Accessible Report

Worcester City Council, Malvern Hills District Council & Wychavon District Council

CIL Viability Report

South Worcestershire CIL Review

December 2025

Quality Assurance

Date of Report	19 December 2025
Version	V2
Filename and path	S:_Client Projects\1812 South Worcestershire Plan Viability and CIL Review_SWC_Reports\2509 CIL Viability Report\251219 South Worcestershire CIL Viability Report_v2.docx
Prepared by	Andisheh Amouzadeh, Consultant
Checked by	Ben Aspinall, Managing Director
Date	19 December 2025
Authorised by	Ben Aspinall, Managing Director
Date	19 December 2025

Limitation

Aspinall Verdi

Contents

Aspinall Verdi

Tables & Figures

Appendices

Non–Technical Summary

ES 1 AspinallVerdi has been appointed by South Worcestershire Councils (SWCs, the Local Planning Authorities (LPAs) as the context requires) to undertake a Community Infrastructure Levy (CIL) Viability Assessment. This assessment is intended to support the Councils in developing a robust, evidence-based CIL Charging Schedule.

ES 2 This assessment considers the cumulative impact of Local Plan policies on development viability. The objective is to determine whether there is sufficient viability headroom to introduce CIL as a mechanism to help fund strategic infrastructure within the area.

ES 3 The Councils are looking to receive contributions through CIL to facilitate the provision of the necessary strategic transport infrastructure required to address the cumulative and cross boundary impacts of the Local Plan and to enable sustainable development to be brought forward in South Worcestershire.

ES 4 South Worcestershire Councils previously adopted their Community Infrastructure Levy (CIL) Charging Schedule(s) in May 2017.

ES 5 In this CIL Viability Assessment, we examine the viability of various forms of development and consider whether differential CIL rates could be set that strike an appropriate balance between funding infrastructure and maintaining deliverability of development, in accordance with the CIL Regulations and national policy guidance.

Policy Context

ES 6 CIL allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development as a whole.

ES 7 Our financial viability assessment has been carried out having regard to the various statutory requirements comprising primary legislation, planning policy, statutory regulations and guidance.

ES 8 We identify in Section 2 the key cross-references in the NPPF and PPG and our comments in respect of viability and deliverability. In section 3 we provide an analysis of the policies in the emerging South Worcestershire Local Plan 2016 – 2041. This is to ensure that the cumulative impact of CIL and the Plan policies is taken into consideration.

ES 9 We have prepared a detailed Policies Matrix (Appendix 1) which identifies the local policies which have a direct, indirect or no impact on viability. Where necessary, it sets out the assumption we have made to mitigate the policy and identifies the source of this assumption. The cumulative costs of national and local planning policies have been factored into our appraisals.

Approach

ES 10 Through our property market research, we have established a range of residential development typologies that we have financially appraised to assess the viability of a potential CIL Charging Schedule.

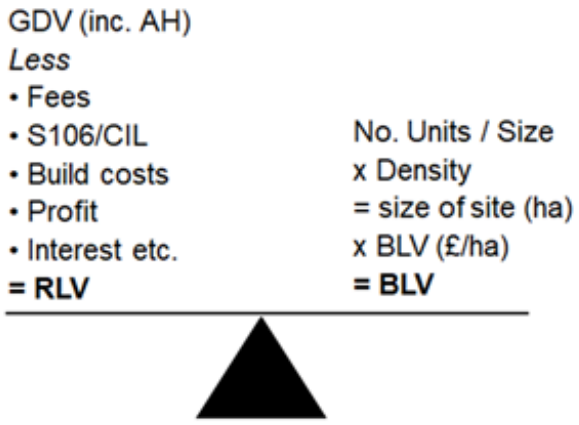
ES 11 Following our market research, having regard to our updated residential market research (Appendix 3), we proposed one value zone for the district.

ES 12 We anticipate that the CIL rates will still be differentiated by greenfield and brownfield sites (as is the case for Affordable Housing); however, this is due to mainly cost factors rather than values e.g. existing use value for land; site remediation costs and brownfield risk premium.

ES 13 We undertook a stakeholder consultation workshop and written feedback process, receiving only one formal response and incorporating relevant changes as necessary.

ES 14 The viability of the typologies has been assessed using a financial viability appraisal, having regard to primary legislation, planning policy, statutory requirements and professional guidance. The principle of the assessment method is illustrated on the following diagram.

Figure ES.1 - Balance between Residual Land Value and Benchmark Land Value



Source: AspinallVerdi © Copyright

ES 15 A scheme is viable if the Residual Land Value (RLV) is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable. If the RLV is negative, this situation results in a 'fundamentally unviable' scheme.

ES 16 In planning viability terms, for a scheme to come forward for development the RLV for a particular scheme has to exceed the landowner's Benchmark Land Value (BLV).

ES 17 The results of the appraisals should therefore be interpreted as follows:

- If the 'balance' is positive (RLV > BLV), then the CIL/policy is viable. We describe this as being 'viable for plan making purposes herein'.

- If the 'balance' is negative (RLV < BLV), then the CIL/policy is 'not viable for plan making purposes' and the CIL rates/planning obligations and/or affordable housing targets should be reviewed.
- Thirdly, if the RLV is positive, but the appraisal is not viable due to the BLV assumed – we refer to this as being 'marginal'.

ES 18 In this context, we have used our appraisal models to 'back-solve' the maximum CIL Rate to achieve the BLV / balance the appraisal. We have then considered an appropriate 'buffer' having regard to the overall context of the RLV cost and value assumptions as described in Figure 9.1 – Decision making process for recommended CIL rate.

ES 19 In Development Management terms every scheme will be different (RLV) and every landowner's motivation will be different (BLV)

Residential Viability Results

ES 20 Following our residential viability appraisals using our value and cost assumptions, the max CIL that can be provided is shown in the below tables. The table below shows our recommended CIL rates for greenfield residential development differentiate by the scheme size.

Table ES.1 – Greenfield Residential CIL Rate Recommendations

Residential Scheme	Max CIL £ psm	Recommended CIL £ psm	Buffer %
Schemes under 10 units (small)	£539	£120	78%
RDAs	£165 – £418	£120	27% – 71%
Schemes of 10 – 49 units (Medium)	£55	£55 No increase to the current CIL is recommended	n/a
Schemes of 50 or more units (Large)	£152 – £308	£120	40% – 61%

ES 21 Similarly, for brownfield residential development, we show the max CIL rates from our appraisal and our recommended CIL rates in the table below.

Table ES.2 – Brownfield Residential CIL Rate Recommendations

Residential Scheme	Max CIL £ psm	Recommended CIL £ psm	Buffer %
Schemes under 10 units (small)	£180	£120	33%
RDAs	£55 – £130	£55 No increase to the current CIL is recommended	n/a – 58%
Schemes of 10 – 49 units (Medium)	£0	£0 No increase to the current CIL is recommended	n/a
Schemes of 50 units or more	£0	£0 No increase to the current CIL is recommended	n/a

Specialist Residential Viability Results

ES 22 Following our specialist residential viability appraisals using our value and cost assumptions, the max CIL that can be provided is shown in the below table. The table also shows our recommended CIL rates for each use type.

Table ES.3 – Specialist Residential CIL Rate Recommendations

Specialist Residential Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Older Persons Housing (both Retirement Living and Extra Care)	£0	£0 No increase to the current CIL is recommended	n/a
Purpose Built Student Accommodation (PBSA)	£137	£137 No increase to the current CIL is recommended	n/a
Build to Rent (BTR)	£0	£0 CIL not recommended	n/a

Retail Viability Results

ES 23 Following our retail viability appraisals using our value and cost assumptions, the max CIL that can be provided is shown in the below table.

Table ES.4 – Retail CIL Rate Recommendations

Retail Use Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Convenience Retail – Express Store	£372 – £550	£150	60% – 73%
Convenience Retail – Large Supermarket	£264 – £572	£150	43% – 74%
Convenience Retail – Discounted Supermarket	£297 – £537	£150	49% – 72%
Retail Warehouse	£343	£150	56%
Drive Thru	£864 – £1,258	£150	83% – 88%

Industrial / Logistics Viability Results

ES 24 Following our industrial viability appraisals using our value and cost assumptions, the max CIL that can be provided is shown in the below tables. The table also shows our recommended CIL rates for greenfield industrial and logistics.

Table ES.5 – Greenfield Industrial / Logistics CIL Rate Recommendations

Specialist Residential Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Light Industrial (<10,000 sqft)	£424	£120	72%
Medium to Large Industrial (10,000 – 50,000 sqft)	£635	£120	81%
Logistics (>50,000 sqft)	£346	£120	65%

ES 25 Similarly, for brownfield industrial and logistics, we show the max CIL rates from our appraisal and our recommended the CIL rates in the table below.

Table ES.6 – Brownfield Industrial / Logistics CIL Rate Recommendations

Specialist Residential Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Light Industrial (<10,000 sqft)	£258	£60	77%
Medium to Large Industrial (10,000 – 50,000 sqft)	£437	£60	86%
Logistics (>50,000 sqft)	£145	£60	59%

Best Practice

ES 26 We recommend that, in accordance with best practice, the plan viability is reviewed on a regular basis by South Worcestershire Councils to ensure it remains relevant as the property market cycle(s) change.

ES 27 Furthermore, to facilitate the process of review, we recommend that South Worcestershire Councils monitor the development appraisal parameters herein, but particularly data on land values / value zones, delivery rates and grant funding within their area.

1 Introduction

1.1 AspinallVerdi has been appointed by South Worcestershire Councils (SWCs, the Local Planning Authorities (LPAs) as the context requires) to undertake a Community Infrastructure Levy (CIL) Viability Assessment. This assessment is intended to support the Councils in developing a robust, evidence-based CIL Charging Schedule.

1.2 This assessment considers the cumulative impact of Local Plan policies on development viability. The objective is to determine whether there is sufficient viability headroom to introduce CIL as a mechanism to help fund strategic infrastructure within the area.

1.3 The Councils are seeking to secure contributions through CIL to support the delivery of strategic infrastructure required to address the cumulative and cross boundary impacts of the emerging Local Plan and to enable sustainable development to be brought forward in South Worcestershire.

1.4 South Worcestershire Councils previously adopted their Community Infrastructure Levy (CIL) Charging Schedule(s) in May 2017.

1.5 During the previous commission of a similar nature for SWCs, AspinallVerdi prepared the Local Plan and CIL Viability Assessment (July 2022) and Retail and Commercial CIL Viability Assessment (August 2022), through which we provided financial viability advice to inform the South Worcestershire Development Plan Review (SWDPR) and undertook a review of the CIL Charging Schedule. Since then, for the purpose of CIL review, we also have carried out an update to the CIL Viability evidence 'South Worcestershire PBSA and Small Express Retail CIL Viability Assessment (October 2023).'

1.6 This updated CIL Viability Assessment follows on from our previous commissions. We examine the viability of various forms of development and consider whether differential CIL rates could be set that strike an appropriate balance between funding infrastructure and maintaining deliverability of development, in accordance with the CIL Regulations and national policy guidance.

1.7 In this study, we have been instructed to:

- Review market values, based on targeted new-build developments/schemes within the area and review BCIS costs and assumptions.
- Run appraisals for residential and commercial typologies based on site allocations and planning applications within the area, using the same NPPF/NPPG compliant methodology.
- Provide recommendations on the viability and deliverability of appropriate CIL charging rates across different development typologies within the area.

RICS Practice Statement

1.8 Our viability assessment has been carried out in accordance with the RICS[1] Financial Viability in Planning: Conduct and Reporting Professional Standard (1st Edition, May 2019).

[1] Royal Institution of Chartered Surveyors

1.9 Our FVA has also been carried out in accordance with the RICS Assessing Viability in Planning under the National Planning Policy Framework 2019 for England Professional Standard (1st edition, March 2021) having regard to the latest revisions to the National Planning Policy Framework (NPPF, last updated December 2023[2]) and the Planning Practice Guidance (PPG).

Objectivity, Impartiality and Reasonableness

1.10 We have carried out our review in collaboration with the Councils as LPAs and in consultation with industry. At all times we have acted with objectivity, impartially and without interference when carrying out our viability assessment and review.

1.11 At all stages of the viability process, we have advocated reasonable, transparent and appropriate engagement between the parties.

Conflicts of Interest

1.12 We confirm that we have no conflict of interest in providing this advice and we have acted independently and impartially.

Report Structure

1.13 The remainder of this report is structured as follows:

Section	Content
Section 2 – National Policy Context	This section sets out the statutory requirements for the CIL viability including the NPPF and PPG website.
Section 3 – Local Plan Context	This section sets out the details of the existing evidence base and the Local Plan policies which will have a direct impact on CIL viability.
Section 4 – Viability Assessment Method	This section describes our generic methodology for appraising the viability of development which is based on the residual approach as required by guidance and best practice.
Section 5 – Residential Typologies	We set out the residential development typologies that are to be tested as part of the study and summarise the cost and value assumptions made in the financial appraisals – for each of residential; build to rent and student accommodation (investment typologies); and older persons housing.
Section 6 – Retail & Commercial Typologies	We set out the retail and industrial/logistic development typologies that are to be tested as part

[2] Following the appointment of the new Labour Government in July 2024, the NPPF is currently undergoing consultation for the proposed reforms. This is expected to close in September 2024.

Section	Content
	of the study and summarise the cost and value assumptions made in the financial appraisals.
Section 7 – Land Value Assumptions	We set out our land value assumptions from our Land Market Paper, which will be adopted in the financial appraisals.
Section 8 – Stakeholder Consultation	This section sets out the details of the stakeholder consultation that has taken place.
Section 9 – Viability Results	This section sets out the detailed appraisal results with commentary.
Section 10 – Conclusions and Recommendations	This section sets out our recommended CIL rates in respect of the updated CIL Charging Schedule.

2 National Policy Context

2.1 CIL allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development as a whole.

2.2 Our financial viability assessment has been carried out having regard to the various statutory requirements comprising primary legislation, planning policy, statutory regulations and guidance.

2.3 We identify below the key cross-references in the NPPF and PPG and our comments in respect of viability and deliverability. This is not meant to be exhaustive and reference should be directly made to the relevant sections of the NPPF and PPG.

National Planning Policy Framework

2.4 The NPPF confirms the Government's planning policies for England and how these should be applied and provides a framework within which locally-prepared plans can provide for housing and other development in a sustainable manner[3].

2.5 It confirms the primacy of the development plan in determining planning applications. It must be taken into account in preparing the development plan and is a material consideration in decision-making.

2.6 It is important to note that within the NPPF (2024), paragraph 173 of the original 2012 NPPF has been deleted. The old paragraph 173 referred to viability and required '*competitive returns to a willing land owner and willing developer to enable the development to be deliverable'*.

2.7 The "new" NPPF (iterations from 2019) refers increasingly to *deliverability* as well as viability which requires that infrastructure can be delivered to support schemes (with sustainable land values and profit margins).

2.8 We draw your attention to the following key paragraphs (Table 2.1). Our emphasis on the quotes can be seen in bold and our comments can be seen with asterisks.

Table 2.1 – NPPF Key Cross-References

Paragraph Number – Item	Quote / Comments
Para 35 - Development contributions	*"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."*

[3] National Planning Policy Framework, December 2024, para 1

Paragraph Number – Item	Quote / Comments
Para 58 – Planning obligations [tests]	*"Planning obligations must only be sought where they meet all of the following tests[4]:* *a) necessary to make the development acceptable in planning terms;* *b) directly related to the development; and* *c) fairly and reasonably related in scale and kind to the development."* * Notwithstanding the latest changes to the CIL Regulations (2015) which do away with the requirements for a Regulation 123 list of infrastructure, these tests ensure that Local Authorities cannot charge S106 or CIL twice for the same infrastructure (as this would not be fair and reasonable).
Para 59 – Presumption of Viability	*"Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The* ***weight to be given to a viability assessment is a matter for the decision maker****, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."* (Our emphasis) * We understand that the Government's objective is to reduce the delays to delivery of new housing due to the site-specific viability process that was created as a result of the previous paragraph 173. Once a new Local Plan is adopted no site-specific viability assessment should be required (except in exceptional circumstances) and developers should factor into their land buying decisions the cost of planning obligations (including affordable housing).

[4] Set out in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010.

Paragraph Number – Item	Quote / Comments
Para 65 – 10 Unit Threshold	*"Provision of affordable housing should not be sought for residential developments that are not major[5] developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer)."*
Para 65 – Vacant Building Credit (VBC)	*"To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount."*
Para 66 – Affordable Home Ownership	*"Where major development involving the provision of housing is proposed, planning policies and decisions should expect that the mix of affordable housing required meets identified local needs, across Social Rent, other affordable housing for rent and affordable home ownership tenures."*

Source: NPPF (last updated December 2024) and AspinallVerdi

National Planning Practice Guidance for Viability

2.9 The Planning Practice Guidance for Viability was first published in March 2014 and substantially updated in line with the NPPF. This has subsequently been updated on numerous[6] occasions and most recently on 12 December 2024.

2.10 Below we summarise some key aspects of the PPG for this study (Table 2.2). Our emphasis on the quotes can be seen in bold and our comments can be seen with asterisks.

Table 2.2 – PPG Viability Key Cross-References

Paragraph Number – Item	Quote / Comments
Para 001 – Setting Policy Requirements	*"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).*

[5] Major development: For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m2 or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

[6] PPG Viability has been updated in February 2019, May 2019, 1 September 2019 and 12 December 2024.

Paragraph Number – Item	Quote / Comments
	These policy requirements should be informed by evidence of infrastructure and affordable housing need, ***and a proportionate assessment*** *of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106.* ***Policy requirements should be clear*** *so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development."* (Our emphasis) *This confirms that Local Authorities can set different levels of CIL and/or affordable housing by greenfield or brownfield typologies (see below also).
Para 002 - Deliverability	*"It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers."* And, *"policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable,* ***without the need for further viability assessment*** *at the decision-making stage."* Also, *"it is the* ***responsibility of site promoters to engage in plan making****, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant."* (Our emphasis) * In this respect we have carried out a stakeholder workshop to consult with industry in respect of the cost, value and BLV assumptions (in May 2025).
Para 003/4 - Typologies	*"Plan makers can use site typologies to determine viability at the plan making stage." (Para 003)* *"A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period." (Para 004)*

Paragraph Number – Item	**Quote / Comments**
	*Plan makers can group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.
Para 010 - Principles for carrying out a viability assessment (strike a balance)	*"Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return"* – i.e., a residual land value approach. *"In plan making and decision-making viability helps to **strike a balance** between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission."* (Our emphasis)
Para 011 – Gross Development Value	*"For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered."* *"For commercial development a broad assessment of value in line with industry practice may be necessary."* *"For broad area-wide or site typology assessment at the plan making stage, **average figures can be used**, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data."* (Our emphasis)
Para 013 – Benchmark Land Value (BLV)	*"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."* (Our emphasis)
Para 014 – Development costs	*"Assessment of costs should be based on evidence which is reflective of local market conditions. Costs include:* • *build costs - e.g., Building Cost Information Service (BCIS)* • *abnormal costs** • *site-specific infrastructure costs**

Paragraph Number – Item	Quote / Comments
	• *the total cost of all relevant policy requirements (e.g. BNG) ** • *general finance* • *professional*, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site* • *explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return"* *PPG suggests that these costs should be taken into account when defining benchmark land value.
Para 014 - What factors should be considered to establish BLV?	*"Benchmark land value should:* • *be based upon existing use value (EUV)* • *allow for a premium to landowners* • *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees."*
Para 014 – Market evidence in BLV	*"Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners."*
Para 014 – Circularity of land values	*"[Market] evidence should be based on developments which are **fully compliant with emerging or up to date plan policies**, including affordable housing requirements at the relevant levels set out in the plan. 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**."* (Our emphasis)
Para 015 – Existing Use Value (EUV)	"EUV is the value of the land in its existing use." *"Existing use value is not the price paid and should **disregard hope value**."*

Paragraph Number – Item	Quote / Comments
	"Existing use values will vary depending on the type of site and development types." *"EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development)."*
Para 016 – Premium	*"[The premium] is the amount above existing use value (EUV) that goes to the landowner."* *"The premium should provide a* ***reasonable incentive for a land owner to bring forward land for development*** **while** ***allowing a sufficient contribution to fully comply with policy requirements."*** *"Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed* ***by professional judgement*** *and must be based upon the best available evidence informed by cross sector collaboration."* *"Market evidence can include benchmark land values from other viability assessments."* *"Land transactions can be used but* ***only as a cross check*** *to the other evidence."* *"Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners."* *"Policy compliance means that the development complies fully with up-to-date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan."*
Para 016 – Price paid evidence	*Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).* *The PPG emphasises throughout (para 2, 3, 6, 11, 14, 18) that the price paid for land is not a relevant*

Paragraph Number – Item	Quote / Comments
	justification for failing to accord with relevant policies in the plan. * However, data on **actual** price paid (or the price expected to be paid through an option or promotion agreement) is particularly relevant for [strategic] sites to ensure that they are deliverable over-time. [We would argue that this is relevant for ***all*** sites in the interests of transparency.]
Para 017 – Alternative Use Value (AUV)	*This is more at the decision-making stage as our site typologies herein are all for broadly defined uses.
Para 018 – Profit (return to developers)	*"For the purpose of plan making an **assumption of 15-20% of gross development value (GDV)** may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development."* ***"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. Alternative figures may also be appropriate for different development types."* (Our emphasis) *In this respect we have provided sensitivities on the profit margin. For retail and industrial / logistics typologies, we have adopted a profit on cost.
Para 019 – Build to rent (BTR)	*"The **economics of build to rent schemes differ** from build for sale as they depend on a long-term income stream. For build to rent, it is expected that the normal form of affordable housing provision will be **affordable private rent.** Where plan makers wish to set affordable private rent proportions or discount levels at a level differing from national planning policy and guidance, this can be justified through a viability assessment at the plan making stage."* (Our emphasis)

Source: PPG Viability (last updated 14 February 2024) and AspinallVerdi

National Planning Practice Guidance for CIL

2.11 There is a separate section of the PPG for CIL (Community Infrastructure Levy). The key guidance for our viability assessment is set out below.

2.12 The CIL PPG guidance was first published in June 2014 and is intended to provide clarity on the CIL Statutory Regulations which were first introduced in April 2010. The CIL PPG has gone through various amendments, with the most recent update being in April 2024.

2.13 We draw your attention to the following key paragraphs (Table 2.3). Our emphasis on the quotes can be seen in bold and our comments can be seen with asterisks.

Table 2.3 – PPG CIL Key Cross-References

Paragraph Number – Item	**Quote / Comments**
Para 010 – Appropriate balance	*"When deciding the levy rates, an authority **must strike an appropriate balance** between additional investment to support development and the potential effect on the viability of developments."* (our emphasis)
Para 017 – Infrastructure Funding Statement	*"The infrastructure funding statement should identify infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used."*
Para 019 – Proportionate evidence to support a levy charge	*"Viability assessments should be **proportionate, simple, transparent** and publicly available in accordance with the viability guidance."* (our emphasis) *"Viability assessments can be prepared jointly for the purposes of both plan making and preparing charging schedules. This evidence should be presented in a document (separate from the charging schedule) that shows the potential effects of the proposed levy rate or rates on the viability of development across the authority's area."* *"Where the levy is introduced after a plan has been made, it may be appropriate for a local authority to supplement plan viability evidence with assessments of recent economic and development trends, and through working with developers (e.g. through local developer forums), rather than by procuring new evidence."*
Para 020 - How should development be valued for the purposes of the levy?	"*Charging authorities should use evidence in accordance with planning practice guidance on viability."* (see Table 2.2 – PPG Viability Key Cross-References above)
Para 020 - 'appropriate available evidence'	"*A charging authority must use '**appropriate available evidence'** (as defined in the section 211(7A) of the Planning Act 2008) to inform the preparation of their draft charging schedule. It is recognised that the available data is **unlikely to be fully comprehensive**. Charging*

Paragraph Number – Item	**Quote / Comments**
	*authorities need to demonstrate that their proposed levy rate or rates are informed by **'appropriate available'** evidence and consistent with that evidence across their area as a whole*. (our emphasis)
Para 020 – Sampling [typologies]	*"A charging authority should directly sample an appropriate range of types of sites across its area."* *"Charging authorities that decide to set differential rates may need to undertake more fine-grained sampling."* *"The sampling exercise should provide a robust evidence base about the potential effects of the rates proposed, **balanced against the need to avoid excessive detail**."* (our emphasis)
Para 020 – Viability buffer	*"A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is **no requirement for a proposed rate to exactly mirror the evidence**. For example, this might **not be appropriate if the evidence pointed to setting a charge right at the margins of viability**. There is room for some pragmatism. It would be appropriate to **ensure that a 'buffer' or margin is included**, so that the levy rate is able to support development when economic circumstances adjust."* (our emphasis) *Note that the PPG does not specify what the appropriate buffer should be.
Para 022 – Differential rates	*"Charging authorities should consider how they could use differential rates to optimise the funding they can receive through the levy."* *"Differences in rates need to be justified by reference to the viability of development."* *"Differential rates should **not** be used as a means to deliver policy objectives."* (our emphasis) *"Differential rates may be appropriate in relation to:* • *geographical zones;* • *types of development; and/or;* • *scales of development."* *"A charging authority that plans to set differential rates should seek to **avoid undue complexity**. Charging schedules with differential rates **should not have a disproportionate impact on particular sectors** or specialist forms of development."* (our emphasis)

Paragraph Number – Item	**Quote / Comments**
	*In all cases, differential rates must not be set in such a way that they constitute a notifiable State aid [now referred to a subsidy control since leaving the EU].
Para 023 – Differential rates by use	*"Charging authorities may also set differential rates by reference to different intended uses of development. The definition of "use" for this purpose is not tied to the classes of the Use Classes Order although that Order does provide a useful reference point."* *Para 201 describes how changes to the Use Classes Order affect charging schedules that set differential rates according to use classes that no longer exist.
Para 024 – Differential rates by scale	*"Rates can be set by reference to either floor area or the number of units or dwellings in a development."* *"Higher residential CIL rates should not be set for developments which are not major developments on the grounds that these sites are not required to provide affordable housing contributions…"* * Major developments in this context refer to sites with 10+ units.
Para 025 – Differential rates by land value uplift [greenfield / brownfield]	*"The uplift in land value that development creates is affected by the existing use of land and proposed use. For example, **viability may be different if high value uses [e.g. residential] are created on land in an existing low value area** [e.g. agricultural-greenfield area] compared to the creation of **lower value uses or development on land already in a higher value area [e.g. urban brownfield area]."*** *"Charging authorities can take these factors into account in the evidence used to set differential levy rates, in order to optimise the funding received through the levy."* *Given the increasing emphasis in the NPPF and PPG on certainty in respect of policy obligations; innovation in respect of best practice; and the wisdom of bringing Local Plan and CIL viability reviews into synchronisation, we have long advocated differentiating CIL (and affordable housing targets) by greenfield and brownfield (previously developed land) typologies based on the evidence. *This, together with PPG Viability paragraph 001, therefore confirms that CIL and affordable housing can be differentiated by greenfield and brownfield existing site typologies. This should make the process of planning

Paragraph Number – Item	Quote / Comments
	and development (land value capture) much simpler and more efficient.
Para 026 – Differential rates for zones	*"Differential rates for geographic zones can be used across a charging authority's area."* *"Authorities may wish to align zonal rates for strategic development sites."*
Para 026 – Differential rates for strategic sites	*"Charging authorities may want to consider how zonal rates can ensure that the levy compliments plan policies for strategic sites. This may include setting **specific rates for strategic sites** that reflect the land value uplift their development creates. **Low or zero rates may be appropriate** where plan policies require significant contributions towards housing or infrastructure through planning obligations."* (our emphasis) *See also the comments above in respect of the S106 tests and double-dipping. (NPPF Para 57 – Planning obligations)
Para 065 – Social Housing relief [inc. First Homes]	*"Social housing relief is a mandatory discount that can be applied to most **social rent, affordable rent, and intermediate rent dwellings, provided by a local authority or private registered provider, and shared ownership dwellings."*** *"Subject to meeting specific conditions, social housing relief can also apply to **discounted rental properties** provided by bodies which are neither a local authority nor a private registered provider."* *"Mandatory social housing relief can also apply to dwellings where the first and subsequent sales are for no more than 70% of their market value ("**First Homes**")."* (our emphasis)
Para 128 - Can payment be made in instalments?	'Yes' – *"Where a charging authority wishes to allow payment by instalments, they must have published an instalment policy on their website. An instalment policy can assist the viability and delivery of development by taking account of financial restrictions, for example in areas such as development of homes within the buy to let sector."* *For the purposes of our appraisals herein, we have assumed that the payment of CIL is phased.

Source: CIL PPG (last updated April 2024) and AspinallVerdi, 2025

3 Local Policy Context

3.1 As part of our CIL viability testing, we have updated our policies matrix from the emerging South Worcestershire Local Plan 2016 – 2041; having regard to the Main Modifications. This is to ensure that the cumulative impact of CIL and the emerging Plan policies is taken into consideration.

South Worcestershire Development Plan Review 2016 – 2041

3.2 We have reviewed the South Worcestershire Development Plan Review 2016 – 2041 and the proposed Main Modifications after the Local Plan hearing sessions.

3.3 A detailed policies matrix of key policies has been prepared and is provided at Table 3.1 and this outlines how the directly influential policies have both shaped the typologies and the assumptions adopted within the appraisals. We highlight the directly influential policies below.

Table 3.1 – SWCs Development Plan Policies with a Direct Impact on Viability

Policy	Implications for CIL Viability Assessment
SWDPR 1: Climate Change mitigation and adaption	This is an overarching policy to set the tone of the Plan to address climate change locally. We have incorporated the relevant costs of this policy herein.
SWDPR 5: Design and Sustainable Construction	This policy introduces a number of design, construction and sustainability requirements that increase development costs. These include enhancements to building fabric, energy performance, water efficiency, embodied carbon assessment, and quality standards such as the Home Quality Mark and BREEAM.
SWDPR 6: Transport	This policy can affect viability through the additional costs of meeting sustainable transport and design requirements. Where new transport infrastructure is required, further contributions may be secured through CIL/Section 106.
SWDPR 7: Green Infrastructure	The policy affects the net developable area of sites by requiring a proportion of land to be delivered as Green Infrastructure, which reduces the amount of land available for housing or commercial floorspace. Our viability assumptions therefore apply net to gross ratios of 60% for larger greenfield sites (over 1 ha), 80% for smaller greenfield sites (under 1 ha), and 90% for brownfield sites.
SWDPR 10: Infrastructure	This policy requires developments to fund or contribute towards the infrastructure needed to support growth. Planning obligations may be required

Policy	Implications for CIL Viability Assessment
	for transport, green infrastructure, education, health, flood defence, social and leisure facilities, and other essential infrastructure. These requirements have been reflected in our typology assumptions.
SWDPR 11: Health and Wellbeing	This policy requires development to contribute to healthier communities. It supports the delivery of green infrastructure, accessible open spaces, community facilities and active travel networks. The associated costs relating to these elements include biodiversity and green space provision. Also, where new primary or secondary healthcare infrastructure is required to mitigate the impacts of development, the associated costs will be secured through planning obligations.
SWDPR 16: Effective Use of Land	Policy influences both the achievable development density and the associated construction costs. Density requirements affect the amount of development that can be delivered on a site, which in turn shapes Gross Development Value and the underlying land value. Our typology assumptions reflect these policy expectations, with densities set at 30 dwellings per hectare for greenfield sites and 40 dwellings per hectare for brownfield sites.
SWDPR 17: Housing Mix and Standards	This policy requires new housing schemes of five or more units to provide an appropriate mix of dwelling types and sizes, informed by the SHMA and local evidence. All new homes must meet the Nationally Described Space Standard and the M4(2) accessible and adaptable standard. On sites of 20 units or more, 5% of homes must be wheelchair adaptable to the M4(3) standard and a further 5% must be delivered as serviced self or custom build plots unless there is evidence of lower demand. These standards introduce additional design and space requirements that increase construction costs and influence scheme layout and density.
SWDPR 19: Meeting Affordable Housing Needs	This policy requires new residential development to provide affordable housing in line with set thresholds, with 40% sought on greenfield sites and 30% on brownfield sites for schemes of 10 units or more, and scaled requirements for smaller sites in Designated Rural Areas. According to the proposed modifications after the hearings, the policy now sets a tenure mix of 70% social rented and 30% affordable home

Policy	Implications for CIL Viability Assessment
	ownership unless viability or local need justifies an alternative mix.
SWDPR 25: Class C2 Housing for People with Special Housing Needs	This policy requires C2 accommodation to meet the specific needs of older people and those with special care requirements. We have therefore tested the viability of specialist older persons' housing typologies, including sheltered and extra-care schemes.
SWDPR 29: Biodiversity and Geodiversity	This policy requires all developments to protect, conserve and enhance biodiversity and geodiversity features, and to deliver measurable biodiversity gains proportionate to the scale and type of development. These requirements introduce direct additional costs through the need for ecological assessments, mitigation measures, habitat enhancement and, where relevant, nutrient neutrality within affected catchments.
SWDPR 30: Biodiversity Net Gain	This policy implements the statutory 10% biodiversity net gain requirement under the Environment Act 2021 and consolidates BNG provisions previously embedded across multiple policies. It introduces a clear and quantifiable viability impact, requiring use of the statutory Biodiversity Metric, long-term (30-year) management and monitoring, and submission of a Biodiversity Gain Plan.
SWDPR 32: Areas of Informal Recreation (AIRs)	This policy supports the delivery of Areas of Informal Recreation (AIRs), including approximately 50 hectares of informal green space, associated facilities such as trails, play areas and amenities.
SWDPR 33: Management of the Historic Environment	This policy requires proportionate heritage and archaeological assessments, sensitive design, specialist materials and mitigation where relevant, affecting viability through higher construction, assessment and design costs, partly offset by typically higher achievable values and addressed through site-specific viability where necessary.
SWDPR 35: Amenity	This policy requires noise, lighting and odour impact assessments and related mitigation, affecting viability through additional professional fees and potential design or construction costs, which are assumed within standard BCIS/external works allowances or reflected in land value.

Policy	Implications for CIL Viability Assessment
SWDPR 36: Telecommunication and Broadband	This policy requires all new development to accommodate any necessary telecommunications infrastructure identified through consultation with providers. This can add additional costs for smaller schemes (under 20 units).
SWDPR 37: Renewable and Low Carbon Energy	This policy requires new development to incorporate on-site renewable or low-carbon energy generation unless it can be demonstrated that this would not be feasible or viable. Large schemes must also explore the feasibility of decentralised heat and energy networks. These requirements introduce additional construction and technical costs.
SWDPR 39: Sustainable Drainage Systems	This policy requires detailed SuDS strategies, professional drainage assessments and integration of sustainable surface-water infrastructure, affecting viability through additional design, engineering and external works costs.
SWDPR 40: Water Resources, Efficiency and Treatment	This policy introduces requirements around water supply, water efficiency and wastewater treatment, all of which have cost implications for development.
SWDPR 41: Air Quality	This policy requires air quality assessments and mitigation for qualifying developments, affecting viability through additional technical reporting, modelling and potential design or emission-control measures, with costs captured in professional fees or, where significant, reflected in land value.
SWDPR 47: Built Community Facilities	This policy requires new housing development to support the provision or enhancement of built community facilities. Schemes of 10 units or more must make financial contributions toward community centres and village halls, while larger sites may need to provide facilities on-site.
SWDPR 49: Provision of Open Space and Outdoor Community Uses in New development	This policy requires residential schemes of 10 or more dwellings to provide on-site Green Space and outdoor community uses, or contribute financially to off-site provision where delivery on-site is not practical. For viability, these requirements affect the net developable area of sites and therefore the overall land available for housing. Where financial contributions are required, these should be included within the S106 costs.

Policy	Implications for CIL Viability Assessment
SWDPR 50: Playing Fields	This policy requires qualifying developments to contribute towards the provision or enhancement of playing pitches and related sports facilities. These costs have been reflected in our S106 assumptions under Sports contributions.

Source: AspinallVerdi '251119 SWC Policies Matrix for CIL_v3.4'

3.4 A detailed analysis of these and all the policies, together with our response in terms of this economic assessment, is set out in the Policies Matrix appended (see Appendix 1 – Policies Matrix).

3.5 The above policies have all been factored directly into the appraisal models. The cost assumptions applied can be found later in this report within Section 5.

Current SWC CIL Rates

3.6 Malvern Hills and Wychavon District Councils both implemented CIL charging from 5th June 2017, Worcester City Council implemented their charging schedule from 4th September 2017.

3.7 The rates chargeable for the different types of development in each of the charging authorities are summarised below.

Figure 3.1 – 2017 CIL Rates (£ psm) for each Charging Authority

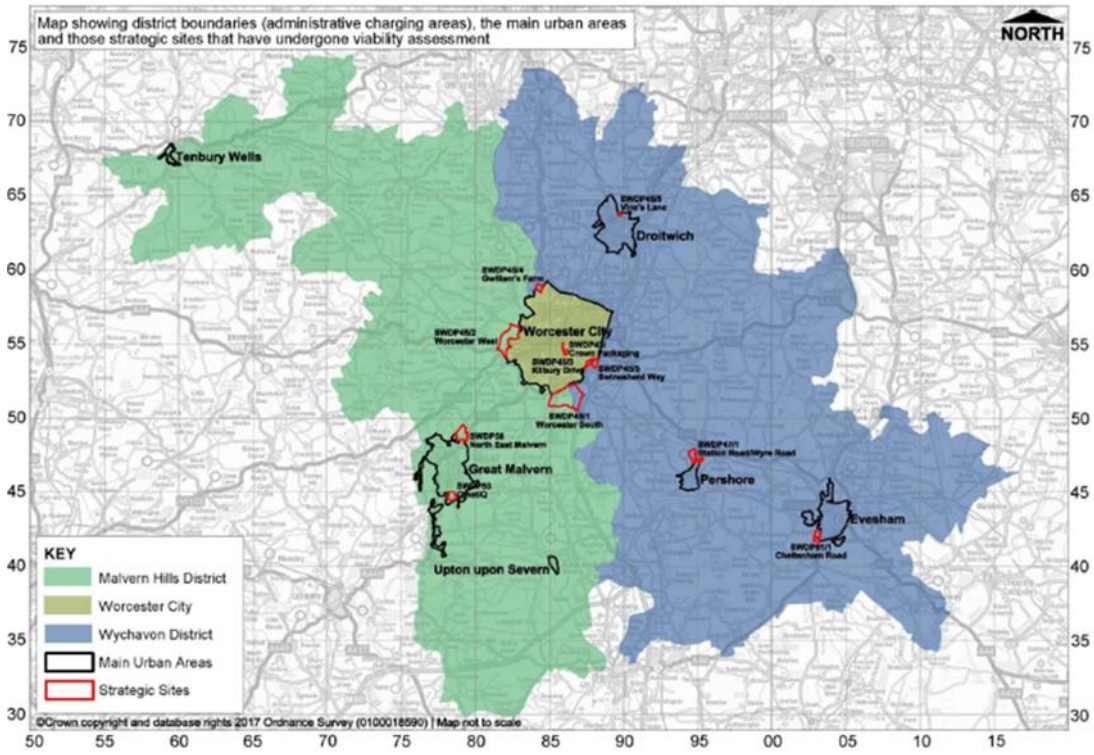
Use Type	Malvern Hills	Worcester City	Wychavon
Residential – Main Urban Areas	£0 (Malvern, Upton upon Severn and Tenbury Wells)	£0	£0 (Droitwich, Evesham and Pershore)
Residential – All other Areas except for the Strategic Sites listed in Table 2	£40	£0	£40
Student Accommodation	£100	£100	£100
Food Retail (Supermarkets)	£60	£60	£60
Retail Warehouses	£60	£60	£60
Shops	£0	£0	£0
Hotels	£0	£0	£0
Industrial and Office	£0	£0	£0
All Other Uses (including Education, Health and Community uses)	£0	£0	£0

Source: SWCs CIL Charging Schedule 2017

3.8 As you can see from the above, CIL is currently only charged on Food Retail (Supermarkets) and Retail Warehouses (other than residential / student accommodation uses).

3.9 The adopted CIL Charging Schedule also includes a map showing the different charging authorities, the strategic sites and main urban areas. This is displayed in Figure 3.2.

Figure 3.2 – South Worcestershire Administrative Charging Areas



Source: SWCs CIL Charging Schedule 2017

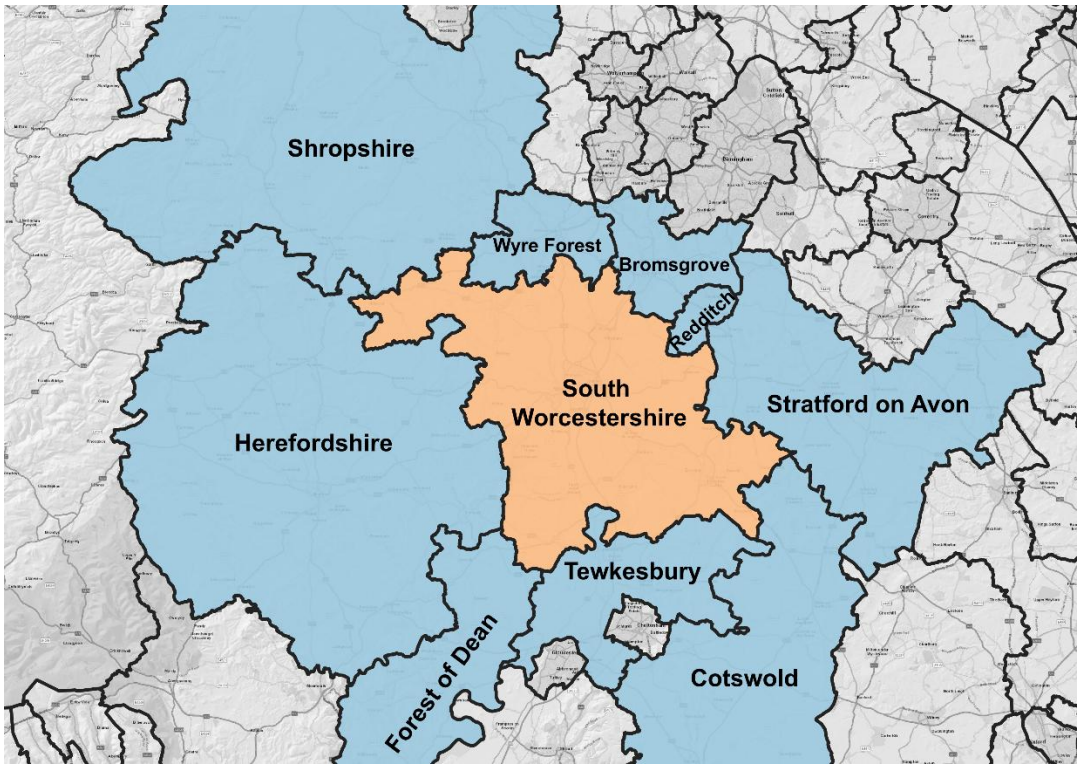
3.10 The CIL rates are increased each year on 1 January, based on the RICS CIL Index. To update the rates, the original 2017 figures are multiplied by the ratio of the latest index to the 2017 index. For 2025, this ratio is approximately 1.37.

3.11 Accordingly, the indexed figures are *£54.80 psm for residential (non-strategic areas), £137.00 for psm student accommodation, and £82.20 psm for both food supermarkets and retail warehouses*, with all other categories remaining at £0 psm, as they had no charge in the 2017 schedule.

Neighbouring Authority CIL Rates

3.12 The property market for development is a continuum across boundaries within Worcestershire. It is therefore relevant to consider the CIL requirements in surrounding authorities/districts. Figure 3.3 shows the local authority district boundaries surrounding South Worcestershire Councils.

Figure 3.3 – Local Authorities Adjacent to South Worcestershire



Source: AspinallVerdi, 2025

3.13 Every local jurisdiction has unique economic circumstances and geography which could result in different viability evidence. For ease of comparison, we set out below the CIL rates from the surrounding authorities that currently have an adopted CIL Charging Schedule in place.

3.14 The residential CIL charging rates for the neighbouring authorities are set out in Table 3.2.

Table 3.2 – Neighbouring Authorities Residential CIL Rates

Local Authority	CIL Status	Date	Residential Charges
Herefordshire County Council	Preliminary Draft Charging Schedule Published	17/03/2016	General residential development of 11+ dwellings: £100 psm. Bromyard: £50 psm. Kington & West Herefordshire and Leominster: £20 psm. Hereford Hinterlands: £0. Fewer than 11 dwellings: £110 psm. Ledbury, Ross & Rural Hinterlands and Hereford: £200 psm.

Local Authority	CIL Status	Date	Residential Charges
			Leominster: £80 psm. Single dwellings: £0. Strategic sites range from £0 to £150 psm.
Shropshire County Council	Adopted	24/11/2011	Residential CIL of £40 psm in Shrewsbury, the market towns and other key centres, and £80 psm in the rural areas.
Stratford-on-Avon District Council	Adopted	11/12/2017	Residential CIL rates are: £0 for Gaydon / Lighthorne Heath new settlement and £0 for Long Marston Airfield. Canal Quarter Regeneration Zone (11 units or more) is £85 psm. Small sites (up to and including 10 units) are £75 psm. The rest of the district (11 units or more) is £150 psm. Extra care is charged at the prevailing rate, and retirement dwellings are £0.
Tewkesbury Borough Council	Adopted	15/10/2018	Residential CIL is £104 psm for 10 dwellings and under, £200 psm for 11 dwellings and over (generic sites), and £35 psm for Tewkesbury 450 and all strategic sites.
Cotswold District Council	Adopted	03/08/2018	Residential CIL is £80 psm for all development sites except the Chesterton Strategic Site, which is £0 psm.

Source: Local Authorities' Official Websites

3.15 The non-residential CIL charging rates are set out in Table 3.3 below.

Table 3.3 – Neighbouring Authorities Non-Residential CIL Rates

Local Authority	CIL Status	Date	Retail/Commercial Charges
Herefordshire County Council	Preliminary Draft Charging Schedule Published	17/03/2016	Small convenience retail developments will be charged £10 psm. Retail warehouse developments will be charged £50 psm.
Shropshire County Council	Adopted	24/11/2011	No charge for retail or commercial developments.
Stratford-on-Avon District Council	Adopted	11/12/2017	Three retail development (A1-5) charging zones with rates of £120, £10 and £0 psm.
Tewkesbury Borough Council	Adopted	15/10/2018	No charge for retail or commercial developments.
Cotswold District Council	Adopted	03/08/2018	Retail developments will be charged £60 psm.

Source: Local Authorities' Official Websites

4 Viability Assessment Method

4.1 In this section of the report, we set out our methodology to establish the viability of the various land uses and development typologies described in the following sections.

4.2 Cross-reference should be made back to the Viability PPG guidance in section 2 and specifically the guidance in respect of EUV, premium and profit.

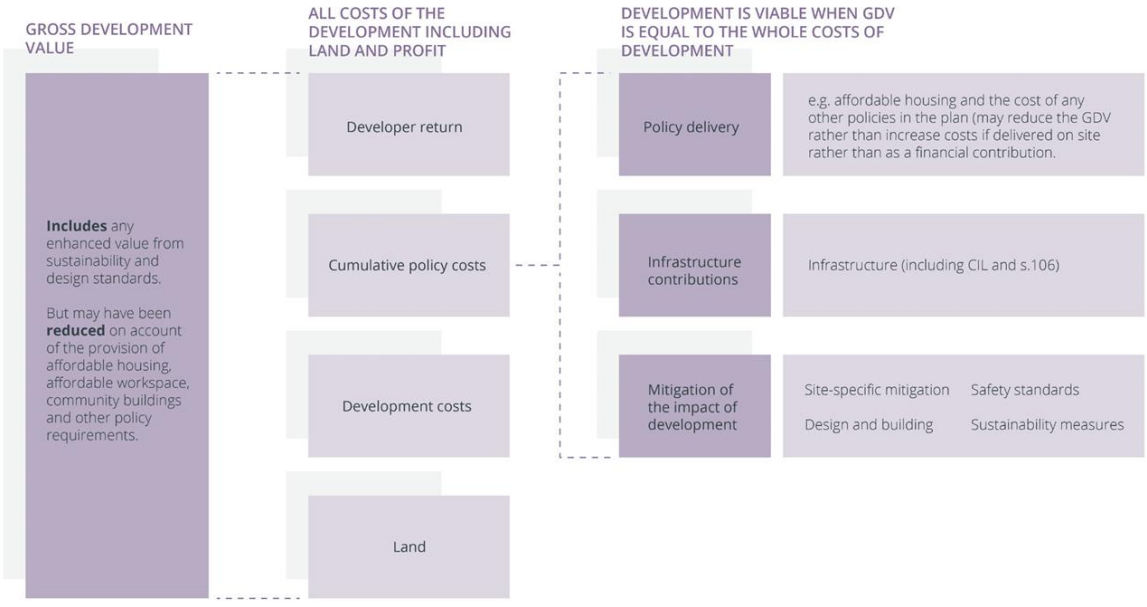
4.3 We also set out the professional guidance that we have had regard to in undertaking the financial viability appraisals and some important principles of land economics.

Viability Modelling Best Practice

4.4 The general principle is that planning obligations including CIL, affordable housing (etc.) will be levied on the increase in land value resulting from the grant of planning permission. However, there are fundamental differences between the land economics of brownfield and greenfield sites and every development scheme is different. Therefore, in order to derive the potential planning obligations and understand the 'appropriate balance' is important to understand the micro-economic principles which underpin the viability analysis. This is the balance between securing infrastructure/affordable housing contributions and maintaining development viability.

4.5 The uplift in value is calculated using a residual land value (RLV) appraisal. Figure 4.1 below, illustrates the principles of a RLV appraisal.

Figure 4.1 – The Residual Land Valuation Framework

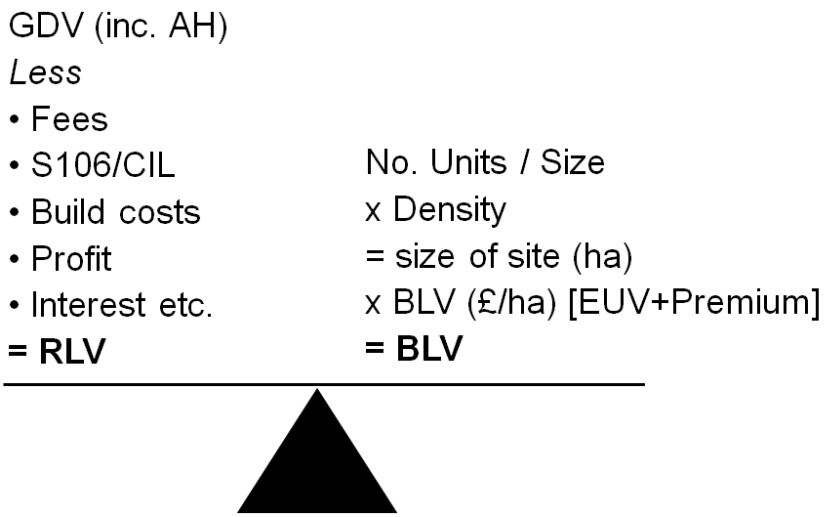


Source: RICS Assessing viability in planning under the National Planning Policy Framework 2019 for England, Guidance Note, 1st edition, March 2021

4.6 In the above diagram, a scheme is viable if the Gross Development Value (GDV) of the scheme is greater than the total of all the costs of development including land, development costs, cumulative policy costs and profit (developers return). Conversely, if the GDV is less than the total costs of development, the scheme will be unviable.

4.7 In accordance with the PPG, to advise on the ability of the proposed uses/scheme to support affordable housing and CIL/planning obligations we have benchmarked the residual land values (RLV) from the viability analysis against existing or alternative land use relevant to the particular typology – the Benchmark Land Value (BLV). This is illustrated in Figure 4.2 below.

Figure 4.2 – Balance between RLV and BLV



Source: AspinallVerdi © Copyright

4.8 If the balance is positive, then the policy is viable. If the balance is negative, then the policy is not viable and the proposed CIL rate should be reviewed.

4.9 Note that there should be a suitable 'viability buffer' and CIL should not be set right up to the margins of viability. Our approach to CIL rate setting is described in section 9 below Figure 9.1 – Decision making process for recommended CIL rate.

4.10 Our specific appraisals for each for the land uses and typologies are set out in the relevant section below.

Benchmark Land Value (BLV) Approach

4.11 Benchmark land value has been subject to much debate in recent years due to trying to establish the most appropriate method to determine it for planning purposes. The two most common approaches have been Existing Use plus and Market Value adjusted for policy. The latter, although a more market facing approach, has faced criticism because practitioners have not necessarily been adjusting land values fully for policy. The PPG now provides a clear single method (Existing Use plus Premium) in determining land value.

4.12 Paragraph: 013 Reference ID: 10-013-20190509 of the Viability PPG states that,

*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. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

4.13 See Table 2.2 – PPG Viability Key Cross-References above for the relevant references to the PPG for the definition of EUV and the premium.

4.14 The RICS also supports the EUV plus method when determining land value for planning purposes. The RICS Assessing Viability in Planning under the National Planning Policy Framework, Professional Statement, March 2021 states that '*the PPG is unambiguous that EUV+ is the primary approach*.'[7] Land transaction evidence should only be used as a cross-check to the EUV plus premium. The RICS guidance emphasises the PPG paragraph 016 which states that '*any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners*'[8].

4.15 The RICS defines '*EUV for the purposes of FVAs as the value in the existing use, ignoring any prospect of future change to that use. This may however include permitted development or change of use within the same planning use class, but only where this does not necessitate any refurbishment or redevelopment works to the existing buildings or site works*.'[9]

4.16 The International Valuation Standards, January 2025, defines EUV as:

'Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use.'[10]

Guidance on Premiums/Land Value Adjustments

4.17 The PPG requires the existing use value plus premium approach to land value. However, there is no specific guidance on the premium. One therefore has to 'triangulate' the BLV based on evidence.

4.18 A number of reports have commented upon the critical issue of land value, as set out below. These inform the relationship between the 'premium' and 'hope value' (see below) in the context of market value. The PPG is explicit that hope value should be disregarded for the purposes or arriving at the EUV[11]. However, hope value is a fundamental part of the market mechanism and therefore is relevant in the context of the premium.

4.19 We set out our consideration of suitable premiums to apply on the following Table 4.1.

[7] RICS, March 2021 (effective from 01 July 2021), Assessing viability in planning under the National Planning Policy Framework 2019 for England, paragraph 5.7.7
[8] Ibid, paragraph 5.7.6
[9] Ibid, paragraph B.1.2
[10] RICS Valuation – Global Standards Incorporating the IVSC International Valuation Standards Issued 31 January 2024, effective from 31 January 2025, Paragraph A100.01
[11] Paragraph: 015 Reference ID: 10-015-20190509, Revision date: 09 05 2019

Table 4.1 – Premium for BLV Considerations

Evidence / Source	Quote / Comments
RICS, Assessing Viability in Planning under the National Planning Policy Framework 2019 for England, March 2021 (effective from 01 July 2021)	The RICS acknowledge that *'there is no standard amount for the premium and the setting of realistic policy requirements that satisfy the reasonable incentive test behind the setting of the premium is a very difficult judgement'*.[12] The RICS guidance further explains that '*for a plan-making FVA, the EUV and the premium is likely to be the same for the same development typology, but it would be expected that a site that required higher costs to enable development would achieve a lower residual value. This should be taken account of in different site typologies at the plan-making stage*.'[13]
Local Housing Delivery Group Chaired by Sir John Harman, 20 June 2012, Viability Testing Local Plans, Advice for planning practitioners (The Harman Report)	The Harman Report was published in response to the introduction of viability becoming more prominent in the planning system post the introduction of the NPPF. The Harman report refers to the concept of 'Threshold Land Value' (TLV). Harman states that the '*Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development.*'[14] While this is an accurate description of the important value concept, we adopt the Benchmark Land Value (BLV) terminology throughout this report in-line with the terminology in the PPG. Although the Harman Report pre-dates the current iteration of the PPG on viability it does recommend the EUV plus approach to determine land value for planning purposes. The Harman report also advocates that when assessing an appropriate Benchmark Land Value, consideration should be given to '*the fact that future plan policy requirements will have an impact on land values and owners' expectations*.'[15] Harman, does acknowledge that reference to market values will provide a useful 'sense check' on the Benchmark Land Values that are being used in the appraisal model; however, '*it is not recommended*

[12] RICS, March 2021 (effective from 01 July 2021), Assessing viability in planning under the National Planning Policy Framework 2019 for England, paragraph 5.3.3
[13] Ibid, paragraph 5.3.7
[14] Local Housing Delivery Group Chaired by Sir John Harman, 20 June 2012, Viability Testing Local Plans, Advice for planning practitioners, page 28
[15] Ibid, page 29

	that these are used as the basis for input into a model.'[16] It also acknowledges that for large greenfield sites, '*land owners are rarely forced or distressed sellers, and generally take a much longer term view over the merits or otherwise of disposing of their asset*.'[17] It refers to these 'prospective sellers' as '*potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family, trust or institution's ownership for many generations*.'[18] In these circumstances, Harman states that for these greenfield sites that, '*the uplift to current use value sought by the landowner will invariably be significantly higher than in an urban context and requires very careful consideration.*'[19]
HCA Transparent Viability Assumptions (August 2010)	In terms of the EUV + premium approach, the Homes and Communities Agency (now Homes England) published a consultation paper on transparent assumptions for Area Wide Viability Modelling. This notes that, 'typically, this gap or premium will be expressed as a percentage over EUV for previously developed land and as a multiple of agricultural value for greenfield land'. It also notes that benchmarks and evidence from planning appeals tend to be in a range of '***10% to 30% above EUV*** *in urban areas. For greenfield land, benchmarks tend to be in a range of* ***10 to 20 times*** *agricultural value*'.[20] (Our emphasis)
Inspector's Post-Hearing Letter to North Essex Authorities	The Inspector's letter is in relation to, amongst other things, the viability evidence of three proposed garden communities in North Essex. The three Garden Communities would provide up to 43,000 dwellings in total. The majority of land for the Garden Communities is in agricultural use, and the Inspector recognised that the EUV for this use would be around £10,000 per gross acre. In this case, the Inspector was of the opinion that around a **x10 multiple** (£100,000 per gross acre) would provide sufficient incentive for a landowner to sell. But given '*the necessarily substantial requirements of the Plan's policies' a price 'below £100,000/acre could*

[16] Ibid
[17] Ibid, page 30
[18] Ibid
[19] Ibid
[20] HCA, August 2010, Area Wide Viability Model (Annex 1 Transparent Viability Assumptions)

	be capable of providing a competitive return to a willing landowner'.[21] The Inspector, however, judged that '*it is extremely doubtful that, for the proposed GCs, a land price below £50,000/acre – half the figure that appears likely to reflect current market expectations – would provide a sufficient incentive to a landowner. The margin of viability is therefore likely to lie somewhere between a price of £50,000 and £100,000 per acre*.'[22]
Parkhurst Road v SSCLG & LBI (2018)[23]	The High Court case between Parkhurst Road Limited (Claimant) and Secretary of State for Communities and Local Government and The Council of the London Area of Islington (Defendant(s)) addresses the issue of land valuation and the circularity of land values which are not appraised on a policy compliant basis. In this case it was common ground that the existing use was redundant and so the existing use value ("EUV") was "negligible". There was no alternative form of development which could generate a higher value for an alternative use ("AUV") than the development proposed by Parkhurst. The site did not suffer from abnormal constraints or costs. LBI contended that there was considerable "headroom" in the valuation of such a site enabling it to provide a substantial amount of affordable housing in accordance with policy requirements. Furthermore, that the achievement of that objective was being frustrated by Parkhurst's use of a 'greatly inflated' BLV for the site which failed properly to reflect those requirements. Mr Justice Holgate dismissed the challenge and agreed with LBI that what is to be regarded as comparable market evidence, or a "market norm", should "reflect policy requirements" in order to avoid the "circularity" problem[24].
Land Value Capture report (Sept 2018)[25]	The House of Commons - Housing, Communities and Local Government Committee has published a report into the principles of land value capture. This defines land value capture, the scope for capturing additional land value and the lessons learned from

[21] Planning Inspectorate,15 May 2020, Examination of the Shared Strategic Section 1 Plan - North Essex Authorities, Paragraph 204

[22] Ibid, Paragraph 205

[23] Parkhurst Road v SSCLG & LBI, Before MR JUSTICE HOLGATE Between: Parkhurst Road Limited Claimant - and - Secretary of State for Communities and Local Government and The Council of the London Borough of Islington Defendant/s, Case No: CO/3528/2017

[24] Ibid, paragraph 39

[25] House of Commons Housing, Communities and Local Government Committee Land Value Capture Tenth Report of Session 2017–19 HC 766 Published on 13 September 2018 by authority of the House of Commons

	past attempts to capture uplifts in land value. It reviews improving existing mechanisms, potential legislative reforms and alternative approaches to land value capture. Paragraph 109 of the report states, *'[…] the extent to which the 'no-scheme' principle would reduce value "very much depends on the circumstances". For land in the middle of the countryside, which would not otherwise receive planning permission for housing, the entire development value could be attributed to the scheme. However, […] most work was undertaken within constrained urban areas—such as town extensions and redevelopments—where the hope value was much higher*'. Hence it is important to consider the policy context for infrastructure and investment when considering land values. For example, where existing agricultural land in the green belt is being considered for housing allocations, the entire uplift in value is attributable to the policy decision (without which there can be no development).
Land at Warburton Lane, Trafford (Appeal Ref: APP/Q4245/W/19/3243720)[26]	Planning appeal for up to 400 dwellings, appeal dismissed. The Inspector preferred the Council's approach to land value. The Council used agricultural land value of £8,000 per acre. They applied a x10 premium to the net developable area of 33.75 acres and £8,000 per acre to the remainder of the site. The total benchmark land value of £2,900,000. The total site area was 62 acres (25 hectares). The benchmark land value equated to £116,000 per gross hectare (£46,945 per gross acre) / 5.87 multiplier on the agricultural land value of £8,000 per acre. In considering the premium the Inspector noted that, '*there is no evidence that I have seen that says the premium should be any particular value. The important point is that it should be sufficient to incentivise the landowner to sell the land and should also be the minimum incentive for such a sale to take place*'.[27] It was relevant to note that, '*in this case one of the two landowners had agreed in the option agreement to sell the land for whatever is left after a standard residual*

[26] Appeal Decision, Appeal Ref: APP/Q4245/W/19/3243720, Land at Warburton Lane, Trafford by Christina Downes BSc DipTP MRTPI an Inspector appointed by the Secretary of State for Communities and Local Government Decision date: 25th January 2021

[27] Appeal Decision, Appeal Ref: APP/Q4245/W/19/3243720, Land at Warburton Lane, Trafford by Christina Downes BSc DipTP MRTPI an Inspector appointed by the Secretary of State for Communities and Local Government Decision date: 25th January 2021, para 118

	assessment"[28] and therefore had accepted lower minimum / BLV requirements.
Mayor of London CIL (Jan 2012)	The impact on land value of future planning policy requirements e.g. CIL [or revised Affordable Housing targets] was contemplated in the Examiner's report to the Mayor of London CIL (January 2012).[29] Paragraph 32 of the Examiner's report states: *the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a* ***reduction in development land value is an inherent part of the CIL concept****. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future… (our emphasis).* It was recognised in 2012 that land values would have to soften in order to allow the necessary infrastructure to be delivered in accordance with public policy.
Greater Norwich CIL (Dec 2012)	The Greater Norwich Development Partnership's CIL Examiner's report adds to this - *Bearing in mind that the cost of* ***CIL needs to largely come out of the land value,*** *it is necessary to establish a threshold land value i.e. the value at which a typical willing landowner is likely to release land for development. Based on market experience in the Norwich area the Councils' viability work assumed that* ***a landowner would expect to receive at least 75% of the benchmark value.***[30]*. (our emphasis)*
Sandwell CIL (Dec 2014)	Furthermore, the Examiner's report for the Sandwell CIL states - *The TLV is calculated in the VAs [Viability Assessments] as being* ***75% of market land values*** *for each typology. According to the CA, this way of calculating TLVs is based on the conclusions of Examiners in the Mayor of London CIL Report*

[28] Ibid, para 119
[29] Holland, K (27 January 2012) Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule, The Planning Inspectorate, PINS/K5030/429/3
[30] Report to the Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council, by Keith Holland BA (Hons) Dip TP, MRTPI ARICS, 4 December 2012, File Ref: PINS/G2625/429/6 – paragraph 9

	January 2012 and the Greater Norwich Development Partnership CIL Report December 2012. ***This methodology was uncontested[31].*** This VA was prepared by AspinallVerdi for Sandwell MBC which was predicated on a reduction in land values to accommodate the CIL [policy costs].
NPPF Proposed Changes (July 2024)[32]	In line with the issues highlighted above, regarding the need to reduce land value for schemes to become viable and deliverable, the Government has proposed to set indicative benchmark land values for land released from the Green Belt. The Government proposes to set fair land values that allow for an appropriate premium above the existing use, however reflect the need for policy delivery. As part of this approach, the Government states that if land is sold or optioned above the indicative benchmark land value, viability assessment should not be undertaken. By doing so, Councils should receive appropriate contributions and private developers should not seek to lower contributions, therefore maintaining a fair value transfer between the public and private sector.

Source: AspinallVerdi, 2024

4.20 In light of various Examiner's reports, such as those for the Mayor of London CIL (January 2012), the Greater Norwich CIL (December 2012), and the Sandwell CIL (December 2014), it becomes evident that landowners must consider reducing their land values for schemes to be both viable and deliverable, particularly in the context of providing CIL. Paragraph 32 of the Mayor of London CIL Examiner's report explicitly acknowledges that the price of development land may need to decrease, emphasising that this reduction is intrinsic to the land value capture concept. Similarly, the Greater Norwich Development Partnership's CIL Examiner's report underscores the necessity of establishing a threshold land value [/benchmark land value], which is derived from a reasonable reduction in benchmark values to ensure viability, a factor crucial for meeting affordable housing targets. Such issues have been further evidenced by the Governments proposed changes to the NPPF through setting indicative benchmark land values. These findings collectively emphasise the importance of land value adjustments to facilitate the realisation of development schemes, including those aimed at providing policy compliant affordable housing.

[31] Report to Sandwell Metropolitan Borough Council by Diana Fitzsimons MA MSc FRICS MRTPI an Examiner appointed by the Council, 16 December 2014, File Ref: PINS/G4620/429/9 - paragraph 16

[32] Proposed reforms to the National Planning Policy Framework and other changes to the planning system, Ministry of Housing, Communities and Local Government, Updated 2 August 2024, Chapter 5 Paragraph 28a [note that at the time of writing the December 2025 NPPF Consultation had not been published]

Land Market for Development in Practice

4.21 A very important aspect when considering area-wide viability is an appreciation of how the property market for development land works in practice.

4.22 Developers have to secure sites and premises in a competitive environment and therefore have to equal or exceed the landowners' aspirations as to value for the landowner to sell. From the developers' perspective, this price has to be agreed often many years before commencement of the development. The developer has to subsume all the risk of: acquiring the site, ground conditions; obtaining planning permission; funding the development; finding a tenant/occupier; increases in construction costs; and changes to the economy and market demand etc. This is a significant amount of work for the developer to manage; but this is the role of the developer and to do so the developer is entitled to a *normal* developer's profit.

4.23 The developer will appraise all of the above costs and risks to arrive at their view of the residual site value of a particular site.

4.24 To mitigate some of these risks, developers and landowners often agree to share some of these risks by entering into arrangements such as: Market Value options based on a planning outcome; 'subject to planning' land purchases; promotion agreements; and / or overage agreements whereby the developer shares any 'super-profit' over the normal benchmark.

4.25 From the landowners' perspective, they will have a preconceived concept of the value or worth of their site. This could be fairly straight-forward to value, for example, in the case of greenfield agricultural land which is subject to per hectare benchmarks. However, in the case of brownfield sites, the existing use value could be a lot more subjective depending upon: the previous use of the property; the condition of the premises; contamination; and/or any income from temporary lets, car parking and advertising hoardings etc. Also, whilst (say) a former manufacturing building could have been state-of-the-art when it was first purchased by the landowner, in a redevelopment context it might now be the subject of depreciation and obsolescence which the landowner finds difficult to reconcile. Accordingly, the existing use value is much more subjective in a brownfield context.

Brownfield / Greenfield Land Economics

4.26 Traditionally, development of brownfield land has been more challenging than that of greenfield owing to associated demolition, clearance and remediation costs as well as higher land values. The difference between greenfield and brownfield scheme economics is usually important to understand for affordable housing targets; plan viability and CIL rate setting.

4.27 CIL has its roots in the perceived windfall profit arising from the release of greenfield land by the planning system to accommodate new residential sites and urban extensions[33]. However, lessons from previous attempts to tax betterment[34] show that this is particularly difficult to achieve effectively without stymieing development. It is

[33] See Barker Review (2004) and Housing Green Paper (2007)

[34] the 2007 Planning Gain Supplement, 1947 'Development Charge', 1967 'Betterment Levy' and the 1973 'Development Gains Tax' have all ended in repeal

even harder to apply the concept to brownfield redevelopment schemes with all attendant costs and risks.

4.28 The timing of redevelopment and regeneration of brownfield land particularly is determined by the relationship between the value of the site in its current [low value] use ("Existing Use Value") and the value of the site in its redeveloped [higher value] use – less the costs of redevelopment. Any planning gain which impacts these costs will have an effect on the timing of redevelopment. This is relevant to consider when setting the 'appropriate balance'.

4.29 Fundamentally, S106, CIL etc. is a form of 'tax' on development as a contribution to infrastructure. By definition, any differential rate of CIL/S106 will have a distorting effect on the pattern of land uses. The question as to how this will distort the market will depend upon how the CIL/S106 is applied.

4.30 Also, consideration must be given to the 'incidence' of the tax i.e. who ultimately is responsible for paying it i.e. the developer out of profit or the landowner out of price (or a bit from each).

4.31 This is particularly relevant in the context of brownfield sites in the town centres and built-up areas. Any CIL/S106 on brownfield redevelopment sites will impact the timing and rate of redevelopment. This will have a direct effect on economic development, jobs and growth.

4.32 In the brownfield context redevelopment takes place at a point in time when buildings are economically obsolete (as opposed to physically obsolete). Over time the existing use value of buildings falls as the operating costs increase, depreciation kicks in and the rent falls by comparison with modern equivalent buildings. In contrast, the value of the next best alternative use of the site increases over time due to development pressure in the urban context (assuming there is general economic growth in the economy). Physical obsolescence occurs when the decreasing existing use value crosses the rising alternative use value.

4.33 However, this is not the trigger for redevelopment. Redevelopment requires costs to be incurred on site demolition, clearance, remediation, and new build construction costs. These costs have to be deducted from the alternative use value 'curve'. The effect is to extend the time period to achieve the point where redevelopment is viable.

4.34 This is absolutely fundamental for the viability and redevelopment of brownfield sites. Any tariff, tax or obligation which increases the costs of redevelopment will depress the net alternative use value and simply extend the timescale to when the alternative use value exceeds the existing use value to precipitate redevelopment.

4.35 Contrast this with the situation for development on greenfield land. Greenfield sites are constrained by the planning designation. Once a site is 'released' for development there is a significant step-up in development value – which makes the development economics much more accommodating than brownfield redevelopment. There is much more scope to capture development gain, without postponing the timing of development.

4.36 That said, there are some other important considerations to take into account when assessing the viability of greenfield sites. This is discussed in the Harman Report (albeit Harman is superseded by the PPG, the principles still stand)[35].

[35] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) pp 29-31

4.37 The existing use value may be only very modest for agricultural use and on the face of it the landowner stands to make a substantial windfall to residential land values. However, there will be a lower benchmark (Benchmark Land Value) where the land owner will simply not sell. This is particularly the case where a landowner *'is potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family, trust or institution's ownership for many generations.'*[36] Accordingly, the 'windfall' over the existing use value will have to be a sufficient incentive to release the land and forgo future investment returns.

4.38 Another very important consideration is the promotional cost of strategic greenfield sites. For example, in larger scale urban extension sites and garden communities, there will be significant investment in time and resources required to promote these sites through the development plan process. The benchmark land value therefore needs to take into account the often-substantial planning promotion costs, option fees etc. and the return required by the promoters of such sites. *'This should be borne in mind when considering the [benchmark] land value adopted for large sites and, in turn, the risks to delivery of adopting too low a [benchmark] that does not adequately and reasonably reflect the economics of site promotion…'* [37]

4.39 This difference between the development 'gain' in the context of a greenfield windfall site and the slow-burn redevelopment of brownfield sites is absolutely fundamental to the success of any regime to capture development gain such as CIL, affordable housing or other S106. It is also key to the 'incidence' of the tax i.e., whether the developer or the land owner carries the burden of the tax.

4.40 In the case of South Worcestershire there are a number of housing sites coming forward which are both greenfield and brownfield sites and therefore we have appraised both greenfield and brownfield scheme typologies.

4.41 For commercial uses, we have assessed a range of typologies including supermarkets, roadside retail, and industrial/logistics development. These are assumed to come forward mainly on greenfield land, particularly around transport corridors and Strategic Urban Extensions (SUEs), though some brownfield opportunities have also been considered.

Hope Value

4.42 Where there is a possibility of development the landowner will often have regard to 'hope value'. Hope value is the element of market value of a property in excess of the existing use value, reflecting the prospect of some more valuable future use or development. It takes account of the uncertain nature or extent of such prospects, including the time which would elapse before one could expect planning permission to be obtained or any relevant constraints overcome, so as to enable the more valuable use to be implemented. Therefore, in a rising market, landowners may often have high aspirations of value beyond that which the developer can justify in terms of risk and in a falling market the land owner may simply 'do nothing' and not sell in the prospect of a better market returning in the future. The actual amount paid in any particular transaction is the purchase price and this crystallises the value for the landowner.

[36] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 30
[37] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 31

4.43 Note that hope value is represented in the EUV premium and can never be in excess of policy compliant market value (RLV), given RICS guidance on the valuation of development sites (see Figure 4.1 – The Residual Land Valuation Framework above).

4.44 Hence land 'value' and 'price' are two very different concepts which need to be understood fully when formulating planning policy. The incidence of any CIL to a certain extent depends on this relationship and the individual circumstances. For example, a farmer with a long-term greenfield site might have limited 'value' aspirations for agricultural land – but huge 'price' aspirations for residential development. Whereas an existing factory owner has a much higher value in terms of sunk costs and investment into the existing use and the tipping point between this and redevelopment is much more marginal.

Vacant Building Credit (VBC)

4.45 The VBC policy is intended to incentivise affordable housing on brownfield sites, including the reuse or redevelopment of empty and redundant buildings. The incentive is applied where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building and where the building has not been abandoned. In deciding whether a use has been abandoned, account should be taken of all relevant circumstances, such as:

- the condition of the property;
- the period of non-use;
- whether there is an intervening use; and
- any evidence regarding the owner's intention.

4.46 For this viability assessment, we have not tested brownfield typologies which benefit from Vacant Building Credit as this is site-specific. The inclusion of VBC will however reduce affordable housing requirements on some brownfield sites, consequently improving the viability of these sites. This is therefore an additional level of contingency for brownfield typologies.

Conclusions on BLV Approach

4.47 Current guidance is clear that the land value assessment needs to be based on Existing Use plus premium and not a Market Value approach. Although the assessment of the Existing Use can be informed by comparable evidence the uncertainty lies in how the premium is calculated. Whatever is the resulting land value (i.e. Existing Use plus Premium) the PPG is clear that this must reflect the cost of complying with policies: '*the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, biodiversity net gain (as required by Schedule 7A of the Town and Country Planning Act), and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value.*'[38]

4.48 Detailed research and analysis in respect of land values (Benchmark Land Values) are set out within section 7 below and the Land Market paper appended (see Appendix 4 – Land Market Review).

[38] MHCLG, 12 December 2024, PPG, Paragraph: 014 Reference ID: 10-012-20180724

BLV Caveats for Decision-Making

4.49 It is important to note that the BLV's contained herein are for 'high-level' plan/CIL viability purposes and the appraisals should be read in the context of the BLV sensitivity table (contained within the appraisals). The BLV's included herein are generic and include healthy premiums to provide a viability buffer for plan making / CIL purposes.

4.50 In the majority of circumstances, we would expect the RLV of a scheme on a policy compliant basis to be greater than the EUV (and also the BLV including premium) herein and therefore viable.

4.51 However, there may be site specific circumstances (e.g. brownfield sites or sites with particularly challenging topography, access or other constraints) which result in a RLV which is less than the BLV herein. It is important to emphasise that the adoption of a particular amount for the BLV (£) in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications where these constraints exist. In these circumstances, the site-specific BLV should be thoroughly evidenced having regard to the EUV of the site in accordance with the PPG. In this respect we would expect any developer with viability issues to provide open and transparent land price information in accordance with the PPG paragraphs 014 and 016. This report is for policy-making purposes and is without prejudice to future site-specific planning applications.

How to Interpret the Viability Appraisals

4.52 In development terms, the price of a site is determined by assessment of the residual land value (RLV). This is the gross development value of the site (GDV) less ALL costs including planning policy requirements and developers' profit. If the RLV is positive the scheme is viable. If the RLV is negative the scheme is not viable.

4.53 Part of the skill of a developer is to identify sites that are in a lower value economic use and purchase / option these sites to (re)develop them into a higher value use. The landowner has a choice - to sell the site or not to sell their site. This is manifest through the BLV which comprises the existing use value (EUV) of the subject site plus a premium, depending on their individual circumstances.

4.54 A scheme is viable if the RLV is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable. If the RLV is negative, this situation results in a 'fundamentally unviable' scheme.

4.55 In planning viability terms, for a scheme to come forward for development the RLV for a particular scheme has to exceed the landowner's BLV.

4.56 In Development Management terms every scheme will be different (RLV) and every landowner's motivation will be different (BLV). For example, some brownfield sites are liabilities for owners; whereas some greenfield sites are of such a large size that there is a quantum issue which needs to take into consideration infrastructure and net-to-gross ratios.

4.57 For Plan Making purposes it is important to benchmark the RLV's from the viability analysis against existing or alternative land use relevant to the particular typology – the Benchmark Land Value – see Figure 4.2 – Balance between RLV and BLV above.

4.58 The results of the appraisals should therefore be interpreted as follows:

- If the 'balance' is positive (RLV > BLV), then the CIL/policy is viable. We describe this as being 'viable for plan making purposes herein'.
- If the 'balance' is negative (RLV < BLV), then the CIL/policy is 'not viable for plan making purposes,' and the CIL rates/planning obligations and/or affordable housing targets should be reviewed.
- Thirdly, if the RLV is positive, but the appraisal is not viable due to the BLV assumed – we refer to this as being 'marginal'.

4.59 This is illustrated in the following boxes of our appraisals (appended) – see below. In this case the RLV is calculated as £2,794,196 or £395,778 per acre net (highlighted in blue). This is based upon the residual land value approach. The assumed BLV is £250,000 per acre (highlighted in green) which equals £1,765,0 overall. This is based upon the evidence in our Land Market Paper appended. The difference between the RLV and BLV is the surplus or deficit which in this example is £1,029,196 (£145,778 per acre) (highlighted orange). The RLV has to be greater than the BLV the meaning the balance is positive/in surplus to be viable.

Figure 4.3 – Example Hypothetical Appraisal Results

RESIDUAL LAND VALUE (RLV)							
Residual Land Value (gross)							3,236,856
SDLT			3,236,856	@	HMRC formula		(151,343)
Acquisition Agent fees			3,236,856	@	1.0%		(32,369)
Acquisition Legal fees			3,236,856	@	0.5%		(16,184)
Interest on Land			3,236,856	@	7.50%		(242,764)
Residual Land Value							**2,794,196**
RLV analysis:	27,942	£ per plot	977,969	£ per ha (net)	395,778	£ per acre (net)	
			733,476	£ per ha (gross)	296,834	£ per acre (gross)	
					11.20%	% RLV / GDV	
BENCHMARK LAND VALUE (BLV)							
Residential Density			35.0	dph (net)			
Site Area (net)			2.86	ha (net)	7.06	acres (net)	
Net to Gross ratio			75%				
Site Area (gross)			3.81	ha (gross)	9.41	acres (gross)	
Density analysis:			2,916	sqm/ha (net)	12,701	sqft/ac (net)	
			26	dph (gross)			
Benchmark Land Value (net)	17,650	£ per plot	617,750	£ per ha (net)	250,000	£ per acre (net)	**1,765,000**
BLV analysis:			463,313	£ per ha (gross)	187,500	£ per acre (gross)	
BALANCE							
Surplus/(Deficit)			**360,219**	£ per ha (net)	**145,778**	£ per acre (net)	**1,029,196**

Source: AspinallVerdi BETA model

4.60 In this context, we have used our appraisal models to 'back-solve' the maximum CIL Rate to achieve the BLV / balance the appraisal. We have then considered appropriate 'buffers' having regard to the overall context of the RLV cost and value assumptions as described in Figure 9.1 – Decision making process for recommended CIL rate.

Sensitivity Analysis

4.61 In addition to the above, we have also prepared a series of sensitivity scenarios on the maximum CIL rate for each typology and a range of assumptions. This is to assist in the analysis of the viability (and particularly the viability buffer); the sensitivity of the appraisals to key variables such as planning obligations, affordable housing, BLV and profit; and to consider the impact of rising construction costs. Similar sensitivity tables are attached to each of our hypothetical appraisals (appended).

Figure 4.4 – Example Affordable Housing v CIL Sensitivity Analysis

TABLE 1		Affordable Housing - % on site 30%						
Balance (RLV - BLV)	780,502	5%	10%	15%	20%	25%	30%	35%
	0	3,143,074	2,747,702	2,352,077	1,955,830	1,559,091	1,161,675	763,400
	10	3,042,228	2,651,924	2,261,164	1,870,024	1,478,323	1,085,877	692,502
	20	2,941,129	2,555,801	2,170,207	1,784,024	1,397,289	1,009,863	621,529
	30	2,839,743	2,459,538	2,078,832	1,697,730	1,316,051	933,612	550,227
	40	2,738,132	2,362,890	1,987,367	1,611,294	1,234,607	857,212	478,814
CIL £psm	50	2,636,198	2,266,140	1,895,529	1,524,507	1,152,892	780,502	407,151
50.00	60	2,534,073	2,168,958	1,803,547	1,437,633	1,071,036	703,715	335,292
	70	2,431,584	2,071,718	1,711,244	1,350,345	988,838	626,540	263,267
	80	2,328,941	1,973,996	1,618,740	1,262,991	906,567	549,284	190,956
	90	2,225,888	1,876,220	1,525,969	1,175,235	823,879	471,718	118,555
	100	2,122,726	1,777,992	1,432,934	1,087,368	741,114	393,985	45,798
	110	2,019,102	1,679,663	1,339,693	999,168	658,007	316,026	(27,065)
	120	1,915,417	1,580,937	1,246,120	910,782	574,740	237,812	(100,190)
	130	1,811,212	1,482,046	1,152,407	822,135	491,213	159,458	(173,379)
	140	1,706,948	1,382,821	1,058,288	733,221	407,438	80,754	(246,876)
	150	1,602,210	1,283,360	964,093	644,125	323,488	2,003	(320,397)
	160	1,497,352	1,183,633	869,428	554,678	239,198	(77,055)	(394,265)
	170	1,392,084	1,083,594	774,675	465,131	154,822	(156,204)	(468,133)
	180	1,286,624	983,361	679,531	375,142	70,152	(235,622)	(542,366)
	190	1,180,822	882,738	584,211	285,141	(14,651)	(315,173)	(616,608)
	200	1,074,751	781,997	488,585	194,745	(99,708)	(394,957)	(691,186)
	210	968,414	680,780	392,833	104,288	(184,941)	(474,910)	(765,804)
	220	861,724	579,529	296,723	13,477	(270,391)	(555,066)	(840,732)
	230	754,848	477,851	200,531	(77,438)	(356,055)	(635,424)	(915,728)
	240	647,672	376,087	103,934	(168,669)	(441,905)	(715,958)	(991,012)
	250	540,254	273,941	7,295	(260,045)	(528,003)	(796,723)	(1,066,388)

Source: AspinallVerdi

4.62 This sensitivity table shows the balance (RLV – BLV) for different combinations of Affordable Housing (AH %) across the columns and different amounts of CIL (£ psm) down the rows. Thus:

4.63 You should be able to find the appraisal balance by looking up the base case AH% (e.g. 30%) and the base case CIL (e.g. £50 psm).

- Higher amount of CIL will reduce the 'balance' and if the balance is negative the scheme is 'not viable' for Plan Making purposes (note that it may still be viable in absolute RLV terms and viable in Plan Making terms depending on other sensitivities.
- Lower amount of CIL will increase the 'balance' and if the balance is positive then the scheme is viable in Plan Making terms.
- Similarly, higher levels of AH (%) will reduce the 'balance'.
- And, lower levels of AH (%) will increase the 'balance'.

4.64 Please note that this appraisal is purely hypothetical.

4.65 We have carried out the following sensitivity analysis herein (see appraisals):

- Table 1 – CIL v Affordable Housing % on site (only for residential typologies)
- Table 2 - CIL v S106 Contributions
- Table 3 – CIL v Profit
- Table 4 – CIL v BLV
- Table 5 – CIL v Density
- Table 6 – CIL v Build Cost
- Table 7 – CIL v Market Values

- Table 8 – CIL v Grant.

5 Residential Typologies

5.1 This section of the report sets out our assumptions in respect of the general needs residential typologies (see Appendix 2 for our Typologies Matrix).

5.2 In terms of values, we append our Residential Market Paper which reviews the existing evidence base and provides a detailed market analysis setting out how we have arrived at our assumptions (Appendix 3).

5.3 We append our Land Market Paper which reviews the evidence base and assumptions in respect of Benchmark Land Values (BLV). See section 7 below and Appendix 4.

5.4 BCIS cost reports are included at Appendix 6.

5.5 We provide a summary of the assumptions below.

Broad Market Zones

5.6 Following our market research, having regard to our updated residential market research (see Appendix 3 – Residential Market Paper) we proposed one value zone for the district.

5.7 We anticipate that the CIL rates will still be differentiated by greenfield and brownfield sites (as is the case for Affordable Housing); however, this is dues to mainly cost factors rather than values e.g. existing use value for land; site remediation costs and brownfield risk premium.

Typology Assumptions

5.8 The detailed typologies are set out in the matrix appended (see Appendix 2) There are a number of assumptions within the matrix which are evidenced below. The typologies have been derived from:

- Database of the Council's preferred site allocations;
- Analysis of the typical size and capacity;
- Assessment of those sites which are greenfield and brownfield;
- Market and affordable Housing Mixes derived from the latest SHMA.

5.9 The Typologies Matrix reflects our cumulative work on the Local Plan and CIL viability assessments for South Worcestershire over time. It has been updated to align with current market evidence, and amendments made during this period.

5.10 The detailed Typologies Matrix is contained in Appendix 2.

5.11 There are a number of assumptions within the Typologies Matrix which are evidenced below.

Number of Units

5.12 We have analysed the site allocations (in the SWDPR) to formulate our typologies by size, greenfield / brownfield and location, taking into consideration the housing market areas set out above and within our residential market research paper. These have been agreed with officers at SWCs.

Residential Value and Unit Size Assumptions

5.13 The residential market paper (see Appendix 3) provides the background to the market housing value assumptions shown in the table below.

5.14 For the purposes of our area wide viability assessment, we have applied the following values and floor areas within our financial appraisals.

Table 5.1 – Residential Value and Size Assumptions (July 2025)

Unit Type	Size (sqm)	£psm	Value £
2 bed house	75	£4,400	£330,000
3 bed house	95	£4,368	£415,000
3 bed house (inc. garage)	95	£4,474	£425,000
4 bed house (inc. garage)	120	£4,250	£510,000
5 bed house (inc. garage)	135	£4,222	£570,000
1 bed flat	50	£4,100	£205,000
2 bed flat	65	£3,923	£255,000

Source: AspinallVerdi '250724 Residential Market Research v0.5'

5.15 We have assumed that garages are provided with certain house types as follows:

- 3 bed houses - assumed 50% have garages;
- 4 bed houses - 100% have garages;
- 5 bed houses - 100% have garages.

Affordable Housing Assumptions

5.16 This section sets out the assumptions used in the appraisals for affordable housing, including the basis for affordable housing values. Our residential market paper provides the background to the assumptions shown below.

5.17 We adopt the following Tenure Mix for South Worcestershire in our appraisals:

- *70% Social rent, and*
- *30% other affordable home ownership*

5.18 The assumed transfer values used in this assessment are shown in Table 5.2.

Table 5.2 – Affordable Housing Transfer Values

Tenure	Transfer Value (% of MV)
Social Rented	37.50%
Other Intermediate (e.g. Shared ownership)	70.00%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

Specialist Housing Typology Assumptions

5.19 In addition to general needs housing, we have also appraised the viability of:

- Age Restricted / Sheltered Housing – Greenfield and Brownfield
- Assisted Living / Extra Care – Greenfield and Brownfield
- Purpose Built Student Accommodation (PBSA) – Brownfield
- Build-to-Rent (BTR) – Brownfield

5.20 Each specialist typology has been modelled with tailored assumptions around unit size, build cost, revenue, and management arrangements.

Older Persons Accommodation Typology Assumptions

5.21 As set out in the evidence base, the projected growth in the 65+ population, combined with the identified need for both market and affordable specialist housing, underlines the importance of considering this typology as part of our viability testing.

5.22 We have established the following typologies and assumptions for capital values and unit typologies for Sheltered/ Age Exclusive/ Retirement Housing:

Table 5.3 – Older Persons Accommodation Typology Assumptions

	Age Restricted / Sheltered Housing		**Assisted Living / Extra-Care Housing**	
	Greenfield	Brownfield	Greenfield	Brownfield
No. of units	50	50	60	60
Development Density (dph)	120		100	
1 Bed unit size (sqm)	50		60	
2 Bed unit size (sqm)	75		80	
Non-chargeable communal space (net-to-gross)	85%		75%	

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.23 Our value assumptions for the above for our Older Persons typologies are set out in Table 5.4.

Table 5.4 – Older Persons Accommodation Value and Size Assumptions

No. of Beds	Unit Size (sqm)	Unit Price (£)	Price (£ psm)	Mix
1-bed – Age Restricted / Sheltered Housing	50	£260,000	£5,200	60%
2-bed – Age Restricted / Sheltered Housing	75	£350,000	£4,667	40%
1-bed – Extra Care	60	£315,000	£5,250	60%
2-bed – Extra Care	80	£418,000	£5,225	40%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.24 40% affordable housing has been included for Older Persons typologies on Greenfield sites and 30% for those on Brownfields.

5.25 The empty property costs (EPC) to be applied per unit are based on £2,000 per unit per annum (average for 1- and 2- bed units) for Council Tax and Service Charge.

PBSA Typology Assumptions

5.26 With regard to the existing PBSA (Purpose Built Student Accommodation) schemes, we have established the following typologies and assumptions for PBSA developments in Table 5.5.

5.27 While there's not a huge amount of PBSA activity across the Area compared to nearby urban centres (Warwick, Coventry and Birmingham), Worcester is a well-established university city with a strong student base. The current market evidence shows a national supply and demand imbalance in PBSA sector, with Worcester City being the only area in South Worcestershire that is mostly likely to be providing dedicated student housing.

5.28 Our assumptions for any forthcoming PBSA schemes within South Worcestershire (Worcester City) are as follows:

Table 5.5 – PBSA Typology Assumptions

	Brownfield
No. of units	75
Development Density (dph)	150
Non-chargeable communal space (net-to-gross)	85%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.29 Our value assumptions for the above PBSA typologies are set out in Table 5.6.

Table 5.6 – PBSA Value Assumptions

Room Type	Size (sqm)	Rent £ pcm	£ pw	Mix
En-suite Cluster flat	15 (+20% communal)	£780	£195	60%
Studio	25 (+15% communal)	£900	£225	40%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.30 In addition to the above values and for the purposes of appraising our PBSA typologies, we have assumed a yield of 8.5% on the net income, and allowed a 22% deduction for leakage. This includes landlords' management, marketing, maintenance, void and capital sinking fund costs.

Build-to-Rent (BTR) Typology Assumptions

5.31 While there is currently limited BTR development activity within the Area and no major pipeline schemes identified, we have included a BTR typology in our testing for completeness and to reflect the potential for such schemes to come forward in future (same as PBSA).

5.32 This reflects both national growth trends in institutional rental markets and the potential for BTR to emerge in urban brownfield locations such as Sheriff's Gate in Worcester over the plan period.

5.33 We establish our typologies and assumptions for BTR developments in Table 5.7.

Table 5.7 – BTR Typology Assumptions

	Brownfield
No. of units	75
Development Density (dph)	150
1 Bed unit size (sqm)	50
2 Bed unit size (sqm)	65
Net-to-gross ratio	85%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.34 Our value assumptions for the above BTR typologies are set out in Table 5.8.

Table 5.8 – BTR Value Assumptions

Type	Rent £ pcm	Mix
1–bed apartment	£925	60%
2–bed apartment	£1,150	40%

Source: AspinallVerdi 'Residential Market Paper (July 2025)'

5.35 20% affordable housing has been included for this typology. This is based on a 20% discount to market rents.

5.36 In addition to the above values and for the purposes of appraising our BTR typologies, we have assumed a yield of 5% and allowed a 22% deduction for leakage. This includes landlords' management, marketing, maintenance, void and capital sinking fund costs.

Residential Cost Assumptions

5.37 The development costs adopted within our appraisals are evidenced (where necessary) and set out below.

5.38 The table below sets out our development cost assumptions.

Table 5.9 – Residential Cost Assumptions

Item	Baseline Assumption	Comments
Planning Application Professional Fees and Reports	–	Allowance for typology, 3x statutory planning fees for larger schemes; and 5 x statutory planning fees for small schemes to reflect quantum economies.
Statutory Planning Fees	–	Based on national formula.
Site-Specific S106/S278	£7,936 – £36,405 per residential dwelling	Site Specific Allowance for typology – note that this is in addition to external works costs (see below). The appraisals include an allowance per each residential dwelling typologies depending on size and type of development. This is based on S106 monitoring data and anticipated policy costs provided by the Councils.

Item	Baseline Assumption	Comments
		It is important that these S106 requirements do not double-count with CIL.
CIL	£54.70 psm for residential schemes – greenfield £0 rate for residential schemes – brownfield £136.70 psm – PBSA £0 rate – senior housings £54.70 psm for residential schemes – RDAs and Town Centres	Current rates (indexed) – see section 3 above. Initially, to test whether there is scope to amend the rates.
Site Clearance, Demolition & Remediation	£123,550 per ha (£50,000 per acre)	Allowance for brownfield typologies. Strictly speaking, abnormal costs should be deducted from the price paid for the land i.e. land which requires the demolition of a former use, is less valuable than cleared land. However, we include an allowance here to reflect the fact that '*the polluter does not always pay'* in the real world, and therefore this acts as an additional level of contingency/buffer.
Site Infrastructure	–	Included. in External Works
Estate Housing Build Costs	Typologies of <50 dwellings – £1,727 psm (median BCIS – rebased to Worcestershire Q3 2025) Typologies of >50 dwellings – £1,451 psm (lower quartile BCIS rebased to Worcestershire Q3 2025)	We have rebased the BCIS costs to Worcestershire. For schemes <50 units, we apply median BCIS. For sites >50 units, we apply lower quartile rate, on the basis that these are more likely to be delivered by volume housebuilders benefiting from economies of scale. This approach aligns with the Government's *Planning Reform*

Item	Baseline Assumption	Comments
		Working Paper: Reforming Site Thresholds (May 2025), which introduces a new 'medium site' category for schemes of 10–49 homes; separating them from 'major' developments of 50+ units. This reflects policy recognition that larger sites are fundamentally different in terms of risk, delivery models, and the potential for cost efficiencies."
Flats Build Costs	Typologies of <50 dwellings – £1,893 psm (median BCIS – rebased to Worcestershire Q3 2025) Typologies of >50 dwellings – £1,628 psm (lower quartile BCIS rebased to Worcestershire Q3 2025)	Lower quartile adopted for schemes over 50 no. Units with generally 3-5 storeys. Median adopted for schemes with fewer than 50 no. Units with generally 3-5 storeys.
Older Persons Housing Build Costs	£1,893 psm (median BCIS – rebased to Worcestershire Q3 2025)	We have rebased the BCIS costs to Worcestershire. The building function selected from BCIS is "Supported Housing". Based on the number of units, we have assumed that the build will be 3-5 storeys.
PBSA	£2,387 psm (median BCIS – rebased to Worcestershire Q3 2025)	We have rebased the BCIS costs to Worcestershire. The building function selected from BCIS is "Students' residences, halls of residence, etc"
BTR	£1,893 psm	Worcestershire BCIS flats median costs for generally 3-5 storeys.
Garages	£8,500 per garage	This applies to 50% of 3-bed houses, and all 4 and 5-bed houses. See Typologies Matrix

Item	Baseline Assumption	Comments
		for the assumed mix (Appendix 2).
Biodiversity Net Gain (BNG)	£268 per unit – brownfield £1,003 per unit – greenfield	DEFRA Biodiversity net gain and local nature recovery strategies Impact Assessment (15/10/2019) (Reference No: RPC-4277(1)-DEFRA-EA).
Part M4(2) dwelling standard (Accessible and Adaptable Dwellings)	£625 per unit	M4(2) Category 2 – Accessible and Adaptable housing Based on DCLG Housing Standards Review, Final Implementation Impact Assessment, March 2015, paragraphs 153 and 157. This applies to all units – Market and Affordable.
Part M4 (3)(2)(a) dwelling standard (Wheelchair Adaptable Dwellings)	£12,133 per unit	M4(3) Category 3 - Wheelchair Adaptable dwellings Based on DCLG Housing Standards Review, Final Implementation Impact Assessment, March 2015, paragraphs 153 and 157. This applies to 5% of all units – Market and Affordable on sites of 20 dwellings or more [with a corresponding 5% decrease in Part M4(2) units]
FHS / Part L	£5,816 per House £2,712 per Flat	This is an allowance for FHS 2025 based on the Local Plan viability evidence from 2024. At the time of writing the 2025 uplift has not come into force, so this provides a level of contingency / buffer. This is based on the Future Homes Standards - MHCLG Consultation on changes to Parts L and F of the Building Regulations. Note that as time goes by, these costs will become (more) embedded in the BCIS Costs and so

Item	Baseline Assumption	Comments
		additional cost allowances will not be required to the same extent. This is especially the case given the rapidly changing politics, policy development, building technology development, energy costs and price/value premium for low energy homes. There is an emerging body of evidence that premium values can be achieved for low energy homes (which we have not taken into consideration in the values above).
Water efficiency Greywater and efficiency	£2,683 per house £909 per flat	Based on the Council's Water Cycle Study and the updated cost information for the Local Plan viability.
Broadband Infrastructure	£747 per unit	This is a development cost that is only applicable to schemes of 20 units or less as it will be covered by Openreach on larger schemes. Cost is £747 on small sites of 20 or less.
Empty Property Costs	£2,000 pa per unit for Council Tax and Service Charge	Older persons accommodation only.
External Works	15%	This externals allowance includes generic 'on-plot' costs including inter alia: estate roads, pavements, street-lights, utilities, drainage etc.
Contingency	5% – brownfield 3% – greenfield	These are industry standard allowances. More site due diligence should take place for brownfield sites and abnormal costs deducted from the land value.
Professional Fees	6.5%	These are construction related professional fees as opposed to the 'Planning Application

Item	Baseline Assumption	Comments
		Professional Fees and Reports' professional fees included above at the feasibility stage.
Disposal Costs	3% – Marketing 1% – Sale Agents 0.5% – Sale Legal 0.25% – AH Sale Legal 10% – Letting Agent 5% – Letting Legal	Note that the marketing and promotion costs have to be considered 'in-the-round' with the sales values and gross profit (where developers have internal sales functions).
Land Acquisition	1% – Acquisition Agent 0.5% – Acquisition Legal	
Finance	7% – Debit interest rate	Applies to 100% of cashflow to include Finance Fees etc.

Profit Assumptions

5.39 We have adopted a baseline profit of 20% on the Gross Development Value of the open market sale housing (OMS) - with a sensitivity analysis which shows the impact of profit between 15 – 20%. This is consistent with the PPG Guidance on Viability (December 2024) which refers to profit of 15 – 20%[39] being 'considered a suitable return to developers in order to establish the viability of plan policies.' This is unchanged from our previous South Worcestershire reports.

5.40 However, it is important to note that our baseline assumption of 20% profit is at the top end of the range and we have included sensitivities down to 15% profit within the appraisals. We consider 20% to be a generous margin and allows for a 'buffer' in addition to the contingency allowance (3% included) and the CIL buffer.

5.41 For the affordable tenure types, we have used 6% profit on value (where applicable). This is considered to be an industry accepted standard and the PPG states a lower percentage than 15 – 20% is more appropriate for affordable housing as it carries less risk when there is a guaranteed, known end value[40]. Again, this is unchanged from 2021.

5.42 We have also adopted 20% profit on market units and 6% on affordable units for the older persons typologies.

5.43 For the PBSA and BTR typologies we have adopted a profit of 15% on cost. Commercial developers tend to operate on a profit on costs (rather than house-builders which operate on a margin on turnover).

[39] Paragraph: 018 Reference ID: 10-018-201 90509, Revision date: 09 05 2019
[40] Paragraph: 018 Reference ID: 10-018-20190509, Revision date: 09 05 2019

6 Retail & Commercial Typologies

6.1 In this section we set out our commercial and employment typology assumptions.

6.2 We also append our Commercial Market Paper which reviews the evidence base, provides a detailed market analysis for different commercial uses, sets out how we have arrived at our assumptions, completed a simplified appraisal sensitivity on a £ psm proxy basis and confirms the uses being carried forward for full viability testing. (Appendix 5).

6.3 Similar to the residential typologies, the commercial typologies are also assessed on an area-wide basis (one zone).

6.4 These are assumed to come forward primarily on greenfield land, particularly in locations with strong access to the strategic road network, such as along transport corridors or within Strategic Urban Extensions (SUEs) and designated Employment Lands. The typologies and assumptions have been informed by market evidence, planning data, and feedback from stakeholders.

Retail Typology Assumptions

6.5 In this sub-section, we set out the typologies and assumptions used to test the viability of new retail development in South Worcestershire.

6.6 Drawing from our market analysis, we have tested the retail formats such as large and discount supermarkets, express convenience stores, drive–thru, retail warehouses, industrial and logistics. These reflect the types of development most likely to come forward over the plan period, based on current evidence.

6.7 Our retail typologies are summarised in Table 6.1.

Table 6.1 – Retail Typology Assumptions

Ref.	Use Typology	Location	Site Typology	GIA sqm	GIA sqft	Plot Ratio
A	Convenience Retail - Express Store	Town Centre / Urban Areas	Brownfield	232	2,500	50%
B	Convenience Retail - Discount Supermarket	Town Centre / Urban Areas	Brownfield	1,765	19,000	30%
C	Convenience Retail - Large Supermarket	Town Centre / Urban Areas	Brownfield	3,716	40,000	30%
D	Convenience Retail - Express Store	Strategic Urban Extensions / Garden Communities	Greenfield	232	2,500	50%

Ref.	Use Typology	Location	Site Typology	GIA sqm	GIA sqft	Plot Ratio
E	Convenience Retail - Discount Supermarket	Strategic Urban Extensions / Garden Communities	Greenfield	1,765	19,000	30%
F	Convenience Retail - Large Supermarket	Strategic Urban Extensions / Garden Communities	Greenfield	3,716	40,000	30%
G	Retail Warehouse	Town Centre / Urban Areas	Brownfield	743	8,000	40%
H	Drive-Thru Café/Restaurant	Town Centre / Urban Areas	Greenfield	93	1,000	20%
I	Drive-Thru Café/Restaurant	Town Centre / Urban Areas	Brownfield	93	1,000	20%

Source: AspinallVerdi '251111 SWC Typologies Matrix_v48'

6.8 Express convenience retail attracts interest from national chains such as Co-op, Tesco Express and Sainsbury's Local. These units tend to come forward in suburban or neighbourhood locations. We note there are supermarket / foodstores (including discounters) being delivered and or planned in South Worcestershire in SUEs and Strategic sites allocated for housing.

6.9 Although roadside retail is currently limited, it is an increasingly common format across the East Midlands, and recent proposals for drive-thrus and associated uses in the area suggest rising demand.

6.10 For the purpose of our appraisals, we have assumed the following values based on the commercial market paper.

Table 6.2 – Retail Value Assumptions

Type	Rent (psf)	Yield	Rent Free/Void Period
Small (Express) Retail	£25	7.00%	3–month
Large/ Discount Supermarket	£23	6.00%	3–month
Retail Warehouse	£18	6.50%	12–month
Drive-Thru Café/Restaurant	£30	6.00%	3–month

Source: AspinallVerdi 'Commercial & Retail Market Paper (August 2025)'

6.11 Please note that hotel sector has not been taken forward in our assessment of future commercial development in the absence of evidence/ active proposals in this sector.

6.12 We also note that CIL is not currently charged on high-street 'Shops'. Based on our initial testing, once the costs of land assembly and demolition are factored in, this typology is unlikely to generate any surplus. Additionally, we are mindful not to hinder town centre regeneration initiatives. For these reasons, this typology has not been taken forward for full viability testing.

6.13 We have allowed for 6.80% Purchasers Costs on the investment values.

Industrial / Logistics Typology Assumptions

6.14 In this sub-section, we set out the typologies and assumptions used to test the viability of new industrial and logistics development in South Worcestershire.

6.15 Our assumptions are based on both market evidence and emerging employment land allocations in the Local Plan. We've drawn on site-specific case studies and employment allocations which highlight the types of industrial formats likely to come forward. These tend to be brought forward on greenfield land, often near strategic road corridors or adjacent to SUEs. Our assumptions reflect a range of unit sizes and are informed by both rent and yield evidence across the Area.

6.16 Our industrial and logistics typologies are summarised in Table 6.3.

Table 6.3 – Industrial / Logistics Typology Assumptions

Ref.	Use Typology	Location	Site Typology	GIA sqm	GIA sqft	Plot Ratio
A	Light Industrial under 10,000 sqft	Industrial Parks	Greenfield	836	9,000	50%
B	Medium/Large Industrial 10,000 – 50,000 sqft	Industrial Parks	Greenfield	2,323	25,000	40%
C	Large Logistics over 50,000 sqft	Motorway / Transport Corridors	Greenfield	6,503	70,000	40%
D	Light Industrial under 10,000 sqft	Industrial Parks	Brownfield	836	9,000	50%
E	Medium/Large Industrial 10,000 – 50,000 sqft	Industrial Parks	Brownfield	2,323	25,000	40%
F	Large Logistics over 50,000 sqft	Motorway / Transport Corridors	Brownfield	6,503	70,000	40%

Source: AspinallVerdi '251111 SWC Typologies Matrix_v48'

6.17 For the purpose of our appraisals, we have assumed the following values based on the commercial market paper.

Table 6.4 – Industrial / Logistics Value Assumptions

Type	Rent (£psf)	Yield	Total Rent Free and Void Period
Small to Medium Industrial (Up to 10,000 sqft)	£14	6.50%	–
Medium to Large Industrial (10,000 – 50,000 sqft)	£12	5.50%	6–month
Logistics (Over 50,000 sqft)	£9	5.00%	6–month

Source: AspinallVerdi 'Commercial & Retail Market Paper (August 2025)'

6.18 We have allowed for 6.80% Purchasers Costs on the investment values.

Retail/Commercial Cost Assumptions

6.19 The development costs adopted within our appraisals are evidenced (where necessary) and set out below.

6.20 The table below sets out our development cost assumptions for the commercial typologies.

Table 6.5 – Commercial Cost Assumptions

Item	Baseline Assumption	Comments
Statutory Planning Fees	–	Based on national formula.
Planning Application Professional Fees and Reports	–	Allowance for typology, generally 3 times statutory planning fees.
CIL	£82 psm for food retail and retail warehouses £0 rate for other uses	Current rates (indexed) – Initially, to test whether there is scope to amend the rates.
Site Clearance, Demolition & Remediation	£123,550 per ha (£50,000 per acre)	Allowance for brownfield typologies.
Retail	£1,532 psm for Express Retail and Drive Thru (median BCIS – rebased to	Following the residential cost assumptions, we have rebased the BCIS costs to Worcestershire.

Item	Baseline Assumption	Comments
	Worcestershire Q3 2025) £1,694 psm for Supermarkets (median BCIS – rebased to Worcestershire Q3 2025)	We have selected median BCIS – rebased to Worcestershire Q3 2025 for all retail typologies.
Industrial / Logistics	£914 psm for light industrial (median BCIS for warehouses up to 2000 sqm GFA – rebased to Worcestershire Q3 2025) £738 psm for medium to large industrial units and logistics (median BCIS for warehouses over 2000 sqm GFA – rebased to Worcestershire Q3 2025)	As above
External Works	15%	This externals allowance includes generic 'on-plot' costs including inter alia: access, roads, parking, loading, landscaping, utilities, drainage etc.
Contingency	5% – brownfield 3**%** – greenfield	These are industry standard allowances. More site due diligence should take place for brownfield sites and abnormal costs deducted from the land value.
Professional Fees	10%	These are construction related professional fees as opposed to the 'Planning Application Professional Fees and Reports' professional fees included above at the feasibility stage. To be applied on build costs.
Disposal Costs	10% – Letting Agent	

Item	Baseline Assumption	Comments
	5% – Letting Legal 1% – Investment Sale Agent 0.5% – Investment Sale Legal 0.5% – Marketing	
Finance	7% – Debit interest rate	Applies to 100% of cashflow to include Finance Fees etc.

Profit Assumptions

6.21 We have included a profit margin of 15% on cost for the commercial typologies. Commercial developers tend to operate on a profit on costs (rather than house-builders which operate on a margin on turnover).

7 Land Value Assumptions

7.1 The Land Market paper (see Appendix 4) sets out our approach and analysis of available evidence. Within this section we outline the key assumptions around residential and commercial land values. Land value is one of the key variables (together with profit) which determines the viability and deliverability or otherwise of a scheme. Our Benchmark Land Value assumptions are set out on the next page (see Table 7.1).

7.2 It is important to reiterate that this is an area-wide study and thus the purpose of our research is to establish a suitable Benchmark Land Value for the respective typologies of development to be appraised, utilising both existing use and market values for the land (whether greenfield or brownfield). These are the benchmark values that we would assume for the purpose of our hypothetical viability appraisals, and they act as the benchmark to test the RLV's of schemes to determine whether sites would come forward for development.

7.3 Note that EUVs for brownfield sites are sensitive to the particular use (i.e. the EUV could be lower if the site is not in an existing lawful use for industrial / commercial) and any legacy costs of contamination, site remediation and demolition should be taken into consideration.

7.4 We also reiterate that land values are softened slightly from previous South Worcestershire Local Plan Viability reports to allow for a wider spectrum of sites across the Area. This is also to allow some 'headroom' for infrastructure / CIL contributions in accordance with the principles established in the Examiner's report to the Mayor of London CIL (January 2012) which stated that, '*the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future*…'.

7.5 These BLVs are for CIL/Local Plan making purposes only. This should be read in conjunction with this Viability Report and the caveats herein. No responsibility is accepted to any party in respect of the whole or any part of its contents. The land value for site specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the particular site (as is best practice in the PPG).

Table 7.1 – South Worcestershire Councils BLV Assumptions, June 2025

Scheme Typology	Site Type	Location	EUV -		Uplift Multiplier (gross)	BLV -					Uplift Multiplier (net) (for info.)
			£ per acre gross	£ per ha gross	x [X] x [Y]%	£ per acre gross	£ per ha gross	Net: Gross (%)	£ per acre net	£ per ha net	x [X] x [Y]%
Residential – Large Greenfield Site (>1 hectare)	Greenfield	District Wide	£8,500	£21,004	15.3	£130,000	£321,230	60%	£216,667	£535,383	25.5
Residential – Small Greenfield Site (<1 hectare)	Greenfield	District Wide	£8,500	£21,004	21.2	£180,000	£444,780	80%	£225,000	£555,975	26.5
Residential – Brownfield Site	Brownfield	District Wide	£350,000	£864,850	14.3%	£400,000	£988,400	90%	£444,444	£1,098,222	27.0%
Commercial – Greenfield Site	Greenfield	District Wide	£8,500	£21,004	21.2	£180,000	£444,780	90%	£200,000	£494,200	23.5
Commercial – Brownfield Site	Brownfield	District Wide	£350,000	£864,850	14.3%	£400,000	£988,400	90%	£444,444	£1,098,222	27.0%
These BLVs are for CIL/Local Plan making purposes only. This should be read in conjunction with our main Viability Report and the caveats therein. No responsibility is accepted to any party in respect of the whole or any part of its contents.											
The land value for site specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the particular site (as is best practice in the PPG).											

Source: AspinallVerdi '250604 SWC Benchmark Land Value Research_v0.2'

8 Stakeholder Consultation

8.1 We have consulted with industry by way of a stakeholder consultation workshop held on the 6th October 2025.

8.2 A copy of the slide presentation is attached at Appendix 7.

8.3 As part of the consultation, we requested written feedback on the appraisal assumptions by the 17th October 2025. This deadline was later extended.

8.4 In total, we received only one formal written response (via email and letter), in addition to the verbal feedback provided during the workshop.

8.5 Comments received related to several key assumptions, including external works, contingency, the Building Safety Levy (BSL), Benchmark Land Values (BLVs), and market values, etc.

8.6 The responses have been reviewed and analysed in the Feedback Matrix (Appendix 8). Relevant changes have been incorporated into the assumptions adopted in our appraisal.

9 Viability Results

9.1 In this section we draw together the results from the viability modelling.

Residential Viability Results

9.2 We set out below the results of our viability appraisals for the residential typologies.

9.3 For ease of reference, the results are batched by greenfield/brownfield typologies and follow our typologies matrix. We enclose a summary table for each batch of appraisals for comparison. Where necessary, we provide comment on any nuances in the results.

9.4 The residential appraisals are appended in full at Appendix 9. These include the summary table at the end of each batch of appraisals. Note that in the discussion below we have rounded the values for ease of interpretation.

9.5 While our appraisal results generally show that smaller sites (i.e. fewer than 10 dwellings) can often generate higher maximum CIL rates (largely due to the absence of affordable housing requirements) recent national policy clarifies that this should not be used as justification for higher CIL charges.

9.6 Paragraph 024 of the CIL section of the Planning Practice Guidance (PPG), as well as the Written Ministerial Statement (WMS) of 19 February 2024, make clear that charging authorities should not apply higher CIL rates to non-major residential development on the basis that these schemes are not required to deliver affordable housing. Doing so would undermine the objective of the Government’s small sites policy, which is intended to support SME developers and improve housing delivery on minor sites.

9.7 For clarity, our use of the terms "smaller" and "larger" typologies is not intended to suggest a hard threshold or cliff-edge effect; rather, it provides a practical reference point for this study.

Table 9.1 – A_E South Worcestershire Residential Typologies Viability Summary

Appraisal Ref:	**A**	**B**	**C**	**D**	**E**
Scheme Typology:	Houses	Houses	Houses	Houses	Houses & Flats
No Units:	7	10	30	50	80
Location / Value Zone:	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield	Greenfield
Notes/Comments:	Median BCIS, No AH, Current CIL: £54.80	Median BCIS, Marginal at the current CIL rate of £54.80	Median BCIS, Marginal at the current CIL rate of £54.80	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80
Total GDV (£)	2,877,000	3,174,750	9,654,795	16,091,325	24,481,200
Policy Assumptions					
AH Target %	0%	40%	40%	40%	40%
Max CIL (£ psm)	539.13	54.80	54.80	308.50	151.65
Max CIL (£ per unit)	54,695	3,336	3,360	18,917	9,248
Site Specific S106 (£ per unit)	7,936	27,660	25,499	27,354	28,803
Sub-total CIL+S106 (£ per unit)	62,631	30,996	28,859	46,271	38,051
Site Infrastructure (£ per unit)	-	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	62,631	30,996	28,859	46,271	38,051
Profit KPI's					
Developers Profit (% on OMS)	20.00%	20.00%	20.00%	20.00%	20.00%
Developers Profit (% on AH)	6.00%	6.00%	6.00%	6.00%	6.00%
Developers Profit (% blended)	20.00%	16.87%	16.81%	16.81%	17.10%
Developers Profit (% on costs)	26.64%	20.58%	20.58%	21.87%	22.44%
Developers Profit Total (£)	575,400	535,725	1,622,568	2,704,280	4,187,112
Land Value KPI's					
RLV (£/acre (net))	225,001	39,359	55,319	216,668	216,668
RLV (£/ha (net))	555,977	97,256	136,694	535,387	535,387
RLV (% of GDV)	4.51%	1.02%	1.42%	5.55%	5.83%
RLV Total (£)	129,728	32,419	136,694	892,311	1,427,698
BLV (£/acre (net))	225,000	225,000	216,667	216,667	216,667
BLV (£/ha (net))	555,975	555975	535384.157	535384.157	535384.157
BLV Total (£)	129,728	185,325	535,384	892,307	1,427,691
Surplus/Deficit (£/acre) [RLV-BLV]	1	(185,641)	(161,348)	1	1
Surplus/Deficit (£/ha)	2	(458,719)	(398,690)	2	2
Surplus/Deficit Total (£)	1	(152,906)	(398,690)	4	7
Recommended CIL (£ psm)	**£120.00**	**£54.80**	**£54.80**	**£120.00**	**£120.00**
Buffer (% from Max)	**78%**	**Not applicable**	**Not applicable**	**61%**	**21%**
Viability Status	**Viable**	**Marginal**	**Marginal**	**Viable**	**Viable**

Source: AspinallVerdi '251201 SWC_Residential Appraisals_CIL_v3_A_E'

Table 9.2 – F_K South Worcestershire Residential Typologies Viability Summary

Appraisal Ref:	**F**	**G**	**H**	**I**	**J**	**K**
Scheme Typology:	Houses & Flats	Houses & Flats	Houses & Flats	Houses & Flats	Houses & Flats	Houses & Flats
No Units:	100	200	300	400	500	700
Location / Value Zone:	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield	Greenfield	Greenfield
Notes/Comments:	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80	Lower Quartile BCIS, Current CIL: £54.80
Total GDV (£)	30,601,500	61,392,000	92,088,000	122,784,000	153,007,500	214,210,500
Policy Assumptions						
AH Target %	40%	40%	40%	40%	40%	40%
Max CIL (£ psm)	198.66	298.21	275.79	277.42	288.24	233.24
Max CIL (£ per unit)	12,115	18,186	16,819	16,918	17,578	14,224
Site Specific S106 (£ per unit)	30,843	25,523	27,194	27,194	27,194	30,632
Sub-total CIL+S106 (£ per unit)	42,958	43,709	44,013	44,112	44,772	44,856
Site Infrastructure (£ per unit)	-	-	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	42,958	43,709	44,013	44,112	44,772	44,856
Profit KPI's						
Developers Profit (% on OMS)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Developers Profit (% on AH)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Developers Profit (% blended)	17.10%	17.07%	17.07%	17.07%	17.10%	17.10%
Developers Profit (% on costs)	21.96%	21.91%	21.91%	21.91%	21.97%	21.97%
Developers Profit Total (£)	5,233,890	10,479,120	15,718,680	20,958,240	26,169,450	36,637,230
Land Value KPI's						
RLV (£/acre (net))	216,668	216,668	216,668	216,668	216,668	216,668
RLV (£/ha (net))	535,387	535,387	535,387	535,387	535,387	535,387
RLV (% of GDV)	4.37%	4.36%	4.36%	4.36%	4.37%	4.37%
RLV Total (£)	1,338,467	2,676,933	4,015,400	5,353,866	6,692,333	9,369,266
BLV (£/acre (net))	216,667	216,667	216,667	216,667	216,667	216,667
BLV (£/ha (net))	535,384	535,384	535,384	535,384	535,384	535,384
BLV Total (£)	1,338,460	2,676,921	4,015,381	5,353,842	6,692,302	9,369,223
Surplus/Deficit (£/acre) [RLV-BLV]	1	1	1	1	1	1
Surplus/Deficit (£/ha)	2	2	2	2	2	2
Surplus/Deficit Total (£)	6	12	19	25	31	43
Recommended CIL (£ psm)	**£120.00**	**£120.00**	**£120.00**	**£120.00**	**£120.00**	**£120.00**
Buffer (% from Max)	**40%**	**60%**	**56%**	**57%**	**58%**	**49%**
Viability Status	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**

Source: AspinallVerdi '251201 SWC_Residential Appraisals_CIL_v3_F_K'

Table 9.3 – L_R South Worcestershire Residential Typologies Viability Summary

Appraisal Ref:	**L**	**M**	**N**	**O**	**P**	**Q**	**R**
Scheme Typology:	Houses	Houses	Houses	Houses	Houses & Flats	Houses & Flats	Houses & Flats
No Units:	8	10	30	50	100	300	500
Location / Value Zone:	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide	Area Wide
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield	Brownfield	Brownfield	Brownfield
Notes/Comments:	Median BCIS, No AH, Current CIL: £0	Median BCIS, Current CIL: £0	Median BCIS, Current CIL: £0	Lower Quartile BCIS, Current CIL: £0	Lower Quartile BCIS, Current CIL: £0	Lower Quartile BCIS, Current CIL: £0	Lower Quartile BCIS, Current CIL: £0
Total GDV (£)	3,288,000	3,408,563	10,346,096	17,243,494	33,063,625	99,190,875	165,318,125
Policy Assumptions							
AH Target %	0%	30%	30%	30%	30%	30%	30%
Max CIL (£ psm)	180.16	-	-	-	-	-	-
Max CIL (£ per unit)	18,277	-	-	-	-	-	-
Site Specific S106 (£ per unit)	15,297	36,637	36,637	36,405	36,405	36,405	36,405
Sub-total CIL+S106 (£ per unit)	33,574	36,637	36,637	36,405	36,405	36,405	36,405
Site Infrastructure (£ per unit)	-	-	-	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	33,574	36,637	36,637	36,405	36,405	36,405	36,405
Profit KPI's							
Developers Profit (% on OMS)	20.0%	20.0%	20.0%	20.0%	20.0%	20.00%	20.00%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%	6.0%	6.00%	6.00%
Developers Profit (% blended)	20.00%	17.82%	17.76%	17.76%	17.99%	17.99%	17.99%
Developers Profit (% on costs)	28.54%	21.76%	21.67%	24.78%	24.63%	24.76%	24.79%
Developers Profit Total (£)	657,600	607,294	1,837,926	3,063,210	5,947,918	17,843,753	29,739,588
Land Value KPI's							
RLV (£/acre (net))	444,445	12,166	9,904	384,849	417,029	433,353	437,430
RLV (£/ha (net))	1,098,224	30,062	24,473	950,963	1,030,479	1,070,816	1,080,888
RLV (% of GDV)	8.91%	0.29%	0.24%	9.19%	7.79%	8.10%	8.17%
RLV Total (£)	292,860	10,021	24,473	1,584,938	2,576,197	8,031,122	13,511,105
BLV (£/acre (net))	444,444	444,444	444,444	444,444	444,444	444,444	444,444
BLV (£/ha (net))	1,098,221	1,098,221	1,098,221	1,098,221	1,098,221	1,098,221	1,098,221
BLV Total (£)	292,859	366,074	1,098,221	1,830,369	2,745,553	8,236,658	13,727,764
Surplus/Deficit (£/acre) [RLV-BLV]	1.00	(432,278.10)	(434,540.03)	(59,594.66)	(27,414.87)	(11,090.57)	(7,014.45)
Surplus/Deficit (£/ha)	2.47	(1,068,159.18)	(1,073,748.41)	(147,258.42)	(67,742.13)	(27,404.80)	(17,332.71)
Surplus/Deficit Total (£)	0.66	(356,053.06)	(1,073,748.41)	(245,430.69)	(169,355.33)	(205,536.01)	(216,658.89)
Recommended CIL (£ psm)	**£120.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Buffer (% from Max)	**33%**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Viability Status	**Viable**	**Marginal**	**Marginal**	**Marginal**	**Marginal**	**Marginal**	**Marginal**

Source: AspinallVerdi '251201 SWC_Residential Appraisals_CIL_v3_L_R'

Table 9.4 – Y_AB South Worcestershire Residential Typologies Viability Summary

Appraisal Ref:	**Y**	**Z**	**AA**	**AB**
Scheme Typology:	Houses	Houses	Houses	Houses
No Units:	4	8	4	8
Location / Value Zone:	Area Wide	Area Wide	Area Wide	Area Wide
Greenfield/Brownfield:	Greenfield	Greenfield	Brownfield	Brownfield
Notes/Comments:	Median BCIS, Current CIL: £54.80	Median BCIS, Current CIL: £54.80	Median BCIS, Current CIL: £54.80	Median BCIS, Marginal at the current CIL rate of £54.80.
Total GDV (£)	1,629,750	2,539,800	1,629,750	2,726,850
Policy Assumptions				
AH Target %	20%	40%	20%	30%
Max CIL (£ psm)	418.2	165.0	130.7	54.8
Max CIL (£ per unit)	39,983.9	10,042.4	12,492.3	3,891.6
Site Specific S106 (£ per unit)	2,211.0	2,211.0	2,211.0	2,211.0
Sub-total CIL+S106 (£ per unit)	42,195	12,253	14,703	6,103
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	42,195	12,253	14,703	6,103
Profit KPI's				
Developers Profit (% on OMS)	20.00%	20.00%	20.00%	20.00%
Developers Profit (% on AH)	6.00%	6.00%	6.00%	6.00%
Developers Profit (% blended)	18.78%	16.87%	18.78%	17.82%
Developers Profit (% on costs)	24.63%	21.99%	26.31%	24.35%
Developers Profit Total (£)	306,105	428,580	306,105	485,835
Land Value KPI's				
RLV (£/acre (net))	225,001	225,001	444,445	338,189
RLV (£/ha (net))	555,977	555,977	1,098,224	835,664
RLV (% of GDV)	4.55%	5.84%	8.98%	8.17%
RLV Total (£)	74,130	148,261	146,430	222,844
BLV (£/acre (net))	225,000	225,000	444,444	444,444
BLV (£/ha (net))	555,975	555975	1098221.124	1098221.124
BLV Total (£)	74,130	148,260	146,429	292,859
Surplus/Deficit (£/acre) [RLV-BLV]	1	1	1	(106,255)
Surplus/Deficit (£/ha)	2	2	2	(262,557)
Surplus/Deficit Total (£)	0	1	0	(70,015)
Recommended CIL (£ psm)	**£120.00**	**£120.00**	**£54.80**	**£54.80**
Buffer (% from Max)	**71%**	**27%**	**58%**	**Not applicable**
Viability Status	**Viable**	**Viable**	**Viable**	**Marginal**

Source: AspinallVerdi '251201 SWC_Residential Appraisals_CIL_v3_Y_AB'

Table 9.5 – AC_AF South Worcestershire Residential Typologies Viability Summary

Appraisal Ref:	**AC**	**AD**	**AE**	**AF**
Scheme Typology:	Flats	Flats	Flats	Flats
No Units:	50	100	250	500
Location / Value Zone:	Town Centre/ Urban Areas	Town Centre/ Urban Areas	Town Centre/ Urban Areas	Town Centre/ Urban Areas
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield
Notes/Comments:	Lower Quartile BCIS, Not Viable at the current CIL rate of £0.	Lower Quartile BCIS, Not Viable at the current CIL rate of £0.	Lower Quartile BCIS, Not Viable at the current CIL rate of £0.	Lower Quartile BCIS, Not Viable at the current CIL rate of £0.
Total GDV (£)	9,855,125	19,710,250	49,275,625	98,551,250
Policy Assumptions				
AH Target %	30%	30%	30%	30%
Max CIL (£ psm)	-	-	-	-
Max CIL (£ per unit)	-	-	-	-
Site Specific S106 (£ per unit)	25,503	25,503	25,503	25,503
Sub-total CIL+S106 (£ per unit)	25,503.00	25,503.00	25,503.00	25,503.00
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	25,503	25,503	25,503	25,503
Profit KPI's				
Developers Profit (% on OMS)	20.00%	20.00%	20.00%	20.00%
Developers Profit (% on AH)	6.00%	6.00%	6.00%	6.00%
Developers Profit (% blended)	17.68%	17.68%	17.68%	17.68%
Developers Profit (% on costs)	16.10%	15.05%	16.71%	15.58%
Developers Profit Total (£)	1,742,808	3,485,615	8,714,038	17,428,075
Land Value KPI's				
RLV (£/acre (net))	(1,648,273)	(2,105,706)	(1,406,570)	(1,866,332)
RLV (£/ha (net))	(4,072,883)	(5,203,198)	(3,475,634)	(4,611,707)
RLV (% of GDV)	-27.55%	-35.20%	-23.51%	-31.20%
RLV Total (£)	(2,715,255)	(6,937,598)	(11,585,448)	(30,744,710)
BLV (£/acre (net))	444,444	444,444	444,444	444,444
BLV (£/ha (net))	1,098,221	1,098,221	1,098,221	1,098,221
BLV Total (£)	732,147	1,464,295	3,660,737	7,321,474
Surplus/Deficit (£/acre) [RLV-BLV]	(2,092,717)	(2,550,150)	(1,851,014)	(2,310,776)
Surplus/Deficit (£/ha)	(5,171,104)	(6,301,420)	(4,573,856)	(5,709,928)
Surplus/Deficit Total (£)	(3,447,403)	(8,401,893)	(15,246,185)	(38,066,184)
Recommended CIL (£ psm)	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Buffer (% from Max)	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Viability Status	**Not Viable**	**Not Viable**	**Not Viable**	**Not Viable**

Source: AspinallVerdi '251201 SWC_Residential Appraisals_CIL_v3_AC_AF'

Schemes Under 10 Units & RDAs (Typologies A, L & Y – AB)

9.8 Our appraisals for schemes under 10 units show that small scale development is viable across both greenfield and brownfield sites. These schemes are not subject to affordable housing requirements, meaning viability is primarily influenced by build costs, sales values, and Section 106 contributions.

9.9 The maximum CIL rate tested indicates capacity for up to £539 psm on greenfield (typology A) alongside Section 106 costs of £7,936 per unit.

9.10 The maximum CIL rate on brownfield is £180 psm (typology L) with Section 106 contributions of £15,297 per unit.

9.11 Given that both typologies achieve viability and generate land values at or above benchmark, there is potential to charge CIL on these typologies notwithstanding the WMS of 19 February 2024.

9.12 Our appraisals for RDAs schemes, represented by typologies Y – AB, show that the greenfield RDA schemes (typologies Y and Z) are viable.

9.13 Typology Y generates a maximum CIL capacity of £418 psm, while typology Z generates £165 psm, with Section 106 costs of £2,211 per unit for each. Typology Y (4-units) includes 20% affordable housing. This would be delivered as an equivalent Commuted Sum in accordance with the RDA policy. Typology Z (8-units) includes 40% affordable housing which would be delivered on-site and hence the lower maximum CIL.

9.14 For brownfield RDA schemes, typology AA demonstrates a maximum CIL capacity of £131 psm, while typology AB is marginal at the current CIL rate of approximately £55 psm. This indicates that viability on brownfield RDAs is more constrained and highly sensitive to additional cost burdens. Typology AA (4-units) includes 20% affordable housing. This would be delivered as an equivalent Commuted Sum in accordance with the RDA policy. Typology AB (8-units) includes 30% affordable housing which would be delivered on-site and hence the more marginal viability.

Schemes Between 10 to 49 Units (Typologies B – C & M – N)

9.15 Our appraisals for schemes between 10 to 49 units show that all medium scale developments are marginal under current policy assumptions across both greenfield and brownfield sites.

9.16 Currently, CIL is charged at £54.80 psm on these greenfield typologies (B–C) and excluded from the brownfield typologies (assumed Worcester) (M–N).

9.17 This reflects the higher build costs (using median BCIS rates) and the substantial Section 106 contributions, which average £36,637 per unit for brownfield schemes and £26,600 per unit for greenfield sites.

9.18 Introducing CIL on brownfield or increasing CIL on greenfield in these circumstances would risk undermining deliverability and is therefore not justified by the viability evidence.

Schemes of 50 or more Units (Typologies D – E, F – K, O – R & AC – AF)

9.19 Our appraisals for schemes of 50 units and above show a pronounced contrast between greenfield and brownfield viability for large scale development.

9.20 Greenfield schemes are consistently viable and able to support CIL, whereas the brownfield typologies are either marginal (typologies O–R) or unviable (typologies AC–AF) under current policy requirements.

9.21 For greenfield housing led schemes, all appraisals generate residual land values at or above benchmark. Maximum CIL capacities range from £152 psm to £308 psm.

9.22 There is scope for robust buffers of 40%–60% for large schemes on greenfield, ensuring rates remain deliverable while allowing for site specific variation.

9.23 By contrast, brownfield housing led schemes of 50 units or more (typologies O–R) are marginal. Although residual land values are positive, they fall below benchmark across all typologies. This outcome is driven by the combined effect of substantial Section 106 costs of £36,405 per unit, higher existing-use values on brownfield sites, and elevated costs, even when applying lower quartile BCIS rates and assuming a £0 psm CIL rate.

9.24 The town centre flatted brownfield schemes (typologies AC–AF, 50–500 units) are unviable, generating significant negative residual land values and no CIL capacity. Even at the current £0 psm CIL rate, residual values remain substantially below benchmark which reflects the compounded impact of lower apartment sales values and the required affordable housing provision.

Specialist Housing Viability Results

9.25 In this sub-section we draw together the viability results for the specialist housing typologies.

Older Persons Housing Viability Results

9.26 We set out the results of our viability appraisals for the Older Persons housing typologies (U – XX) in Table 9.6 below.

9.27 Our appraisals confirm that Age Restricted housing and Extra Care schemes are both unviable under tested typologies; with the affordable housing requirements, no CIL applied, and regardless of whether the site is greenfield or brownfield.

Table 9.6 – Older Persons Housing Viability Summary

Appraisal Ref:	U	V	W	X
Scheme Typology:	Age Restricted / Sheltered Housing	Age Restricted / Sheltered Housing	Assisted Living / Extra Care	Assisted Living / Extra Care
No Units:	50	50	60	60
Location:	Area Wide	Area Wide	Area Wide	Area Wide
Greenfield/Brownfield:	Greenfield	Brownfield	Greenfield	Brownfield
Notes/Comments:	Median BCIS; 40% AH, Current CIL: £0	Median BCIS; 30% AH, Current CIL: £0	Median BCIS; 40% AH, Current CIL: £0	Median BCIS; 30% AH, Current CIL: £0
Total GDV (£)	11,677,200	12,457,900	16,862,508	17,989,881
Policy Assumptions				
AH Target % (& mix):	40%	30%	40%	30%
Max CIL (£ psm)	-	-	-	-
Max CIL (£ per unit)	-	-	-	-
Site Specific S106 (£ per unit)	9,031	9,718	7,118	7,531
Sub-total CIL+S106 (£ per unit)	9,031	9,718	7,118	7,531
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infra. (£ per unit)	9,031	9,718	7,118	7,531
Profit KPI's				
Developers Profit (% on OMS)	20.0%	20.0%	20.0%	20.0%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	16.65%	17.64%	16.65%	17.64%
Developers Profit (% on costs)	17.12%	18.76%	16.81%	18.49%
Developers Profit Total (£)	1,943,832	2,197,874	2,806,998	3,173,849
Land Value KPI's				
RLV (£/acre (net))	(1,575,874)	(1,413,375)	(1,784,119)	(1,582,259)
RLV (£/ha (net))	(3,893,984)	(3,492,449)	(4,408,558)	(3,909,763)
RLV (% of GDV)	-13.89%	-11.68%	-15.69%	-13.04%
RLV Total (£)	(1,622,494)	(1,455,187)	(2,645,135)	(2,345,858)
BLV (£/acre (net))	225,000	444,444	225,000	444,444
BLV (£/ha (net))	555,975	1,098,221	555,975	1,098,221
BLV Total (£)	231,656	457,592	333,585	658,933
Surplus/Deficit (£/acre) [RLV-BLV]	(1,800,874)	(1,857,819)	(2,009,119)	(2,026,703)
Surplus/Deficit (£/ha)	(4,449,959)	(4,590,670)	(4,964,533)	(5,007,984)
Surplus/Deficit Total (£)	(1,854,150)	(1,912,779)	(2,978,720)	(3,004,791)
Recommended CIL (£ psm)	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Buffer (% from Max)	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Viability Status	**No Viable**	**No Viable**	**No Viable**	**No Viable**

Source: AspinallVerdi '251201 SWC_Retirement Living Appraisals_CIL_v3_U_X'

PBSA and BTR Viability Results

9.28 We set out the results of our viability appraisals for the PBSA and BTR typologies (S – T) in Table 9.7.

9.29 The PBSA appraisal shows that viability is significantly constrained. Our modelling includes the current indexed CIL of £137 psm; however, the scheme remains fundamentally unviable even before CIL is applied. i.e. even with £0 CIL our appraisal would be unviable on current costs and values. As a result, there is no justification for increasing the current PBSA CIL rate.

9.30 The BTR appraisal result is also substantially negative. This deficit indicates a complete absence of viability headroom. The appraisal returns no positive maximum CIL, reflecting that the scheme does not generate sufficient value to meet development costs. This aligns with market reality, where BTR schemes often operate on lower yields and require sustained rental income over time, making them more sensitive to cost pressures.

9.31 As a result, BTR typology is also unviable under current assumptions and cannot support any level of CIL.

Table 9.7 – PBSA & BTR Viability Summary

Appraisal Ref:	**S**	**T**
Scheme Typology	PBSA	BTR
No Units:	75	75
Location:	Town Centre/ Urban Area	Town Centre/ Urban Area
Greenfield/Brownfield:	Brownfield	Brownfield
Notes:	Median BCIS, Current CIL: £137	Median BCIS. No defined CIL rate for BTR (assumed £0)
Total GDV (£)	6,402,908	12,809,528
Policy Assumptions		
AH Target %:	0%	20%
Max CIL (£ psm)	137.00	-
Max CIL (£ per unit)	3,062	-
Site Specific S106 (£ psm)	518.46	175.90
Site Specific S106 (£ per unit)	11,589	11,589
Sub-Total CIL + S106 (£ per unit)	14,651	11,589
Profit KPI's		
Developers Profit (% on costs)	15%	15%
Total Developers Profit (£)	1,193,368	4,342,854
Land Value KPI's		
RLV (£/acre (net))	(2,222,781)	(99,485)
RLV (£/ha (net))	(5,492,492)	(245,828)
RLV (£ net)	(2,746,246)	(20,485,688)
RLV (% of GDV)	-42.89%	-159.93%
RLV Total (£)	(2,746,246)	(20,485,688)
BLV (£/acre (net))	444,444	444,444
BLV (£/ha (net))	1,098,221	1,098,221
BLV Total (£)	549,111	91,518,427
Surplus/Deficit (£/acre) [RLV-BLV]	(2,667,225)	(543,929)
Surplus/Deficit (£/ha)	(6,590,713)	(1,344,049)
Surplus/Deficit Total (£)	(3,295,357)	(112,004,115)
Recommended CIL (£ psm)	**£137.00**	**£0.00**
Buffer (% from Max)	**Not applicable**	**Not applicable**
Viability Status	Not Viable	Not Viable

Source: AspinallVerdi '251201 SWC_PBSA & BTR Appraisals_CIL_v3_S_T'

Retail Viability Results

9.33 We set out below a summary and results of our viability appraisals for our retail typologies.

9.34 Detailed viability appraisals and sensitivity tables are appended (Appendix 10). These include the summary table at the end of each batch of appraisals.

9.35 Note that in the discussion below we have rounded the values for ease of interpretation.

Table 9.8 – A_F South Worcestershire Retail Typologies Viability Summary

Appraisal Ref:	**A**	**B**	**C**	**D**	**E**	**F**
Appraisal Ref:	Express Store	Discounted Supermarket	Large Supermarket	Express Store	Discounted Supermarket	Large Supermarket
No Units:	1	1	1	1	1	1
Location:	Town Centre / Urban Area	Town Centre / Urban Area	Town Centre / Urban Area	Strategic Urban Extensions	Strategic Urban Extensions	Strategic Urban Extensions
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Greenfield	Greenfield	Greenfield
Notes:	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)
Total GDV (£)	821,378	6,717,306	14,141,698	821,378	6,717,306	14,141,698
Policy Assumptions						
Max CIL (£ psm)	372.28	296.66	263.87	550.41	572.25	536.98
Max CIL (£ per unit)	86,466	523,644	980,579	127,837	1,010,119	1,995,491
Site Specific S106 (£ psm)	-	-	-	-	-	-
Site Specific S106 (£ per unit)	-	-	-	-	-	-
Sub-Total CIL + S106 (£ per unit)	86,466	523,644	980,579	127,837	1,010,119	1,995,491
Profit KPI's						
Developers Profit (% on costs)	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Total Developers Profit (£)	101,027	780,315	1,641,019	105,258	833,906	1,753,842
Land Value KPI's						
RLV (£/acre (net))	444,445	444,445	444,445	200,001	200,001	200,001
RLV (£/ha (net))	1,098,224	1,098,224	1,098,224	494,202	494,202	494,202
RLV (£ net)	51,014	646,179	1,360,378	22,956	290,782	612,172
RLV (% of GDV)	6.21%	9.62%	9.62%	2.79%	4.33%	4.33%
RLV Total (£)	51,014	646,179	1,360,378	22,956	290,782	612,172
BLV (£/acre (net))	444,444	444,444	444,444	200,000	200,000	200,000
BLV (£/ha (net))	1,098,221	1,098,221	1,098,221	494,200	494,200	494,200
BLV Total (£)	51,014	646,178	1,360,374	22,956	290,780	612,169
Surplus/Deficit (£/acre) [RLV-BLV]	1	1	1	1	1	1
Surplus/Deficit (£/ha)	2	2	2	2	2	2
Surplus/Deficit Total (£)	0	1	3	0	1	3
Recommended CIL (£ psm)	£150	£150	£150	£150	£150	£150
Buffer (% from Max)	**60%**	**49%**	**43%**	**73%**	**74%**	**72%**
Viability Status	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**

Source: AspinallVerdi '251201 SWC_Retail Appraisals_CIL_v3_A_I '

Table 9.9 – G_I South Worcestershire Retail Typologies Viability Summary

Appraisal Ref:	**G**	**H**	**I**
Appraisal Ref:	Retail Warehouse	Drive Thru Café	Drive Thru Café
No Units:	1	1	1
Location:	Town Centre / Urban Area	Strategic Urban Extensions	Strategic Urban Extensions
Greenfield/Brownfield:	Brownfield	Greenfield	Brownfield
Notes:	Current CIL: £82.20 (indexed). Neighbouring local authorities also charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £0, Neighbouring local authorities charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)	Current CIL: £0, Neighbouring local authorities charge CIL on retail development, rates ranging from £10 to £120 psm (not indexed)
Total GDV (£)	1,939,499	461,142	461,142
Policy Assumptions			
Max CIL (£ psm)	343.15	1,257.72	864.38
Max CIL (£ per unit)	255,040	116,846	80,303
Site Specific S106 (£ psm)	-	-	-
Site Specific S106 (£ per unit)	-	-	-
Sub-Total CIL + S106 (£ per unit)	255,040	116,846	80,303
Profit KPI's			
Developers Profit (% on costs)	15.00%	15.00%	15.00%
Total Developers Profit (£)	223,791	58,271	54,040
Land Value KPI's			
RLV (£/acre (net))	444,445	200,001	444,445
RLV (£/ha (net))	1,098,224	494,202	1,098,224
RLV (£ net)	204,057	22,956	51,014
RLV (% of GDV)	10.52%	4.98%	11.06%
RLV Total (£)	204,057	22,956	51,014
BLV (£/acre (net))	444,444	200,000	444,444
BLV (£/ha (net))	1,098,221	494,200	1,098,221
BLV Total (£)	204,056	22,956	51,014
Surplus/Deficit (£/acre) [RLV-BLV]	1	1	1
Surplus/Deficit (£/ha)	2	2	2
Surplus/Deficit Total (£)	0	0	0
Recommended CIL (£ psm)	£150	£150	£150
Buffer (% from Max)	**56%**	**88%**	**83%**
Viability Status	**Viable**	**Viable**	**Viable**

Source: AspinallVerdi '251201 SWC_Retail Appraisals_CIL_v3_A_I'

Convenience Retails Viability Results (Typologies A & D)

9.36 Our appraisals show that the convenience retail (small/express store) typology is viable across both brownfield and greenfield sites.

9.37 The maximum CIL rates tested indicate capacity for up to £372 psm on brownfield and £550 psm on greenfield sites.

9.38 This typology is often brought forward as part of wider residential-led development or in edge-of-centre locations, and continues to attract occupier interest from national operators. We anticipate occupiers of such units to be ones with strong-covenants such as Tesco, Sainsburys, Co-op etc.

9.39 There is scope for CIL on both brownfield and greenfield sites. This could include substantial buffers of approximately 60% to 70% from the maximum tested rates (see section 10 below). This approach aligns with our recommendations for other viable retail formats and ensure that CIL does not disincentivise future development.

Discounted/ Large Supermarkets Viability Results (Typologies B – C & E – F)

9.40 Our appraisals show that all supermarket typologies tested are viable across both brownfield and greenfield sites. This includes discounted supermarket formats.

9.41 The maximum CIL rates calculated range from £264 psm to £572 psm.

9.42 For brownfield typologies, that maximum CIL rates are £297 psm (for the Discount store (B)) and £264 psm (for the Large supermarket (C)). For greenfield typologies there is capacity for higher CIL rates of £572 psm and £537 psm respectively (E and F). These results indicate that supermarket development is capable of supporting CIL contribution.

9.43 This is consistent with broader market trends, with discounted food retailers continuing to expand across the country, including within Strategic Urban Extensions in South Worcestershire by operators such as Aldi and Lidl.

9.44 There is scope for CIL on these typologies including substantial buffers of approximately 45% to 75% against the maximum tested rates. This mirrors the approach taken for other retail typologies and allows headroom for scheme-specific factors such as site constraints, land assembly, or planning conditions and ensures that CIL does not disincentivise future development.

Retail Warehouse Viability Result (Typology G)

9.45 Our appraisal shows that the retail warehouse is viable. The current indexed CIL rate is £82.20.

9.46 The maximum CIL rate tested for this typology is £343 psm. This is a good headroom that indicates retail warehouses are capable of supporting development contributions.

9.47 There is scope to increase the current CIL rates and still provide a buffer of 55%+ from the maximum tested rate. This approach aligns with our recommendations for other viable retail formats and ensure that CIL does not disincentivise future development.

Drive Thru Viability Results (Typologies H – I)

9.48 Our appraisals show that the Drive Thru retail (also known as roadside retail) typology is viable across both brownfield and greenfield sites.

9.49 The maximum CIL rates tested indicate capacity for up to £1,258 psm for the greenfield, which is a very generous headroom for CIL, and £864 psm on brownfield.

9.50 We are aware that new drive thru retail units are often brought forward alongside growth locations such as SUEs or near major junctions. Their high CIL rate on greenfield is driven by the modest BLV assumption (£200,000 per acre net) based on greenfield EUV+ methodology.

9.51 There is scope to introduce CIL on these typologies with a healthy buffer of between 80%+ from the maximums. This is to ensure that CIL does not 'shock' the future development and the development pipeline can be kept under review for future CIL revisions.

Industrial / Logistics Viability Results

9.52 We set out below a summary and results of our viability appraisals for our industrial and logistics typologies.

9.53 Detailed viability appraisals and sensitivity tables are appended (Appendix 11). These include the summary table at the end of each batch of appraisals.

9.54 Note that in the discussion below we have rounded the values for ease of interpretation.

Table 9.10 – A_F South Worcestershire Commercial Typologies Viability Summary

Appraisal Ref:	**A**	**B**	**C**	**D**	**E**	**F**
Appraisal Ref:	Light Industrial	Medium/ Large Industrial	Logistics	Light Industrial	Medium/ Large Industrial	Logistics
No Units:	1	1	1	1	1	1
Location / Value Zone:	Industrial Parks	Industrial Parks	Motorway Corridors	Industrial Parks	Industrial Parks	Motorway Corridors
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Brownfield	Brownfield	Brownfield
Notes:	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.	Current CIL: £0. Neighbouring local authorities do not charge CIL on commercial development.
Total GDV (£)	1,815,039	4,966,803	11,502,809	1,815,039	4,966,803	11,502,809
Policy Assumptions						
Max CIL (£ psm)	424.14	634.76	346.42	258.36	436.72	145.26
Max CIL (£ per unit)	354,638	1,474,288	2,252,851	216,025	1,014,323	944,639
Site Specific S106 (£ psm)	-	-	-	-	-	-
Site Specific S106 (£ per unit)	-	-	-	-	-	-
Sub-Total CIL + S106 (£ per unit)	354,638	1,474,288	2,252,851	216,025	1,014,323	944,639
Profit KPI's						
Developers Profit (% on costs)	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Total Developers Profit (£)	225,866	606,157	1,380,792	210,634	553,271	1,232,712
Land Value KPI's						
RLV (£/acre (net))	200,001	200,001	200,001	444,445	444,445	444,445
RLV (£/ha (net))	494,202	494,202	494,202	1,098,224	1,098,224	1,098,224
RLV (£ net)	82,643	286,956	803,476	183,651	637,677	1,785,496
RLV (% of GDV)	4.55%	5.78%	6.99%	10.12%	12.84%	15.52%
RLV Total (£)	82,643	286,956	803,476	183,651	637,677	1,785,496
BLV (£/acre (net))	200,000	200,000	200,000	444,444	444,444	444,444
BLV (£/ha (net))	494,200	494,200	494,200	1,098,221	1,098,221	1,098,221
BLV Total (£)	82,643	286,954	803,472	183,651	637,676	1,785,491
Surplus/Deficit (£/acre) [RLV-BLV]	1	1	1	1	1	1
Surplus/Deficit (£/ha)	2	2	2	2	2	2
Surplus/Deficit Total (£)	0	1	4	0	1	4
Recommended CIL (£ psm)	**£120.00**	**£120.00**	**£120.00**	**£60.00**	**£60.00**	**£60.00**
Buffer (% from Max)	**72%**	**81%**	**65%**	**77%**	**86%**	**59%**
Viability Status	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**	**Viable**

Source: AspinallVerdi '251201 SWC_Commercial Appraisals_CIL_v3_A_F'

9.55 Our appraisals show that all industrial and logistics typologies tested are viable across both greenfield and brownfield locations. This includes light industrial, medium/large industrial, and logistics units located within industrial parks or motorway corridor settings.

9.56 The maximum CIL rates identified vary by site type and scale. For greenfield schemes, the maximum CIL capacity ranges from £346 psm to £635 psm, while brownfield schemes show a lower but still positive capacity of £145 psm to £437 psm. These results indicate that industrial and logistics development can support meaningful levels of CIL (compared to £0 CIL currently), particularly in higher-value greenfield locations.

9.57 We have recommended differential CIL rates that reflect the relative strength of each typology (see section 10 below) including healthy buffers (60%+).

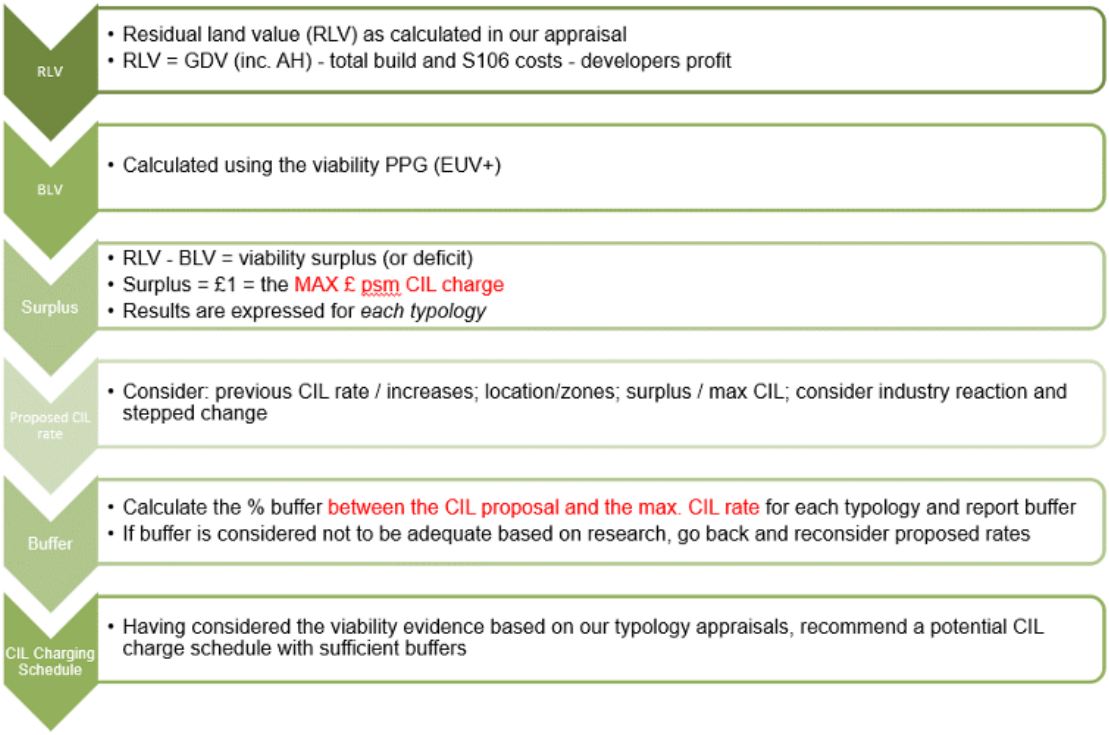
9.58 This allows for market variability while maintaining a meaningful contribution towards infrastructure delivery.

Approach to CIL rate setting.

9.59 Setting a CIL rate and determining a buffer does not have an exact formula and a professional judgment needs to be formed. The NPPG states that the *'proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence.' For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability.* There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.

9.60 Figure 9.1 sets out our decision-making process for making our CIL recommendations.

Figure 9.1 – Decision making process for recommended CIL rate



Source: AspinallVerdi

9.61 We would not recommend setting CIL right up to the margins of viability. This is because every site and scheme is unique. There needs to be sufficient additional contingency / buffer / optimum bias to ensure that the policies and the Plan are deliverable and that property development is not stymied.

9.62 To inform our judgement on suitable potential CIL rates and viability buffers, we have had regard to:

- The pattern of the proposed development and the variable surpluses shown in the viability results generated by the different scenarios tested.
- Iterations of potential CIL rates that consider using our sensitivity tables to consider whether the proposed CIL rates can absorb a drop in GDV or increase in build costs to take into account an economic downturn which may negatively impact viability. The recommended CIL rate mustn't be at the margins of viability, as per the PPG.

10 Conclusions and Recommendations

10.1 In this section we draw together the recommendations from the viability modelling.

Residential CIL Recommendations

10.2 The current CIL rates are £55 psm in Malvern Hills and Wychavon (predominately greenfield development) and £0 psm in Worcester City (predominately brownfield).

10.3 We propose differential rates for greenfield and brownfield site typologies in order to maximise the potential for CIL. We also propose differential rates by size of scheme: smaller schemes (<10 units), medium schemes (10 – 49 units) and larger schemes (>50 units); having regard to the latest government proposals for scheme size thresholds (taking into account BCIS economies of scale). Small schemes of <10 units should easily be able to contribute these CIL rates as they have no affordable housing, but this is subject to the Written Ministerial Statement (WMS) of 19 February 2024, which makes it clear that charging authorities should not apply higher CIL rates to non-major residential development on the basis that these schemes are not required to deliver affordable housing. This is to not undermine the objective of the Government's small sites policy, which is intended to support SME developers and improve housing delivery on minor sites.

10.4 Our appraisals indicate that schemes under 10 units remain viable across both greenfield and brownfield sites, supporting a recommended CIL rate of £120 psm i.e. not more than the general rates for residential (so as not to penalise small sites).

10.5 For Rural Development Allowance (RDA) schemes, greenfield typologies demonstrate sufficient headroom to support an increased CIL rate of £120 psm, while brownfield RDAs are more constrained and should retain the current £55 psm rate.

10.6 All medium-scale schemes (10– 49 units) are marginal on both greenfield and brownfield land, and therefore no increase to the current CIL rate is recommended.

10.7 For large schemes of 50 units or more, greenfield typologies remain viable and able to support a £120 psm CIL rate, whereas brownfield schemes, including town-centre flatted developments, are either marginal or unviable even at £0 psm, and therefore should not be subject to CIL.

10.8 Table 10.1 shows the recommended CIL rates for both greenfield and brownfield residential typologies against the range of maximum rates. The table also shows the range of buffers (difference between the recommended CIL and the Max CIL for the various Typologies).

Table 10.1 – Residential CIL Rate Recommendations

Greenfield			
Residential Scheme	**Max CIL £ psm**	**Recommended CIL £ psm**	**Buffer %**
Schemes under 10 units (small)	£539	£120	78%
RDAs	£165 – £418	£120	27% – 71%
Schemes of 10 – 49 units (Medium)	£55	£55 No increase to the current CIL is recommended	n/a
Schemes of 50 or more units (Large)	£152 – £308	£120	40% – 61%
Brownfield			
Residential Scheme	**Max CIL £ psm**	**Recommended CIL £ psm**	**Buffer %**
Schemes under 10 units (small)	£180	£120	33%
RDAs	£55 – £130	£55 No increase to the current CIL is recommended	n/a – 58%
Schemes of 10 – 49 units (Medium)	£0	£0 No increase to the current CIL is recommended	n/a
Schemes of 50 or more units	£0	£0 No increase to the current CIL is recommended	n/a

Specialist Residential CIL Recommendations

10.9 Our recommendations for CIL for the specialist residential typologies can be seen in Table 10.2.

Table 10.2 – Specialist Residential CIL Rate Recommendations

Specialist Residential Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Older Persons Housing (both Retirement Living and Extra Care)	£0	£0 No increase to the current CIL is recommended	n/a
Purpose Built Student Accommodation (PBSA)	£137	£137 No increase to the current CIL is recommended	n/a
Build to Rent (BTR)	£0	£0 CIL not recommended	n/a

Retail CIL Recommendations

10.10 Our appraisals show that all of the tested retail typologies are viable, with sufficient headroom for CIL.

10.11 Our recommendations for CIL for the retail typologies can be seen in Table 10.3.

Table 10.3 – Retail CIL Rate Recommendations

Retail Use Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Convenience Retail – Express Store	£372 – £550	£150	60% – 73%
Convenience Retail – Large Supermarket	£264 – £572	£150	43% – 74%
Convenience Retail – Discounted Supermarket	£297 – £537	£150	49% – 72%
Retail Warehouse	£343	£150	56%

Retail Use Type	Max CIL (£ psm)	Recommended CIL £ psm)	Buffer %
Drive Thru	£864 – £1,258	£150	83% – 88%

10.12 We recommend an introductory flat retail rate of £150 psm, which offers a generous buffer across all typologies. This allows for viability variation from site to site, including potential site constraints, land assembly costs etc while still ensuring that contributions can be secured. Note that this is not for high street / town centre retail.

Industrial & Logistics CIL Recommendations

10.13 Our appraisals show that the industrial and logistics typologies tested are viable.

10.14 Our recommendations for CIL for the Industrial & Logistics typologies can be seen in Table 10.4.

Table 10.4 – Industrial/ Logistics CIL Rate Recommendations

Greenfield			
Specialist Residential Type	**Max CIL (£ psm)**	**Recommended CIL £ psm)**	**Buffer %**
Light Industrial (<10,000 sqft)	£424	£120	72%
Medium to Large Industrial (10,000 – 50,000 sqft)	£635	£120	81%
Logistics (>50,000 sqft)	£346	£120	65%
Brownfield			
Specialist Residential Type	**Max CIL (£ psm)**	**Recommended CIL £ psm)**	**Buffer %**
Light Industrial (<10,000 sqft)	£258	£60	77%
Medium to Large Industrial (10,000 – 50,000 sqft)	£437	£60	86%
Logistics (>50,000 sqft)	£145	£60	59%

10.15 For the greenfield typologies, the buffer ranges from 65% to 81%. The buffer range for brownfield typologies is from 59% to 86%. This allows headroom for site-specific circumstances, including remediation, land assembly, or cost fluctuations, and ensures the rate is deliverable without undermining viability.

Best Practice

10.16 We recommend that, in accordance with best practice, the plan viability is reviewed on a regular basis by South Worcestershire Councils to ensure it remains relevant as the property market cycle(s) change.

10.17 Furthermore, to facilitate the process of review, we recommend that South Worcestershire Councils monitor the development appraisal parameters herein, but particularly data on land values / value zones.

Appendix 1 – Policies Matrix

Aspinall Verdi

Appendix 2 – Typologies Matrix

Appendix 3 – Residential Market Paper

Aspinall Verdi

Appendix 4 – Land Market Paper

Aspinall Verdi

Appendix 5 – Commercial Market Paper

Appendix 6 – BCIS Costs

Appendix 7 – Stakeholder Consultation Slides

Aspinall Verdi

Appendix 8 – Stakeholder Feedback Matrix

Appendix 9 – Residential Appraisals

Appendix 10 – Retail Appraisals

Aspinall Verdi

Appendix 11 – Industrial / Logistics Appraisals

Aspinall Verdi

London | Leeds | Liverpool
Newcastle | Birmingham I Manchester

Property | Infrastructure | Planning
Development | Regeneration

www.aspinallverdi.co.uk