scope found within the viability scenarios locally, viewed overall - with the SSC policy positions fully applied.
- 2.18 Alongside Policy NB6A, we note Policy NB6C encourages all new residential development to complete a “whole-life” carbon assessment with large-scale new residential (50+ dwellings) required to limit embodied carbon to 550kgCO₂/m² based on GIA. The VA 2022 does not make a specific cost allowance to achieve this policy position. However, the Bioregional report confirms that achieving this is considered “cost-neutral” and therefore these further requirements can be considered as also unlikely to have an additional or material viability impact.

Policy HC1: Housing Mix

- 2.19 The Stage 2 VA (2022) reflected the housing mix as informed by the Strategic Housing Market Assessment (SHMA) (2022) as set out within its accompanying Appendix 1 Assumptions Summary. The Publication/Pre-submission Plan refers to an updated SHMA (2024) and, similar to the previous policy position, seeks to ensure that new housing developments provide a mix of property sizes, types (including single level housing) and tenures to meet the needs of the community.
- 2.20 For the purposes of strategic-level viability assessment, the 2022 assessment reflected the housing mix contained in the SHMA (2022) as a suitable starting point, noting that housing need demographics will change during the course of the plan period with the SHMA also expected to be updated regularly. In reality, housing mix at a site level is likely to vary depending on scheme specifics and market drivers at the time a scheme comes forward. There are a great many potential iterations on dwelling and tenure mix. Varying or changing needs requirements cannot therefore be fully reflected in a strategic-level viability assessment undertaken at a point in time; nor do they need to be.

Policy HC3: Affordable Housing

- 2.21 The consultation responses are broadly supportive of the requirements set out in Policy HC3 as evidenced by the VA, noting the mechanism within the policy to submit a planning stage viability assessment in certain circumstances is welcomed.
- 2.22 We note one response anticipates a 30% affordable housing requirement to be viable for a specific site allocation but suggests on a district-wide basis 30% is not consistent with the viability evidence and therefore the policy is not justified. Specific reference is made to paragraphs 3.2.2 and 3.2.3 of the viability evidence which states 30% affordable housing *“may be challenging to achieve in some circumstances”*.
- 2.23 However, specific report text needs to be read in context with the wider wording which describes that although sites on the whole are unlikely to support affordable housing *greater* than 30% in the early years of the plan period, the results suggest the ability to support more development cost than appraised should not be ruled out. The VA goes on to say that although some more challenging viability scenarios exist in some circumstances (e.g. lower sales values, some previously developed land (where relevant) and/or land with specific associated abnormal costs), on balance *“we are of the view that this need not take away from*

the effectiveness of the proposed 30% AH policy headline intention. This should be a realistic expectation to inform the decision making stage on greenfield hosted developments”⁴.

- 2.24 Addressing as far as possible the area’s identified housing need is a crucial element in seeking to go as far as workable towards an appropriate balance between need and viability, which identifies 29% of new housing delivered over the Plan period should be provided as affordable housing. We note the proposed policy approach (at 30% AH) represents a reduction from the 40% AH policy in the adopted Core Strategy and in our experience a further reduced policy expectation would neither contribute enough towards meeting the identified need or be guaranteed to fully deliver (to a lower % level) in any event.⁵
- 2.25 In our opinion a lower level of affordable housing (less than 30% AH) could risk undershooting the potential for its provision across a variety of local circumstances. Overall, we consider policy should be set at a suitably positive level in the context of housing need.
- 2.26 It is also worth noting that the viability assessment does not allow for any grant funding which would improve the presented viability picture. Given the Government’s drive for increasing affordable housing delivery, the opportunity for grant funding to support AH delivery may improve over time. Associated with the above, the potential upsides should not be unduly constrained, with the purpose of Viability in Planning being to consider how the delivery of sustainable development can happen.
- 2.27 At the time the viability assessment was carried out, and in the following period there has been greater than typical economic and property market uncertainty as acknowledged in the report detail; and which may be seen to flow through into early the Plan Review stage delivery. However, the Plan is set to run over a long timeline and a strategic view should be taken reflecting the various economic conditions that could exist, including more buoyant spells as have been experienced in the past.

Policy HC3 & Older persons housing

- 2.28 The consultation response from McCarthy & Stone seeks a bespoke differential affordable housing policy response to fairly specific forms of specialist housing and makes comments on

⁴ Viability Assessment – Local Plan (Stage 2 Report), DSP (October 2022), para. 3.2.3, page 56

⁵ Viability Assessment – Local Plan (Stage 2 Report), DSP (October 2022), para. 3.2.7, page 57

a number of individual assumptions, which in our view need to be considered in the wider context involved in Local Plan viability.

- 2.29 The viability evidence has sought to directly reflect key characteristics of these forms of development when building up assumptions. Many of these particular assumptions are already referenced within the VA and align with those referred to within the Retirement Housing Group 'Briefing Note on Viability'. The comments provided suggest a very specific view on assumption levels should be reflected in this context. However, in our view, this seeks to put in place an overly specific and, in some cases, elevated set of assumptions based wholly upon which, collectively, DSP is not sure that development would always or even regularly proceed.
- 2.30 In practice, development characteristics, sites and schemes overall are more variable within this sector. The Plan Making process should be proportionate and not too specific in dealing with specialisms, or particular developers' products - with lots of schemes potentially considered as unique in some way. There is more variety than is considered the submitted comments represent and in our experience it is not appropriate or necessary to seek to follow all of this or seek to pick out and specifically respond to only particular elements.
- 2.31 Although the RHG 'note' dates from 2013 (updated 2016), the VA has taken its principles into account alongside the Viability PPG and our long running experience of appraisal these more specialist forms of housing development at both strategic policy level and as part of planning application stage reviews and negotiations. Many of these principles have been applied with much of the assumptions detail being broadly similar and in viability in planning it is not usual for some differences of opinion to exist.
- 2.32 Overall, the VA approach and assumptions using for considering the viability of older persons housing at this level are considered to remain suitable for the strategic purpose. While the likelihood of site and scheme specific variance means that in practice a range of viability outcomes will be encountered, DSP's experience at planning application stage reviews indicates that in the great majority of cases there is some scope for affordable housing to be supported. It is the role of Local Authorities to consider the weight placed on viability in balance with other planning priorities. The level of affordable housing need cannot risk being under-addressed through setting a default type approach too low or at nil AH. All contributions are to be optimised.

- 2.33 There is considered to be an insufficient case for a reduced affordable housing requirement as requested by the representation comments. These types of schemes form part of the overall housing supply and while acknowledging the population trends means the emphasis on this (and demand for provision) is likely only to increase, this may also mean new models or provision/types of schemes or more mixed schemes come forward as delivery evolves. This is a key factor and potential which should not be set aside based on a fairly specific model of provision.
- 2.34 In summary, the requested consideration of a reduced AH policy approach is considered inappropriate and has potential to undershoot the affordable housing enabling scope in many instances (acknowledging the majority of contributions from such schemes are via payments in lieu rather than, recently or currently, on-site AH provision) and perhaps inhibit the potential moving ahead. Sidelining or overly diluting expectations is considered likely to overly restrict the scope for supporting affordable housing enabling in some capacity, and perhaps especially if delivery models or finances change. These developments do compete successfully for sites in the market, and as such it is considered that a suitable starting point is the policy approach applied to housing sites generally.
- 2.35 DSP also notes that the Council's approach is consistent with the findings of the recent Crawley Borough Council Inspector's Report (September 2024) which supported the above approach to older persons housing, extract as follows:-

"193. In terms of seeking affordable housing provision on older persons' schemes including retirement living, sheltered housing and extra care housing where there is a degree of independent living, the Plan-wide viability assessment has assessed this...The plan-wide evidence shows that viability is likely to be variable resulting in a more frequent use of viability review and negotiation. To devise a policy that sought to deal with the wide variation in the nature of such schemes would result in an overly complex approach. As such it remains justified that the policy starts from a position of seeking a requirement with the provision that in exceptional circumstances, on a case-by-case basis, this could be relaxed."

Policy HC4: Homes for Older People

- 2.36 The consultation responses have suggested the provisions set out in Policy HC4 have not been sufficiently tested in the viability assessment. The Policy detail seeks to ensure the needs of

older people and other groups with specialist requirements are met and sets out specific requirements linked to the type and mix of housing including 100% of dwellings to meet the current optional accessibility standards as set out in Building Regulations Part M4(2) Accessible and adaptable dwellings. We note it will be for the Council to confirm the related needs-based evidence informing this policy position.

- 2.37 The Stage 1 Viability Assessment and accompanying Appendices⁶ included a range of development typologies representative of emerging site supply over the plan period including general needs housing (with single level housing), and testing with adapted assumptions for sheltered and extra-care development scenarios. As appropriate when considering viability of sheltered/extra-care typologies, bespoke assumptions have also been assumed including build costs, unit sizes accounting for a higher proportion of non-developable floorspace, empty property costs etc. (also discussed at 2.27 onwards).
- 2.38 In relation to accessibility standards, we note the Council is seeking to align with Government intention for all homes to be built to M4(2) standard as described in the 'Raising accessibility standards in new homes' consultation document (updated July 2022). At present we understand the Government is expected to consult on the necessary technical changes to Building Regulations in due course. On this basis we note these policies will become embedded in Building Regulations over time and therefore this extra-over cost will reduce over the lifetime of the Plan.
- 2.39 The VA (2022) assumes £15.50/sq. m. for achieving M4(2) compliance equating to approximately £1,400 per dwelling on average. As referenced in Appendix 1 to the VA, this figure is based on the 'Raising accessibility standards in new homes' consultation document (updated July 2022) which states *"The estimated additional cost per new dwelling is approximately £1,400 for units which would not already meet M4(2)"*. We note there are also other information sources indicating lower cost assumptions to achieve this standard at on average £10/sq. m. On this basis, we consider the requirement for M4(2) compliance has been fully reflected within the viability assessment.
- 2.40 One of the consultation responses noted M4(3) compliance had not been reflected within the viability study. However, M4(3) is not a requirement set out in the Publication-stage Plan

⁶ Viability Assessment – Local Plan (Stage 1 Report and Appendices), DSP (2021)

policies and therefore it would not be necessary to include such costs within the viability assessment.

Policy HC14: Health Infrastructure

- 2.41 Policy HC14 requires development to provide a proportionate financial contribution (or via on-site) towards health infrastructure. The consultation response from the NHS broadly supported the findings of the viability assessment noting *“in our view the s106 headroom identified as part of the site specific testing is generally sufficient to enable financial contributions to be secured for healthcare, and therefore overall the assessment of plan-wide viability demonstrates that policy requirements in relation to healthcare infrastructure contributions are deliverable”*. However, it goes on to raise concerns that there is no explicit mention of health contributions being allowed for within the assessment.
- 2.42 As noted above, the viability assessment comprised two stages, Stage 1 focused on development typologies with Stage 2 relating to a range of site allocations including both at strategic-scale and smaller-scale development. The Stage 1 report included a range of s106 allowances with specific reference to open space/sports facilities, Cannock Chase SAC SAMM and education with all other obligations (such as healthcare) considered as part of the wider sensitivity testing of proxy costs for CIL or s106. Where the results from that testing identified a residual surplus (after deducting for BLV), it is possible to determine the level of s106 (or at the time CIL) that could be accommodated in addition to other policy costs and the overall assessment results were considered in this context.⁷
- 2.43 The Stage 2 VA (2022) included specific s106 contributions including relating to health infrastructure as set out in the Appendix 1 assumptions summary document on an individual site basis. Given the range of site allocations tested included a mix of larger, strategic-scale sites and smaller sites more closely aligned to the size of the Stage 1 development typologies, we consider the overall approach remains suitable in the context with an appropriate allowance made for health infrastructure.

Policy DS2: Green Belt compensatory improvements

- 2.44 Policy DS2 requires that sites being released from the Green Belt will need to provide compensatory improvements to land remaining in the Green Belt. Where it can be robustly

⁷ DSP Stage 1 Viability Assessment (2021), Paragraph 2.14.4 and Chapter 3.

demonstrated the necessary compensatory improvements to the remaining Green Belt land (as defined in the policy detail) cannot be satisfied, a commuted sum will be accepted.

2.45 We understand some of the Regulation 19 consultation responses suggested the cost associated with the Green Belt compensatory measures specified in Policy DS2 has not been viability tested.

2.46 The Stage 2 Viability Assessment explains the approach taken to Policy DS2 as follows:-

*“The sites that SSC has requested to be specifically tested are proposed to be released from the Green Belt and as such are also required to provide compensatory improvements to land remaining in the Green Belt. Details of additional compensatory site areas for only some of the sites has been provided and where that information has been provided, details are set out in Appendix 1. For the purposes of this study we have assumed the additional land is required to be purchased at a value considerably in excess of existing use value (EUV) in agricultural use but below the allowance made for the subject site land area. This additional land cost has been assumed at £50,000 per hectare in line with our experience of equivalent SANG/ANRG or similar mitigation land elsewhere”.*⁸

2.47 The assumed purchase of the required compensatory land area (at £50,000 per hectare) has been reflected in the overall blended BLV noted within Appendix 2. In addition, we have also included a financial contribution per site as provided by SSC. For example, the site known as Land E Billbrook includes a financial contribution of £189,051 alongside 2.9ha of compensatory land.

2.48 We consider the assumed approach appropriately reflects the requirements set out in Policy DS2 with the Stage 2 VA and accompanying appendices setting out the detail. Clearly the VA is undertaken at a point in time and will not necessarily reflect or certainly specifically reflect subsequent changes to the requirements as provided for by the SSC approach or through newly emerging national policy; or indeed via any negotiation that may take place at the point a planning application is submitted.

⁸ DSP Stage 1 Viability Assessment (2021), Paragraph 2.4.5

3. Summary

- 3.1 Following two Regulation 19 stage consultations in 2022 and 2024, the Council received a number of representations referencing the Viability Assessment DSP conducted for the Council to inform and in support of the emerging Local Plan review. Having considered these and the updated context, this note aims to provide SSC with DSP's further commentary related to viability.
- 3.2 In particular, the key representations seemed to relate predominantly to the climate change response Policy NB6A and whether the level of cost applied within the viability assessment was appropriate in the context of the evidence base study undertaken by Bioregional in 2024. In further considering these matters, we have reviewed the further evidence on relative costs and have conducted further sensitivity testing using the tested basis for the site allocations reviewed in the Stage 2 VA with an updated cost uplift (extra over cost assumption) applied in line with the Bioregional evidence. The results have then been compared to show the impact of the change to the level of cost uplift applied for Policy NB6A – as shown in Table 2 above.
- 3.3 These results show a marginal (acknowledged as negative) viability impact overall when compared to the Stage 2 results, but the results continue to exceed the assumed level of BLV, therefore indicating a positive viability scenario with all other policies fully applied. The assumed change in cost uplift equates to approximately £20/m² (or 1.5%) on base build.
- 3.4 Overall, the additional testing conducted as part of this note shows that applying the Bioregional cost uplift would not materially impact the viability position described within the viability evidence. This additional cost uplift, where relevant, would not move a viable site into a non-viable position.
- 3.5 A strategic-level viability assessment of this nature is a proportionate exercise and inevitably must be undertaken at a point in time using the available information rather than making projections or similar. The assessment used a prudently considered set of assumptions and it is necessary in this context for judgements to be made having regard to sensitivities. Viability is a constantly evolving and changing scenario influenced by local and national policy as well as through varying economic circumstances during the course of the plan period. In our opinion and experience of these matters, the viability assessment and findings remain robust



having informed, and in now supporting therefore the viability and delivery prospects of the South Staffordshire Local Plan Review and policies.

Further Note on Viability ends
November 2024

Notes and Limitations

- i. This has been a desk-top exercise based on information provided by South Staffordshire Council (SSC) supplemented with information gathered by and assumptions made by DSP, conducted appropriately and proportionately in the context of the strategic application of viability in planning principles.
- ii. This review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice (with DSP also having provided an ad hoc (on request) service to SSC in reviewing some planning application stage viability submissions.
- iii. In order to carry out this type of assessment many assumptions are required alongside the consideration of a range of a large quantity of information which rarely fits all eventualities. Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other surplus / deficit output generated – the indications generated by the development appraisals for this strategic purpose will not necessarily reflect site specific circumstances. Nevertheless, the assumptions used within this study reflect typical development costs along with the Local Plan policy requirements of the Council and national standards, and therefore take into account the cumulative costs of development. The assessment work contains information on the impact of varied assumptions applied within a wide range of sensitivity tests.
- iv. It should be noted that every scheme is different, and no review of this nature can reflect all the variances seen in site specific cases. Accordingly, this assessment (as with similar studies of its type) is not intended to directly prescribe assumptions in a necessarily fixed way. Assumptions applied for our test scenarios are unlikely to be appropriate for all developments and, ultimately, may well not directly reflect the specifics of proposals and sites as individual schemes are considered. A degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and provisionally informing the emerging Local Plan.

- v. This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.
- vi. To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd (DSP) accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.
- vii. In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council's policies will be applied from case to case.
- viii. DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We have undertaken and from time to time undertake other viability assessment work in the Council's area, including review of some viability assessments (on an ad hoc basis) submitted to the Council at decision making (development management) stage. We conduct similar work for other authorities in the region.
- ix. In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of incentive/performance related payment. Our project costs are simply built-up in advance, based on hourly/day rates and estimates of involved time. In the preparation of this assessment DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.