

Paper 5: Other Matters

Representations to Warrington Proposed
Submission Version Local Plan

Peel Holdings (Management) Ltd

June 2019



Turley

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Appendix 1: Representation in respect of Warrington Borough Council Local Plan Viability Assessment

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Our reference

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1. Introduction

1.1 This Paper forms part of a set of documents which together comprise the submission of Peel Holdings (Management) Ltd (“Peel”) to the Warrington Proposed Submission Version Local Plan (“PSLP”) and accompanying background documents published by Warrington Borough Council (“the Council”).

Peel’s Representations

1.2 Paper 1 provides a summary of Peel’s representations to the PSLP and introduces four further papers and supporting materials. This Paper (Paper 5) should be read in conjunction with the remainder of Peel’s submission and particularly Paper 1.

1.3 The full list of papers are as follows:

- Paper 1: Summary representation
- Paper 2: The proposed housing requirement and supply
- Paper 3: The spatial strategy
- Paper 4: Outlying Settlements: site allocations
- Paper 5: Other matters (this paper)

1.4 Peel has a number of land and development interests across Warrington which are detailed in Paper 1. Peel’s representations relate to those interests.

1.5 The above papers are concerned principally with Peel’s land interests in the defined Outlying Settlements of the Borough and their treatment through the PSLP. In addition, Peel is part of a consortium of landowners with an interest in the proposed South West Urban Extension site allocation (PSLP Policy MD3 relates). Peel is also owner and developer of the proposed Port Warrington allocation subject to Policy MD1 of the PSLP.

1.6 Peel has submitted separate representations to the PSLP in relation to Port Warrington and, as part of a consortium of landowners, further separate representations in relation to the South West Urban Extension.

1.7 Peel’s submission to the PSLP also includes a series of Development Prospectuses and a full suite of supporting technical reports provided in respect of its land interests in the Outlying Settlements of the Borough. This material demonstrates how these sites could be delivered for residential development in a sustainable manner over the plan period (and in some cases making provision for delivering development beyond the current plan period), securing significant local benefits in the process.

1.8 The Development Prospectuses and associated technical work supplement the analysis presented in Papers 1 to 5 and demonstrate that, in the context of the issues of soundness revealed, the subject sites would represent sustainable development

opportunities and that their allocation for development would go some way to correcting the soundness issues raised within Peel's representations.

- 1.9 They also demonstrate that when considered on a like-for-like basis, the sites put forward by Peel for allocation within the Outlying Settlements would be inherently more sustainable than those proposed by the Council through the PSLP irrespective of any strategic level changes to PSLP and the spatial strategy it seeks to deliver as proposed through Peel's submission.

This paper

- 1.10 This paper presents a technical critique of the Council's Sustainability Appraisal (AECOM, March 2019) and Local Plan Viability Report (BNP Paribas, March 2019), before providing representations to a number of detailed policies within the PSLP and presenting two further opportunities for development; at Statham Meadows and North West Croft.
- 1.11 This report is structured as follows:
- Section 2 presents a technical critique of the Council's Sustainability Appraisal and identifies the further work required to rectify the identified deficiencies.
 - Section 3 presents a technical critique of the Council's Local Plan Viability Report (BNP Paribas, March 2019), which underpins the PSLP.
 - Section 4 provides representations to a number of policies relating to Objective W1, comprising Policies DEV2: Meeting Housing Needs and DEV4: Economic Growth and Development.
 - Section 5 provides representations to Policy GB1: Green Belt, relating to Objective W2.
 - Section 6 provides representations to a number of policies relating to Objective W4, comprising Policies INF1: Sustainable Travel and Transport and INF2: Transport Safeguarding.
 - Section 7 provides representations to a number of policies relating to Objective W5, comprising: Policies DC1: Warrington's Places, DC2: Historic Environment, DC3: Green Infrastructure and DC5: Open Space, Outdoor Sport and Recreation Facilities.
 - Section 8 provides representations to a number of policies relating to Objective W6, comprising Policies ENV2: Flood Risk and Water Management and ENV7: Renewable and Low Carbon Energy Development.
 - Section 9 presents an opportunity at Statham Meadows, adjacent to Junction 21 of the M6 motorway, for employment uses potentially including a Motorway Service Area (MSA).

- Section 10 presents an additional development opportunity to the North West of Croft.

2. Technical Critique of the Council's Sustainability Appraisal

- 2.1 This section presents a technical critique of the approach advanced to date by the Council in respect of the Warrington Local Plan Review Pre-Submission – Sustainability Appraisal: SA Report (AECOM, March 2019) (“the 2019 SA”) produced in support of the PSLP. This should be read alongside Peel’s comments in respect of the definition and testing of housing growth and distribution scenarios as considered through Papers 2 and 3.
- 2.2 In particular, the critique is focused on the assessment of the spatial distribution strategy and reasonable alternatives that underpins the allocation of housing within the named Outlying Settlements of Warrington.

Policy and Practice

- 2.3 In England, the relevant legislation and guidance with respect to Sustainability Appraisal (SA) and Strategic Environmental Assessment (SEA) is as follows:
- Environmental Assessment of Plans and Programmes Regulations 2004 (hereafter referred to as “The SEA Regulations”), implementing the requirements of the European SEA Directive 2001/42/EC
 - Section 19 of the Planning and Compulsory Purchase Act 2004, which requires a Local Planning Authority (LPA) to carry out a SA of each of the proposals in a Local Plan during its preparation, and
 - Planning Practice Guidance (PPG): Strategic Environmental Assessment (SEA) and Sustainability Appraisal (SA).
- 2.4 Whilst the SEA Regulations require environmental assessment of plans and programmes which are likely to have a significant effect on the environment, the SA process considers a plan’s wider economic and social effects in addition to its potential environmental effects. Thus, the SA process incorporates the requirements of the SEA Regulations so that a separate SEA should not be necessary.
- 2.5 Fundamentally, SA/SEA should provide an objective-led approach whereby the potential impacts of a Plan, its allocations and all reasonable alternatives are appraised to the same level of detail in order to identify their contribution to sustainable development.
- 2.6 With regards to the distribution and allocation of housing and employment sites within a Local Plan, the SA is a critical evidence base document which should appraise all ‘reasonable alternatives’ (policy options and site allocations) against the SA framework to provide the decision-maker with evidence to determine the sustainability implications of each reasonable alternative. This evidence is then used to select, or guide the development of, the most sustainable policy or site allocation.

- 2.7 In addition to the legislative requirements, SA is also a very useful mechanism for assessing and improving the sustainability performance of policies and allocations within a draft plan to ensure that development is directed to the most sustainable locations within the local authority area.

Warrington Local Plan Review Pre-Submission – Sustainability Appraisal: SA Report (“the 2019 SA”)

- 2.8 Turley Sustainability has undertaken a detailed review of the 2019 SA. This should be read alongside Peel’s comments in respect of the definition and testing of housing growth and distribution scenarios as considered through Papers 2 and 3.
- 2.9 A number of deficiencies and concerns with the 2019 SA have been identified, as summarised below:
- (a) There is no evidence within the 2019 SA to justify the selection of 10% incremental growth within the Outlying Settlements as the most sustainable option, with no testing of reasonable alternatives to that growth undertaken throughout the preparation of the PSLP.
 - (b) As a result of the above, the Council has failed to correctly identify the reasonable alternatives for growth and therefore the sustainability benefits and impacts from growth in the Outlying Settlements and, as a result of the absence of any SA work, has failed to identify the negative impacts associated with the proposed strategy which is to constrain growth in the Outlying Settlements.
 - (c) Within the 2019 SA, the Council has provided unsound reasons for the selection/rejection of reasonable alternatives (and specifically spatial option F3 – High growth and increased dispersal to the Outlying Settlements) within the 2019 SA.
- 2.10 These concerns are articulated in detail below.
- (a) Selection of the 10% incremental growth option within the Outlying Settlements**
- 2.11 Following the representations submitted to the PDO, the Council has undertaken a review of the evidence base supporting the PSLP. One of the ‘new’ evidence base documents is the Development Options and Site Assessment Technical Report (March 2019). That report summarises the process that the Council has followed with respect to the identification and development of the different housing growth and spatial distribution options.
- 2.12 Paragraph 2.15 of the Development Options and Site Assessment Technical Report confirms that the different growth options tested in the PSLP are:
- (i) All Green Belt release accommodated adjacent to the main urban area
 - (ii) Majority of Green Belt release accommodated adjacent to the main urban area with ‘incremental growth’ in the Outlying Settlements

- (iii) Green Belt release adjacent to the main urban area complemented by a sustainable extension to one or more Outlying Settlements and incremental growth to remaining settlements.
- 2.13 Growth Option (ii) has been selected by the Council as the preferred spatial distribution option.
- 2.14 With regards to the Outlying Settlements, Paragraph 2.17 of the Development Options and Site Assessment Technical Report notes that for Option 2, the Council has described ‘incremental growth’ as a benchmark of 10% growth in each settlement which the council considers can be accommodated by existing infrastructure (with expansion of existing infrastructure if necessary) and which will not impact on the overall character of the settlement.
- 2.15 Given that the spatial strategy consists of essentially two elements; development in and around Warrington and development in the Outlying Settlements, it is a requirement of the 2019 SA (via the SEA Regulations) that reasonable alternatives to growth in the Outlying Settlements have been identified and independently tested against the SA Framework.
- 2.16 A review of the 2019 SA does not identify any explanation or justification for the selection of the 10% incremental growth target (the preferred option) within the Outlying Settlements which ultimately has been selected as the preferred distribution option. As outlined in Paper 3, this option is rather too extreme and untestable as there are no sites used to judge impacts or benefits.
- 2.17 As part of the evidence base to support the PDO consultation, the Council published a ‘Settlement Profiles’ paper¹ which presented the environmental, social and economic constraints of each of the Outlying Settlements together with an analysis of the services and facilities available to current and future residents and which settlements had capacity issues with regards to key services.
- 2.18 The Settlement Profiles paper also assessed each of the Outlying Settlements against the following growth options:
- Incremental Growth
 - Sustainable Settlement Extension, and
 - Extension based on maximising potential of call for sites.
- 2.19 With regards to Incremental Growth, the Settlement Profiles paper does not explicitly state that 10% is in effect the assumed level of growth; however the assessment tables do refer to 10% and appear to test this figure. Justification for the 10% is not provided in the SA supporting the PDO consultation (the 2017 SA).

¹ Settlement Profiles – Outlying Settlements (Warrington Borough Council, July 2017)

- 2.20 The Settlement Profiles paper presents a qualitative conclusion against each of the growth options and which appear to note both positive and negative impacts of each option against a number of characteristics.
- 2.21 Critically, none of the growth options above were tested within the 2017 SA against the SA Framework nor were the reasons for the selection or rejection of any of the growth options listed above reported within the 2017 SA. It is evident that had this assessment been undertaken within the 2017 SA against the SA Framework, then this would have identified the positive and negative sustainability merits of each growth option.
- 2.22 Given that the 2017 Settlement Profiles Paper tests each of the settlements against three growth options of which one ('incremental growth') has been included within the Council's preferred high-level spatial options for growth across Warrington in both the PDO and PSLP, it can only be concluded that the growth options presented within the Settlement Profiles paper constitute 'reasonable alternatives' and therefore should have been subject to SA.
- 2.23 To support this conclusion paragraph 4.48 of the PDO² states that:
- "Of the scenarios assessed those which were considered to be unreasonable development options were not taken forward to the SA/SEA stage. For example the settlement profiles assessed the possibility of large scale settlement extensions of a scale which could effectively double the size of Lymm and Culcheth, given that the call for sites exercise had presented this possible opportunity. Settlement extensions of this scale were considered unreasonable due to the poor performance against Plan objectives, in particular due to the scale of impact on the character of the existing settlements and as a consequence that such a large proportion of growth would occur away from the main urban area of Warrington."*
- 2.24 This paragraph clearly states that the Council has rejected growth options 2 and 3 within the Settlement Profiles paper as 'unreasonable' alternatives.
- 2.25 It is therefore reasonable to conclude that the Settlement Profiles paper is the source of the 10% 'incremental growth' referenced in Paragraph 2.17 of the Development Options and Site Assessment Technical Report (March 2019) and that neither the PDO or the PSLP presents an assessment of the sustainability implications of the reasonable alternatives for growth in the Outlying Settlements in accordance with the SEA Regulations.
- 2.26 With reference to the above, Planning Practice Guidance (PPG) with respect to SEA and the selection and rejection of reasonable alternatives states that:
- "The sustainability appraisal should outline the reasons the alternatives were selected, the reasons the rejected options were not taken forward and the reasons for selecting the preferred approach in light of the alternatives. It should provide conclusions on the overall sustainability of the different alternatives, including those selected as the*

² Warrington Local Plan Review Preferred Development Option (July 2017)

preferred approach in the Local Plan. Any assumptions used in assessing the significance of effects of the Local Plan should be documented.”³

- 2.27 An absence of SA of the different growth options for the Outlying Settlements within the 2017 and 2019 SA is a critical ‘missed step’ in the Local Plan process and should have occurred to inform the creation of the preferred distribution option. It would have allowed the Council and key stakeholders to consider the sustainability implications from different scales of development in the Outlying Settlements without compromising development in and around Warrington. Further detailed representations on this matter are provided in Paper 3 of Peel’s representations.

(b) Testing and identifying the sustainability benefits from growth in the Outlying Settlements

- 2.28 The 2019 SA has tested three different spatial distribution options against the SA Framework which are listed in Paragraph 4.2.10 of the 2019 SA as:
- Option 1 – Green Belt release only in proximity to the main Warrington urban area
 - Option 2 – Majority of Green Belt release adjacent to the main urban area with incremental growth in the Outlying Settlements, and
 - Option 3 – Settlement extension in one or more of the Outlying Settlement with the remainder of growth adjacent to the main urban area.
- 2.29 As discussed at Paragraph 2.11 above, the Council has published a Development Options and Site Assessment Technical Report as a new key evidence base document to support the PSLP. Paragraph 1.2 of that report states that one of the report’s functions is to:
- “Present the options it has assessed in confirming the Plan’s strategy for the distribution of new homes.”*
- 2.30 Paragraph 2.15 – 2.22 of the Development Options and Site Assessment Technical Report presents further details of Options 2 and 3 confirming that Option 2 has assumed a 10% growth in the Outlying Settlements as the incremental growth target.
- 2.31 Paragraph 2.18 provides further detail of Option 3 which now includes:
- One settlement will be expanded to provide an additional 1,400 homes under Growth Scenario A with two settlements expanded to provide an additional 1,400 homes each under Growth Scenario B. In both scenarios the other settlements would be subject to ‘incremental growth’.
 - Under Growth Scenario C, the Council has assumed that two-thirds of the land requirement will be allocated to the settlements which are broadly similar to that proposed through ‘incremental growth’ in the Outlying Settlements.

³ Planning Practice Guidance, Reference ID: 11-018-20140306

- 2.32 These (more detailed) Spatial Distribution Options are then assessed against the PSLP objectives and not the SA Framework.
- 2.33 Spatial Option 3, as presented by the Council and characterised by a greater level of dispersal of development across the Borough, is not satisfactorily defined in the Council's appraisal of options. Judgements are made about its adverse impacts without a consideration of the sites and settlements which may deliver growth through the implementation of this spatial option. A determination of whether and to what extent the claimed impacts will arise can only be made through an understanding of the sites which will deliver the growth. The basis on which Spatial Option 3 is rejected is flawed and un-evidenced therefore.
- 2.34 It is evident that further detail with respect to the distribution options is presented in the Development Options and Site Assessment Technical Report and not within the SA. Whilst it is acknowledged that the reader is signposted to the more detailed description, the absence of this information within the SA does not allow the author of the SA nor the reader to test and fully understand the scale of sustainability impacts associated with each option.
- 2.35 For example, a 1,400 unit extension to Culcheth or Lymm (both recognised as important service centres) will have different sustainability impacts compared to the same development within one of the smaller settlements such as Winwick.
- 2.36 The PPG states:

"The sustainability appraisal needs to compare all reasonable alternatives including the preferred approach and assess these against the baseline environmental, economic and social characteristics of the area and the likely situation if the Local Plan were not to be adopted.

The sustainability appraisal should predict and evaluate the effects of the preferred approach and reasonable alternatives and should clearly identify the significant positive and negative effects of each alternative.

The sustainability appraisal should identify, describe and evaluate the likely significant effects on environmental, economic and social factors using the evidence base. Criteria for determining the likely significance of effects on the environment are set out in schedule 1 to the Environmental Assessment of Plans and Programmes Regulations 2004.

The sustainability appraisal should identify any likely significant adverse effects and measures envisaged to prevent, reduce and, as fully as possible, offset them. The sustainability appraisal must consider all reasonable alternatives and assess them in the same level of detail as the option the plan-maker proposes to take forward in the Local Plan (the preferred approach).

Reasonable alternatives are the different realistic options considered by the plan-maker in developing the policies in its plan. They must be sufficiently distinct to highlight the

different sustainability implications of each so that meaningful comparisons can be made. The alternatives must be realistic and deliverable.⁴ [our emphasis]

- 2.37 In essence, the 2019 SA and the Development Options and Site Assessment Technical Report has tested different versions of the spatial strategy which has resulted in the SA failing to identify the correct sustainability impacts and benefits of the different reasonable alternatives. This is a breach of the PPG guidance and is explored further in Paper 3 of Peel’s representations.

(c) The testing and rejection of different spatial options (reasonable alternatives) within the SA

- 2.38 Paragraph 4.3.12 of the 2019 SA presents the reason for the rejection of distribution option 3, as follows:

“Conversely, greater dispersal to the outlying settlements would result in greater character impacts in the settlements, would promote a less sustainable form of growth and provides a weaker contribution to supporting the growth of the main urban area (which is a key objective of the Local Plan).”

- 2.39 There are a number of inaccuracies with respect to this reason for the rejection of distribution option 3 as follows:

- Neither the PDO nor the PSLP are supported by any evidence assessing the impact upon the character of each settlement as a result of different levels of growth. The conclusion that Option 3 would result in a less sustainable form of growth is therefore unsound as it is not justified.
- Regardless of the above, the impact upon the character of a settlement will differ according to its own characteristics and the level of growth proposed. As stated in paragraphs 2.11 – 2.27 above, there has been no SA of different growth levels within the Outlying Settlements and so it is not possible to differentiate impacts between different Outlying Settlements.
- Paper 3 of Peel’s representations to the PSLP present a case for additional housing numbers which conclude that expansion of the Outlying Settlements will not be to the detriment of the expansion of Warrington and therefore there will be no impact to the growth of the Warrington urban area from increased growth to the Outlying Settlements.

- 2.40 Appendix C⁵ of the 2019 SA presents the summary of the SA of the growth and distribution options with a summary of the assessment presented on page 235 of the SA. With regards to Option 3, the SA states that:

“For the historic environment, landscape and biodiversity a more dispersed approach generates the most negative effects. In fact, the dispersal approach performs either the same or less positively / more negatively when compared to incremental growth across all of the sustainability factors.”

⁴ Planning Practice Guidance, Reference ID: 11-018-20140306

⁵ Appendix C: Appraisal of Strategic Alternatives: High Level Options

2.41 There are a number of inaccuracies with respect to the summary of the SA scoring and the individual scoring of each SA objective which demonstrate that this conclusion is unsound. These are presented below:

- The summary SA table at page 234 of the 2019 SA records a positive score for option F3 (higher growth and increased dispersal to the Outlying Settlements) against the SA objective: Economy and Employment, yet the SA commentary within this specific assessment of the objective (on page 208) records a significant positive for option F3. This is an error that should be amended to a **significant positive** benefit to reflect the true benefits of option F3 upon the local economy.
- The summary SA table records an uncertain significant positive benefit from option F3 (higher growth and increased dispersal to the outlying settlements) against the SA objective: Housing, yet option F2 (higher growth and incremental growth in settlements) secures a significant positive benefit as a result of ensuring growth in both the urban area and Outlying Settlements. The SA states that the uncertainty associated with option F3 is a result of this option potentially securing less growth in the urban area within early stages of the plan. Such a conclusion is flawed as the urban area and Outlying Settlements represent two very different housing market areas which are fully capable of delivering housing in parallel. Indeed, the Council's trajectory shows delay in delivery from sites within / adjacent to the urban area which are inherent to them and not a result of delivery within the Outlying Settlements. The SA conclusion of option F3 should therefore be amended to a **significant positive** benefit.
- The summary SA table records a significant negative effect from option F3 (higher growth and increased dispersal to the outlying settlements) against the SA objective: Landscape, yet option F2 (higher growth and incremental growth in settlements) secures only a minor negative impact. This conclusion is also flawed given that the scoring for option F3 would appear to be based upon the potential for significant impacts upon the settlements such as Lymm, Outrightington, Croft and Hollins Green yet there is no landscape evidence to determine the impact from different scales of growth upon specific Outlying Settlements. Indeed in supporting the conclusion of a minor negative impact from Option F2 the SA notes that:

“Under an incremental growth approach, effects are dependent upon the exact location of development at each settlement.”

This statement is entirely applicable to the potential landscape impact (or lack thereof) for higher levels of development in the Outlying Settlements. An increased level of impact of some form is possible but this cannot be confirmed until the exact locations and landscape character of each settlement is identified. The score for this SA objective should therefore be amended **to an uncertain potentially negative effect**.

- The summary SA table records increased negative impacts for option F3 (higher growth and increased dispersal to the outlying settlements) compared to option

F2 (higher growth and incremental growth in settlements) for both the SA objectives: Built Heritage and Biodiversity and Geodiversity. For both objectives, however, the SA notes that impacts will be largely dependent on the location of the proposed development and sensitivity of receptor. Such a conclusion should also be applied to option F3 and therefore the SA scoring should be amended to an **uncertain potentially negative** impact for the Built Heritage and Biodiversity and Geodiversity objectives.

2.42 With the above amendments to the SA scoring for Option F3, it is clear that there is little difference between Options F2 (higher growth and incremental growth in settlements) and F3 (higher growth and increased dispersal to the Outlying Settlements) which demonstrates that the reasons for rejecting growth option F3 *“as the same or less positively / more negatively when compared to incremental growth across all of the sustainability factors”* is not sound as it is not justified.

2.43 Paragraph 4.3.16 of the 2019 SA presents the reasons for the selection of distribution option 2 as the preferred option as follows:

“With regards to distribution, the SA finds that the preferred approach would generate a more balanced range of positive effects across the borough. In terms of environmental impacts, the effects are not vastly different between the three distribution approaches”

2.44 This conclusion is also not sound for the following reasons:

- The amendments to the SA scoring for option F3 as reported above demonstrate similar positive effects from options F2 and F3.
- The reason for the selection of option F2 states that the environmental effects from the three distribution options are not vastly different between the three distribution approaches. This statement contradicts the conclusion within the reasons for the selection of option F2 and the rejection of option F3.

2.45 In summary, the 2019 SA has failed to present accurate and sound reasons for the rejection of spatial option F3 (higher growth and increased dispersal to the Outlying Settlements). A reappraisal of the scoring would demonstrate that there are little (if any) significant differences between the sustainability performance of options F2 and F3 which is a conclusion reported within the 2019 SA as reason for the selection of option F2, particularly if there is a greater housing requirement to be accommodated and this does not diminish the development that can take place in the urban area or as an extension to it.

Rectifying identified deficiencies in the SA

2.46 In order to rectify the identified deficiencies with the SA, it is recommended that the Council undertakes the following actions:

- The different options for growth in the Outlying Settlements should be separated from that proposed for Warrington and clearly articulated with the necessary supporting evidence base.

- These growth options should then be tested to the same level of detail against the SA framework to clearly articulate the sustainability benefits and allow the identification of the preferred growth option.
- This assessment material should be published for consultation to allow all stakeholders to identify and comment upon the growth options for the Outlying Settlements.

3. Technical Critique of the Local Plan Viability Report

- 3.1 Turley Development Advisory has undertaken a technical critique of the Council's Local Plan Viability Assessment⁶ (LPVA), which is a key part of the evidence base to the PSLP. That detailed critique is provided at **Appendix 1** to this paper.
- 3.2 The detailed representations raise a number of concerns with errors, inconsistencies and inappropriate assumptions adopted in the Council's LPVA. The cumulative impact of the issues identified leads Peel to have substantive material concerns in respect of the robustness of the viability evidence for the PSLP as presented within the LPVA.
- 3.3 In order to overcome these concerns, alterations to the Council's methodology are requested to ensure that the Council's evidence is robust and justified in the context of the soundness tests of the Framework.
- 3.4 Further detail is provided within the detailed representations at **Appendix 1**. In summary, the detailed representations request that:
- The Council prepares a clear schedule of consultation responses and feedback, detailing how previous comments have been addressed. This is important to ensure that it is transparent to all parties how comments have been taken forward or discounted.
 - A correct and evidenced site area is adopted for all sites within a revised LPVA, and a consistent assessment of benchmark land value (BLV) must be adopted within the viability report and appraisals.
 - The omission of S106 and accessibility costs is corrected within a revised LPVA, and a breakdown of S106 items is provided.
 - The Council reviews land sale and planning application/permission evidence in order to form appropriate BLVs for greenfield and brownfield land, re-weighted for policy compliance.
 - The Council further engage with landowners, promoters and developers to rectify the concerns raised by effectively establishing and seeking to agree appropriately evidenced BLVs, which will be sufficient to incentivise local market delivery, prior to the Examination of the PSLP. PPGV is clear on the importance of this process in ensuring the evidence base is robust.
 - Explanation of the LPVA methodology is provided for transparency, with any required correction included within a revised LPVA.

⁶ Warrington Local Plan Viability Assessment (BNP Paribas, March 2019)

- In the interest of transparency, reasoning and evidence is provided within the LPVA to support the values that have been adopted on a broad-brush basis in line with Cushman & Wakefield 'advice' in respect of the Garden Suburb.
- All affordable housing assessment inputs are clarified. Comparison to opinions from Registered Providers should also be provided.
- Allowance is made for the cost of constructing garages.
- Professional fees are incorporated within the LPVA appraisals at rates which reflect development reality, with an 8% allowance regarded as the minimum appropriate provision for Local Plan viability assessment purposes.
- Clarification of the adopted appraisal cash flow is provided. Residential sales cannot commence at the same time as the construction period and revisions are required.
- The Council's evidence demonstrates, in a transparent way, how all of the policy requirements within the draft plan have been factored into the Assessment on an item by item basis, including relevant infrastructure requirements, such as the requirement for establishment or connection to decentralised energy systems in Policy ENV7.
- Full scheme appraisals and cash flows are provided within the LPVA, in line with PPGV⁷.
- Profit level be adjusted to 20% to match market expectations.
- Transparent evidence and reasoning is provided to support the proposed index rates.
- Clarification of unit mixes, unit sizes, and development density are provided for each typology, to enable due diligent review.
- The use of larger than average unit sizes, and low development densities, are reconsidered.
- Clarification is provided in respect of the reason for use of NDSS unit sizing, with reductions in £ psm pricing required to reflect NDSS unit sizing. Schemes based on NDSS sizing and density are not supported by appropriate evidence and it is requested that appraisals are re-modelled on the basis of current scheme delivery in Warrington as assessed from on-going and recent planning permissions.
- Revised cashflow modelling is undertaken, with front loading of infrastructure at 50% prior to 1st sale, and the remaining 50% prior to half the sales regarded as a more appropriate assumption.

⁷

PPGV: Paragraph: 010 Reference ID: 10-010-20180724 MHCLG (2019)

- The SWUE scheme viability is re-appraised to accurately reflect proposed PSLP policies.
- 3.5 In order to overcome these concerns, alterations to the Council's methodology are requested to ensure that the Council's evidence is robust and justified in the context of the soundness tests of the Framework.
- 3.6 Peel requests that the Council instructs their viability advisors to re-draft the LPVA with full reassessment of appraisal methodology required to correct the errors identified and to ensure that the assumptions and results of viability testing reflect market expectations in order that policy costs applied are realistic, deliverable, and evidenced in accordance with the NPPF and PPGV.

4. Policies Relating to Objective W1

Policy DEV2: Meeting Housing Needs

- 4.1 Policy DEV2 sets out the Council's approach to securing the delivery of a range of housing to meet identified needs, including in terms of type and tenure (including affordable housing), housing for older people and self and custom build. Subject to the conclusions of Paper 2, Peel supports the aims and objectives of the policy, which align with national planning policy and guidance which (amongst other things) requires LPAs to meet their full, objectively assessed needs for affordable housing where this is consistent with other Plan policies.
- 4.2 Part 7 of the draft policy requires new residential development to provide a mix of different housing sizes and types, informed by the Borough-wide housing mix monitoring target in the PSLP and any local target set by a Neighbourhood Plan, taking into account site-specific considerations. Whilst the objective to ensure that an appropriate mix of housing is delivered is supported in principle, it will be important to ensure that there is sufficient flexibility in the policy wording to enable the housing mix, types and tenures on a particular site to be determined at the time that an application is brought forward and in response to updated needs studies / assessments, so as not to inhibit housing delivery.

Policy DEV4: Economic Growth and Development

- 4.3 Policy DEV4 sets out the minimum level of employment land required over the plan period; 362 hectares for B1, B2 and B8 uses to support both local and wider strategic employment needs. The policy goes on to confirm the anticipated distribution of the employment land requirement, including focusing office development in Warrington Town Centre and industrial, warehousing, distribution and other B Class uses within existing employment areas.
- 4.4 Part 4 of Policy DEV4 identifies three sites where land will be removed from the Green Belt and allocated as new Employment Areas in order to provide sufficient land to meet Warrington's employment land requirement. These sites include 74.36 hectares at Port Warrington, which forms part of the Council's wider proposals for Warrington Waterfront.
- 4.5 Port Warrington is an existing warehousing and distribution facility located on the northern bank of the Manchester Ship Canal, and benefits from a direct frontage to the canal and an existing berth which is underutilised by operationally available. The Port benefits from extant planning permission for the extension of the existing operations onto adjacent land (c. 4 hectares) for open storage purposes together with the refurbishment and extension of the canalside berth and the reinstatement of a rail freight connection onto the West Coast mainline.
- 4.6 Peel has been promoting further land at Port Warrington for employment development through the Local Plan process. There is clear evidence to support the need for the further growth and expansion of Port Warrington, but existing constraints

(such as HGV access, poor quality buildings and constrained designated land availability) restricts the ability to secure growth and capitalise upon to the Port's unique advantages.

- 4.7 Peel supports the positive policy interventions to address these constraints in the form of the proposed allocation which will enable the Port to attract new occupiers, secure inward investment and maximise the economic potential of the Manchester Ship Canal and the existing rail links.
- 4.8 Detailed representations in relation to the expansion of Port Warrington have been prepared on behalf of Peel Land and Property and the Peel Ports Group, as part of representations relating to the Warrington Waterfront allocation (Policy MD1). That representation demonstrates that the removal of part of the land at Warrington Waterfront from the Green Belt and its allocation for expanded port infrastructure, along with a new employment business hub, in the PSLP is exceptionally justified and 'sound'.
- 4.9 Peel, working with the Council, has carried out detailed work to demonstrate the need for the allocation and development for the expanded port infrastructure, business hub, and nature reserve and country park. That detailed work is presented in a Draft Development Framework and Draft Justification Document; both of which form part of the Council's evidence base for the PSLP.
- 4.10 Further detail is provided within Peel's representations in relation to Warrington Waterfront, which provide further support for draft Policy MD1 and suggested amendments to the wording of the draft policy to ensure that it aligns with the ambitions and objectives for the delivery of the proposals within Warrington Waterfront.

5. Policies Relating to Objective W2

Policy GB1: Green Belt

- 5.1 Policy GB1 confirms that the Council will maintain the general extent of the Green Belt within the Borough, as defined on the Local Plan Policies Map, throughout the plan period and to at least 2047.

Land removed from the Green Belt

- 5.2 The supporting text to the policy confirms that there are significant identified needs for market and affordable housing, as well as new employment provision, which cannot be met in full within the existing urban areas of the Borough⁸.
- 5.3 Peel agrees that the Council has demonstrated that there are ‘exceptional circumstances’ to warrant the review of the Green Belt boundaries in the Borough, and that these have been fully evidenced and justified in accordance with national policy⁹.
- 5.4 The existing Green Belt boundaries in the Borough are based upon the designation established in the Cheshire Structure Plan, which was adopted in 1979¹⁰, and were largely rolled forward in the Warrington Unitary Development Plan (UDP) which was adopted in 2006.
- 5.5 Given that the existing Green Belt boundaries are drawn tightly around the existing urban area of Warrington and the Outlying Settlements, there are very limited opportunities for new development beyond the existing urban area.
- 5.6 The Council has assessed the capacity of the existing urban area (comprising the main urban area of Warrington and the Outlying Settlements that are inset from the Green Belt) to accommodate new development over the plan period. This has involved a Strategic Housing Land Availability Assessment (SHLAA) and Economic Development Needs Assessment (EDNA) as well as a consideration of the regeneration plans for the Town Centre, Warrington Waterfront and parts of the wider Inner Warrington area¹¹.
- 5.7 The Council’s evidence base identifies an urban capacity to accommodate a total of 13,729 dwellings to 2037¹². When considered against the draft housing requirement over the same period (18,900 dwellings), this indicates that there is a shortfall of land to accommodate 5,171 dwellings over the plan period.
- 5.8 As outlined in Paper 2, Peel considers that the housing requirement in the PSLP should be increased to a minimum of 22,000 dwellings over the plan period. Once allowance is made for a 20% ‘flex’ in this requirement, the PSLP should be adjusted to identify

⁸ Paragraph 5.1.5, PSLP

⁹ Paragraph 136, National Planning Policy Framework (MHCLG, February 2019)

¹⁰ Paragraphs 14-15, Green Belt Assessment – Final Report (ARUP, October 2016)

¹¹ Paragraph 1.3, Warrington Borough Council Local Plan – Urban Capacity Assessment 2019 (Warrington Borough Council)

¹² Table 1, Warrington Borough Council Local Plan – Urban Capacity Assessment 2019 (Warrington Borough Council)

sources of supply which, cumulatively, can deliver at least 26,400 dwellings. This will require the release of additional land from the Green Belt capable of delivering an additional 5,610 dwellings over the plan period.

- 5.9 The Council has concluded that there are insufficient sites available within the existing urban area to meet the full housing needs of the borough, and neighbouring authorities have confirmed that they are unable to accommodate some of Warrington's identified housing needs within their administrative boundaries¹³.
- 5.10 The Council has successfully demonstrated that there are no 'strong reasons' for restricting the overall scale, type or distribution of development. In particular, the Council's evidence indicates that planning for a lower level of growth could have negative effects on housing and economic growth, which would also translate into lower overall benefits in terms of regeneration, health and wellbeing and the potential for infrastructure improvements¹⁴.
- 5.11 The Council has also demonstrated that the identified housing and employment needs can be accommodated without causing adverse impacts that would 'significantly and demonstrably' outweigh the benefits of meeting identified needs. Whilst some negative effects are identified, the majority would not be significant and could be mitigated¹⁵. The Council's approach, therefore, aligns with the 'presumption in favour of sustainable development' enshrined within national policy¹⁶.
- 5.12 Part 3 of the draft policy identifies specific areas where land will be released from the Green Belt to accommodate housing and economic needs. As outlined within Paper 2 of Peel's representations, these sites will be insufficient to ensure that the needs identified in the Borough will be met, with sufficient flexibility should some sites fail to deliver or delivery be delayed.
- 5.13 Peel supports the release and allocation of land at Warrington Waterfront (including Port Warrington) (part 3a of Policy GB1) and the South West Urban Extension (part 3c of Policy GB1). Peel has been promoting land within both of these locations for employment and residential development, respectively. Support for these proposed allocations, and comments on the detailed policy requirements, are provided in Peel's representations to Policy MD1 (Warrington Waterfront) and the Consortium representations in respect of Policy MD3 (South West Urban Extension).

Allocations within the Outlying Settlements

- 5.14 The PSLP proposes to release land from the Green Belt and allocate for housing development in the Outlying Settlements of Burtonwood, Croft, Culcheth, Hollins Green, Lymm and Winwick. Detailed proposals for those sites are set out at Policies

¹³ Record B – Housing Need, Proposed Submission Version Local Plan – Duty to Cooperate Statement (Warrington Borough Council, March 2019)

¹⁴ Paragraph 4.3.14, Warrington Local Plan Review Pre-Submission – Sustainability Appraisal: SA Report (AECOM, March 2019)

¹⁵ Paragraph 4.3.15, Warrington Local Plan Review Pre-Submission – Sustainability Appraisal: SA Report (AECOM, March 2019)

¹⁶ Paragraph 11(d), National Planning Policy Framework (MHCLG, February 2019)

OS1 – OS9 of the PSLP, and the amended Green Belt boundaries required to facilitate the allocations are referenced at Part 3d-i of Policy GB1.

- 5.15 As set out in detail in Paper 4 of Peel’s representations to the PSLP, Peel is concerned that a number of the sites within the named Outlying Settlements that the Council proposes for allocation in the PSLP do not represent the most sustainable development options within the subject settlement compared to reasonable alternatives and, therefore, that these allocations cannot be justified. Their allocation renders the PSLP unsound in its current form.

The need for Safeguarded Land

- 5.16 The supporting text to Policy GB1¹⁷ acknowledges the national policy imperative to ensuring that new Green Belt boundaries will not need to be altered at the end of the plan period so that they endure over the long term. It goes on to confirm the Council’s position that there is no need to identify any ‘safeguarded land’ as potential land supply beyond the end of the current plan period and has been identified brownfield land within the Town Centre and further development at the Garden Suburb and the included ‘flexibility’ of supply during the plan period.

- 5.17 Peel objects to the Council’s position that no safeguarded land is needed, for a number of reasons:

- 1) There is no basis for assuming that development requirements will reduce beyond the plan period. As a minimum, it should be assumed that these are maintained at 945 dpa (compared to 631 dpa as proposed by the Council), but there is a case for these to continue to 1,100 dpa in line with Peel’s plan period proposal.
- 2) Based on the proper OAN of 1,100 dpa, the post-plan period provision of 4,105 dwellings (from the Town Centre and Garden Suburb) will only meet needs for a limited period beyond 2037.
- 3) There is no justification for treating the plan period flexibility allowance as meeting needs beyond 2037.

- 5.18 Peel’s position on the above points is set out in further detail within Papers 2 and 3 of Peel’s representations to the PSLP, which concludes that the PSLP is unsound as it does not seek to make provision for safeguarded land to ensure the Green Belt endures over the long term and, therefore, is not consistent with national policy.

- 5.19 In order to address this unsoundness, safeguarded land should be allocated capable of delivering up to 6,287 dwellings beyond 2037. Even based on the Council’s approach, which Peel does not accept, and with only the post-plan period requirement adjusted to reflect a continuation of the plan period annual requirement, there would be a need to identify safeguarded land capable of delivering 2,847 dwellings.

¹⁷ Paragraphs 5.1.14 – 5.1.17, PSLP

6. Policies Relating to Objective W4

Policy INF1: Sustainable Travel and Transport

- 6.1 Peel supports the objective of Policy INF1 in seeking to improve the safety and efficiency of the transport network, tackling congestion and improving air quality, promoting sustainable transport options, reducing the need to travel by car and encouraging healthy lifestyles. These objectives align with national policy objectives to promote sustainable travel options and reduce reliance on the private car¹⁸.
- 6.2 Part 3(c) of the draft policy states that additional public transport infrastructure and service provision will be sought as part of proposed development where existing facilities are not available or are in need for improvement, or an appropriate subsidy to help mitigate the impacts of the proposed development.
- 6.3 The policy wording must ensure that any contributions towards public transport improvements are related in scale to the impacts that are expected to arise from the proposed development and are necessary to make the proposals acceptable in planning terms, in order to comply with the CIL Regulations¹⁹ and national policy tests for planning obligations²⁰.

Policy INF2: Transport Safeguarding

- 6.4 Peel recognises that significant infrastructure investment is needed to realise the full potential of the development opportunities identified within the PSLP, including within the Town Centre, Warrington Waterfront, the Garden Suburb and the SWUE.

Western Link road

- 6.5 Part 2d of the draft policy confirms that land will be safeguarded for the Warrington Western Link. The Western Link road will not only provide enhanced connectivity and resilience to Warrington's highway network, it will support housing and economic growth. Peel continues to support the recommended route for the delivery of the Western Link road connecting the A56 and the A57. Peel, as a significant landowner in this area, is committed to continuing to work in partnership with the Council to deliver this critical infrastructure.
- 6.6 In line with Peel's detailed comments on the Council's LPVA (presented at **Appendix 1** and summarised at Section 3 of this Paper), further clarity is required as to the extent of financial contributions towards the delivery of the Western Link road that will be sought, and from which sites. In doing so, it will be important to ensure that contributions are proportionate and affordable, so as not to delay housing delivery.

¹⁸ Paragraph 122(e), National Planning Policy Framework (MHCLG, February 2019)

¹⁹ The Community Infrastructure Levy Regulations 2010 (as amended)

²⁰ Paragraph 56, National Planning Policy Framework (MHCLG, February 2019)

New or replacement high-level crossing of the Manchester Ship Canal

- 6.7 Part 2b of Policy INF2 seeks to safeguard land between Ackers Road, Stockton Heath and Station Road, Latchford for a new or replacement high-level crossing of the Manchester Ship Canal (MSC).
- 6.8 Peel's previous representations to the emerging Warrington Local Plan have expressed support for the provision of a new high-level crossing of the MSC, which would help to lessen potential traffic impacts associated with the increased use of the Manchester Ship Canal. The land that is proposed to be safeguarded is located close to the existing Latchford High Level Bridge. Peel is supportive of the provision of either a new or replacement crossing in the proposed location.
- 6.9 Peel Ports would welcome a more detailed discussion with the Council to understand the Council's longer-term aspiration; particularly to understand whether a replacement or a new crossing is more likely. The retention of the existing bridge and delivery of a new crossing would provide even greater capacity and resilience. The potential to increase the weight limit of the existing / new bridge should also be considered as the existing Latchford High Level Bridge has a weight limit which restricts its use by public transport, for example.
- 6.10 As detailed proposals for any new or replacement high-level crossing are developed, it will be important to ensure that any crossing fully respects the air draught required for shipping between the underside of the structure and the water level. In addition, a minimum separation distance of 20 metres should be respected between any structural piers in order to protect the integrity of the Ship Canal banks.

7. Policies Relating to Objective W5

Policy DC1: Warrington's Places

- 7.1 Policy DC1 reflects the Council's proposed spatial strategy in terms of focusing development and regeneration efforts within Inner Warrington and Sub-Urban Warrington whilst also acknowledging a need for some development in the Outlying Settlements.
- 7.2 Detailed comments on the proposed spatial strategy, including the case for further growth in the Outlying Settlements, are provided within Paper 3 of Peel's representations to the PSLP. In summary, Peel concludes that the Council's selection of a spatial strategy, defined by incremental growth within the Outlying Settlements, is based on unsubstantiated and incomplete evidence and a flawed approach to the appraisal of spatial options. Most notably:
- The Council has developed the Spatial Options with regard to the outcome of trying to demonstrate that a strategy of, at most, incremental growth within the Outlying Settlements would represent the most sustainable approach. This is achieved by defining a strategy of beyond incremental growth which sits at the extremity of reasonable alternatives and without testing a more moderated version of this to understand the realistic sustainable capacity of the Outlying Settlements.
 - The Council has made a number of flawed conclusions regarding the adverse impacts of supporting a higher level of growth within the Outlying Settlements and has attempted to do so without reference to specific sites and development proposals as required to fully understand such impacts and the realistic growth capacity of these settlements.
 - The Council has failed to appraise the Spatial Options in the context of a higher housing requirement. If it had, it would find that Spatial Option 3 (or an option between 2 and 3) would not conflict strategic objectives of the PSLP in the manner reported when this Spatial Option is considered against the PSLP housing requirement.
 - The Council has presented no evidence to understand the development needs of the Outlying Settlements and establish how much housing they need to accommodate to achieve a viable future. The 10% growth proposal is entirely arbitrary and is wholly unproven to be sufficient in this regard.
- 7.3 Part 20 of draft Policy DC1 encourages the preparation of Neighbourhood Plans to provide greater detail in relation to development priorities specific to particular areas and local communities. Peel recommends that additional text is added to this part of the policy (or the supporting text) to confirm that policies within Neighbourhood Plans should be in general conformity with the strategic policies of the Local Plan (including in terms of recognising Green Belt release and site allocations) in order to meet the 'Basic Conditions' set out in national policy, and reflect as a minimum the outcomes of

Papers 2 and 3 in relation to the acceptable scale of development for those settlements.

Policy DC2: Historic Environment

7.4 Part 3a of draft Policy DC2 states that, as well as fulfilling its statutory duties, the Council will seek to *“identify, protect and enhance local heritage assets”*. Peel requests that this part of the policy is amended to reflect that there is no requirement in legislation or the NPPF to ‘enhance’ local or non-designated heritage assets.

7.5 In order to ensure that this part of Policy DC2 is consistent with national policy and, therefore, sound, it is recommended that the wording is amended to read as follows:

“Seek to identify, protect or, where appropriate, enhance local heritage assets...”

7.6 This amendment will also ensure consistency with Part 1 of the policy.

7.7 The Council’s intention to review and update its Local List is supported by Peel; however, it is requested that the policy wording or reasoned justification confirms that the local list criteria and draft list will be subject to public consultation in accordance with Historic England Advice Note 7 (2016): Local Heritage Listing.

7.8 The current wording of Part 5 of the policy fails to reflect Paragraph 196 of the NPPF and, therefore, ignores the distinction the NPPF makes between designated and non-designated heritage assets. Part 5 relates to the effect of proposals on non-designated heritage assets; it should therefore be amended to reflect the requirements of Paragraph 197 of the NPPF to ensure consistency with national policy.

7.9 Part 8 of the policy should be amended to acknowledge that ‘setting’ is not itself a heritage asset nor a heritage designation (as set out at paragraph 9 of Historic England’s Historic Environment Good Practice Advice in Planning 3 (2nd Edition) (2017) The Setting of Heritage Assets). In order to achieve this, the following wording is recommended:

“...This should provide the information necessary to assess the impact of the proposals on the heritage asset including demonstrating how the proposal has taken into account the elements that contribute to its significance, including where relevant, its architectural and historic interest, character and appearance, and setting.”

Policy DC3: Green Infrastructure

7.10 Peel supports the objectives of draft Policy DC3, which in general align with national policy in terms of taking a strategic approach to maintaining and, where possible, enhancing networks of habitats and green infrastructure.

7.11 However, the wording of Section 6 of the draft policy does not align with national policy and is, therefore, unsound: in particular, the requirement for an ecological net gain to be achieved on all sites.

7.12 The NPPF requires planning policies to “*promote the conservation, restoration and enhancement of priority habitats, ecological networks and the protection and recovery of priority species; and identify and **pursue opportunities** for securing measurable net gains for biodiversity*”²¹ [emphasis added].

7.13 It does not require net gains to be delivered on all development sites. The current policy wording sets a higher bar than national policy, and no evidence has been provided to justify this approach.

Policy DC5: Open Space, Outdoor Sport and Recreation Facilities

7.14 Peel supports the objectives of Policy DC5, which seeks to ensure that a comprehensive range of sport and recreation facilities are provided across the Borough to meet the needs of the existing and proposed population.

7.15 However, the clarity of the policy could be enhanced through:

- Clarifying whether the provision of or contributions towards all forms of open space applies only to ‘family dwellings’ (i.e. those with two bedrooms or more). As currently drafted, only part 4 of the policy (open space and equipped play) makes reference to family dwellings.
- Clarifying that new development will only be expected to meet needs generated by the development which cannot be accommodated within existing facilities in order to ensure that any planning obligations sought comply with statutory and national policy tests.

²¹ Paragraph 174(b), National Planning Policy Framework (MHCLG, February 2019)

8. Policies Relating to Objective W6

Policy ENV2: Flood Risk and Water Management

- 8.1 Peel supports the objectives and intentions of Policy ENV2 which seeks to focus new development within areas at the lowest risk of flooding and does not exacerbate the risk of flooding elsewhere. This aligns with national policy.
- 8.2 Part 14 of the draft policy relates to the provision of site-wide drainage infrastructure on large development sites / allocations. Whilst the intention of this policy element is supported in principle, it will be important to ensure that the early phases of housing delivery on large sites are not unduly constrained or expected to carry the costs associated with site-wide infrastructure, especially where the wider site is in multiple ownerships.

Policy ENV7: Renewable and Low Carbon Energy Development

- 8.3 Peel supports the objectives of Policy ENV7 which seeks to reduce carbon emissions from new development.
- 8.4 However, Peel is concerned that the draft policy wording does not meet current technical thinking and recent announcements from the Government (including in relation to the Future Homes Standard) because it promotes the use of decentralised energy systems (typically gas fired) in strategic housing developments which will add significant cost to development and – more importantly – does not meet the Government’s target for all new homes to be ‘gas free’ by 2025.

9. Statham Meadows

- 9.1 Peel has historically promoted a site at Statham Meadows which is suitable for employment uses and / or as a Motorway Service Area (MSA) given its proximity to Junction 21 of the M6 motorway.
- 9.2 The site extends to approximately 13 ha, located adjacent to Junction 21 of the M6. The site has a frontage to the A57, which is a key route connecting Manchester and Warrington. This gives the site significant advantages in accommodating logistics or manufacturing uses and market demand would be high. Critically, given the site's infrastructure connections, vehicles serving the site would utilise the strategic road network and would not need to use local or residential roads.
- 9.3 The site is capable of accommodating approximately 43,000 sq m of floor space, which would equate to two B2 / B8 units of approximately 200,000 sq ft each or four units of approximately 100,000 sq ft each. This would represent a small intrusion in to the Green Belt though the site is well contained by existing defensible features, including the River Mersey to the south and the A57 to the north ensuring the Green Belt in this area can endure over the long term.
- 9.4 This site also has the potential to be used for motorway services or roadside retail purposes, or part of a mix of uses alongside some employment development. The site's location on the M6 and A57 would lend itself to such uses; ensuring users of these busy stretches of strategic road have access to good quality welfare and break facilities as critical to the safe operation of the road network.
- 9.5 The principle of developing an MSA at Junction 21 of the M6 has previously been considered by the Secretary of State²², alongside proposals for an MSA at Junction 22 of the M6. Planning applications for both schemes were 'called in', and the Secretary of State's decision was issued in July 2002²³.
- 9.6 Whilst both schemes were ultimately refused due to a lack of evidenced need at that time to outweigh the conflict with the development plan and 'inappropriate' development in the Green Belt, national policy relating to the provision and spacing of MSAs has changed significantly since that time. Current guidance²⁴ now confirms that:
- In order to provide opportunities to stop at intervals of approximately half an hour, the Highways Agency recommends that the maximum distance between MSAs should be no more than 28 miles.
 - The distance between services can be shorter (particularly on congested parts of the network where travel between service areas may take longer), as long as the access / egress arrangements comply with technical standards in respect of junction separation.

²² Secretary of State for Transport, Local Government and the Regions

²³ PINS ref. APP/M0655/V/00/000199 and 200

²⁴ Annex B: Roadside facilities for road users on motorways and all-purpose trunk roads in England, Circular 02/2013 (Department for Transport, September 2013)

- In determining applications for new sites, local planning authorities should not need to consider the merits of spacing of sites beyond conformity with the maximum and minimum spacing criteria established for safety reasons. Nor should they seek to prevent competition between operators; rather they should determine applications on their specific planning merits.
- It is for the private sector to promote and operate service areas that meet the needs of the travelling public.

9.7 Peel is aware of emerging proposals by the Extra MSA Group to submit an outline planning application for a new MSA at Junction 11 of the M62, to the north east of Warrington. The pre-application information published to date²⁵ indicates that there is considered to be sufficient demand for further MSA provision on this part of the network.

9.8 Notwithstanding that the previous proposals were refused, the Inspector's recommendation to the Secretary of State provides a number of helpful indications in relation to the Statham Meadows (Junction 21) opportunity. In particular, the Inspector concluded that:

*"Should the Secretary of State... consider that a new MSA should be provided on the M6 motorway between Knutsford and Charnock Richard MSAs, I consider that notwithstanding the better access at Junction 22 and my preference for the Direct Option, the very slight net advantage of the Junction 21 site points to a MSA on that land."*²⁶

9.9 The advantage referred to related to the potential for an MSA at Junction 21 to serve the needs of both long and short distance travel²⁷.

Highways and Access

9.10 The existing motorway junction adjacent to the site (M6 Junction 21) comprises 'dumb-bell' roundabouts located to the east and west of the mainline of the M6 motorway. Both roundabouts connect with the A57 Manchester Road with a two-lane dual carriageway connecting the two.

9.11 Access to the Statham Meadows site can be taken from an improved entry to the eastern roundabout with consequential amendments to the westbound A57 approach. Footway connections can also be provided. At the appropriate time, the access proposals will be subject to road safety audit but, at this stage, it is considered that safe and satisfactory access can be provided to the site.

9.12 As noted within Peel's representations to the PDO, the impacts of the traffic flows generated by employment and roadside services uses has been assessed at the two

²⁵ <https://www.warringtonservices.co.uk/>

²⁶ Paragraph 17.13, Inspector's Report to the Secretary of State for Transport, Local Government and the Regions (19 April 2002)

²⁷ Paragraph 17.9, Inspector's Report to the Secretary of State for Transport, Local Government and the Regions (19 April 2002)

roundabouts at M6 Junction 21. Whilst both options increase queue lengths, it is concluded that the residual traffic impacts of the proposals are acceptable.

- 9.13 Traffic is also distributed in various directions from the junction and is therefore spread around the surrounding highway network. The impacts of this can be assessed in full as the proposals are progressed but, given the scale of total traffic generations and that the flows are spread across several roads, then off-site traffic impacts, away from M6 Junction 21, will not be severe.
- 9.14 In terms of sustainability, footways will be provided from the site to connect with existing facilities. The strategic cycle route 2 (Woolston to town centre) runs from Manchester Road west of M6 Junction 21 to the town centre via lightly trafficked streets and cycle paths. Bus route 100 runs along the site frontage, providing an hourly frequency service to Warrington Interchange, Hollins Green, Cadishead, Irlam, the Trafford Centre, Eccles, Salford and Manchester. The 3/3E bus route runs from Woolston Grange Avenue to Warrington Interchange with bus stops c. 500m from the site on Manchester Road. It provides a 30 minute frequency daytime service (20 minutes' weekday peak hours) with hourly evening services. The site is therefore accessible by sustainable travel modes.
- 9.15 Overall, it is therefore concluded in highways and transport terms, that the site can be accessed satisfactorily and safely, residual traffic impacts will not be severe and the site will be sustainable and accessible.

10. Land to the North West of Croft

- 10.1 Peel's main representations (i.e. Papers 1-4) set out a case for allocating a number of additional sites located within the named Outlying Settlements of the Borough for housing development during and beyond the plan period (the latter as safeguarded land), above and beyond those proposed by the Council through the PSLP. These sites have been promoted by Peel over a number of years, and full Development Prospectuses and an associated Technical Appendix in respect of each of the allocation proposals are submitted as part of Peel's representations, demonstrating that the proposals represent sustainable and deliverable development opportunities.
- 10.2 An additional Development Prospectus and associated Technical Appendix are provided in respect of a further site owned and controlled by Peel at North West Croft.
- 10.3 Whilst Peel's representations do not directly support the allocation of a site of the scale of North West Croft in this location at this time, the Development Prospectus and associated evidence base demonstrate that this site is deliverable for residential development and is the control of an experienced developer. In the event of an unmet housing requirement in the Outlying Settlements, the site would represent a sustainable development option. This site is formally submitted to the Local Plan as such and should therefore be considered as a development option by the Council.

Site & Surroundings

- 10.4 The site encompasses an area of land to the north west of Croft, extending north to the small settlement of New Lane End. It extends to 124.5 ha in total and currently comprises a number of agricultural fields, separated by remnant hedgerows and small pockets of woodland.
- 10.5 The site is well related to the existing settlement with its southern boundary adjoining existing residential properties, and accessible to existing facilities in Croft including primary schools, retail and leisure provision, public transport routes and a range of recreational facilities. Buses serve Croft, on a route between Leigh via Culcheth and Warrington via Winwick.

The Opportunity

- 10.6 The accompanying Development Prospectus demonstrates how the site could be developed to provide a new sustainable community to the north west of Croft, capable of accommodating between c. 1,500 – 1,800 dwellings.
- 10.7 A concept masterplan has been prepared, informed by extensive technical assessments and an understanding of the site's constraints and opportunities. The concept masterplan demonstrates how the development of the site could secure a significant level of housing over the plan period (and potentially beyond); in addition to strategic level infrastructure such as a new secondary school, small scale retail and commercial uses and a new 'village green'.

- 10.8 The concept masterplan provides a framework which responds to its context. Key elements of the framework are summarised below:
- It seeks to retain and enhance existing features, for example by providing substantial network of green spaces which link to the existing settlement and the wider countryside beyond.
 - A new village green and other open space towards the edge of the settlement will reinforce the link and sense of integration with Croft.
 - The provision of structural boundary planting towards the eastern boundary of the site (and particularly the northern boundary) and the retention of existing landscape features such as trees and hedgerows within this green network will result in existing features being enhanced.
 - The site also provides the opportunity to deliver new primary and secondary schools to serve Croft and the northern part of Warrington, addressing an existing and growing infrastructure capacity issue affecting this part of Warrington.
- 10.9 In summary, the site represents a sustainable opportunity capable of accommodating a desirable and high quality residential development in a substantial parkland setting. It presents the opportunity to create a new community, but one which is integrated with the existing settlement of Croft.

**Appendix 1: Representation in respect of
Warrington Borough Council Local
Plan Viability Assessment**

Representation in respect of Warrington Borough Council Local Plan Viability Assessment

Peel Holdings (Management) Ltd

June 2019

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Appendix 1: Local Plan Viability Assessment Appraisal Inputs Representation July 2018

Date

June 2019

1. Introduction

Purpose

- 1.1 This representation is submitted on behalf of Peel Holdings (Management) Ltd ('Peel'). Peel is one of the leading infrastructure, real estate and investment enterprises in the UK.
- 1.2 The representation has been prepared by Turley, who have substantial experience of preparing viability appraisals in support of a wide range of development proposals throughout the UK. The representation also reflects Peel's knowledge of market conditions through ongoing engagement and negotiations with land owners and developers across the region and nationally.
- 1.3 Peel has a diverse network of businesses including residential and commercial development, land, ports, airports, leisure and hotels, and energy facilities. Peel has major land, development and infrastructure interests in Warrington and therefore has a significant interest in the PSLP and the supporting LPVA.
- 1.4 The representation is in respect of the Warrington Local Plan Viability Assessment March 2019 ('LPVA'), which was published for consultation on 15 April until 5pm on Monday 17 June 2019 and forms part of the evidence base of the Warrington Borough Council ('the Council') Proposed Submission Version Local Plan ('PSLP').
- 1.5 The representation provides requests for alterations to methodology and corrections of errors to ensure that the Council's evidence is robust and justified in the context of the soundness tests of the Framework.¹
- 1.6 Turley has provided a separate representation in respect of the South West Urban Extension ("SWUE") and duplication of site specific comments in respect of the SWUE have been avoided within this representation.
- 1.7 Turley previously provided a representation on behalf of Peel in respect of the Warrington Local Plan Viability Assessment Appraisal Inputs ('LPVA-AI') document as dated 1 June 2018 and published by the Council for consultation in July 2018.
- 1.8 The LPVA was prepared by BNP Paribas Real Estate ('BNP') in order to "*test the ability of developments in the borough to absorb policy requirements in the emerging Local Plan, including the provision of affordable housing*" as proposed within the PSLP.
- 1.9 This representation forms Appendix 1 to Paper 5 of Peel's representation to the PSLP to the main representation report on the PSLP, submitted by Turley on behalf of Peel, and should be read alongside and in conjunction with the wider representations.
- 1.10 The cumulative impact of the issues identified within this representation leads Peel to have substantive material concerns in respect of the robustness of the assessment of viability of the Council's proposed policies, as presented within the LPVA.

¹ MHCLG (2018) National Planning Policy Framework ('NPPF') (as amended in February 2019) Paragraph 35

1.11 The LPVA assesses nine of the tested sites as viable when providing 40% affordable housing. In contrast, the PSLP Policy DEV 2 proposes affordable housing at 30% of total units. Turley is of the opinion that the PSLP affordable housing provision is more appropriate. Within the Turley representation on behalf of parties with interests in the SWUE, a corrected and revised appraisal is provided, indicating viability at 30% affordable housing. A similar provision is likely to be viable in other areas of similar market sales values and Peel request that errors identified within the LPVA are corrected and assumptions are re-assessed in line with market expectations in order to correct the current over estimation of viability.

2. Representation

- 2.1 This representation sets out Peel’s detailed objections to the LPVA, which is the primary document used to inform the residential and commercial policy requirements set out in the PSLP. The LPVA contains errors and omissions which mean that policies of the PSLP based upon it are unsound. The reasons for this are made clear below. Requests for modifications to the LPVA, in order to make it robust, are requested under a series of subject specific headings.

Viability in Plan-making

- 2.2 The Government published amendments to the revised National Planning Policy Framework (‘NPPF’)² in February 2019 and updated National Planning Practice Guidance for Viability (‘PPGV’)³ in July 2018, with the most recent PPGV amendments published in May 2019. Both the NPPF and PPGV include an up-to-date position on the Government’s intended role for viability assessment, the methodology, and procedures expected of all stakeholders in the preparation of such evidence.

- 2.3 Paragraph 010 of PPGV concisely defines the Government’s objective for the role to be played by viability within the planning system:

“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.”

- 2.4 PPGV is clear that the role for viability assessment is primarily at the plan making stage. PPGV Paragraph 002 confirms that the process must be inclusive and undertaken over several stages:

“Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.”

- 2.5 PPGV Paragraph 2 also states that policies introduced to the plan should be realistic and deliverable. Specifically:

“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 .”

- 2.6 PPGV Paragraph 020 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers.

² MHCLG (2019) National Planning Policy Framework (‘NPPF’) (as amended in February 2019)

³ MHCLG (2019) Planning Practice Guidance for Viability (‘PPGV’) (as amended in May 2019)

Baseline Methodology and Assumptions

- 2.7 Certain fundamental appraisal assumptions adopted within the LPVA are incorrect, un-evidenced, or inadequately evidenced. The impact of this is that the results of the LPVA overstate the financial viability of the development site typologies assessed (and hence overstate the ability of development to meet the draft policies within the PSLP).
- 2.8 As a result, the LPVA fails to comply with the requirements of the NPPF (and the corresponding PPGV paragraphs). The LPVA has not had correct regard to NPPF paragraph 31 which states:
- “...all policies should be underpinned by relevant and up to date evidence. This should be adequate and appropriate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.”*
- 2.9 It has also not had correct regard to paragraph 34 of the NPPF which states that:
- “Such policies [relating to development contributions] should not undermine the deliverability of the plan.”*
- 2.10 Policies relating to the main development areas and site allocations, as set out within the PSLP, have not been effectively assessed in accordance with the NPPF and PPGV. The policies relating to these sites cannot therefore be considered justified or sound. This poses a risk to the deliverability of proposed residential development in Warrington.
- 2.11 Peel regards delivery of residential development in the higher value areas of Warrington as viable and it is imperative that the detailed matters raised within this representation, in respect of the LPVA, are addressed by the Council and BNP. A new, thoroughly revised LPVA is required and must be published for formal stakeholder review and comment in advance of submission of the plan.
- 2.12 Peel’s representations on technical matters upon which the LPVA relies are set out under the following subheadings, with reference made to the headings and paragraph numbering within the LPVA for ease of cross-reference.
- 2.13 Peel requests that the LPVA is reassessed and revised, including the correction of errors and provision of significantly improved levels of transparency in respect of the adopted assumptions and the provision of evidence.
- 2.14 Headings and matters requiring clarification or alteration are stated in **bold**.

Previous consultation responses

- 2.15 There is very limited reference within the LPVA to the Warrington Local Plan Viability Assessment Appraisal Inputs (‘LPVA-AI’) document as dated 1 June 2018 and published by the Council for consultation in July 2018. BNP stated in the LPVA-AI that *“This note contains our draft inputs for the assessments and invites site promoters for their comments”*.

- 2.16 Except for a reference to consultation responses in respect of benchmark land values (leading to an increase from £210,000 to £250,000 per gross ha), no further reference is made and, without thorough cross referencing, it is not possible to determine whether BNP has continued to follow the assumptions as set out within the LPVA-AI, or whether any amendments have been made in line with comments received from site promoters or interested parties.
- 2.17 From Turley's review, amendments appear very limited. Turley provided a comprehensive representation document within the consultation period, as attached at **Appendix 1**. Consultation responses should be provided along with the Council's feedback within the LPVA, on a transparent basis in line with PPGV⁴.
- 2.18 **To ensure that it is transparent to all parties how comments have been taken forward or discounted Peel recommends that the Council prepares a clear schedule of consultation responses and feedback, detailing how comments have been addressed. This request relates to both the LPVA-AI and LPVA.**

Site area

- 2.19 The LPVA includes site allocation viability testing appraisals at LPVA Appendix 5. It is essential that the assessment of gross and net site areas is in line with appropriate measurements and stakeholder engagement. We are aware that an incorrect gross site area has been adopted for the SWUE site, inappropriately increasing the assessed level of viability due to the adoption of a reduced level of benchmark land value. In addition, the adopted net/gross rates adopted is 70% in contrast to the anticipated delivery at closer to 50%.
- 2.20 The LPVA states that strategic site benchmark land values are assessed at £250,000 per ha, whereas site testing is actually assessed at £247,000. The differential between stated and adopted values must be resolved.
- 2.21 **Peel requests that a correct and evidenced site area is adopted for all sites within a revised LPVA, and a consistent assessment of benchmark land value ('BLV') must be adopted within the viability report and appraisals.**

S106 and accessibility standards costs

- 2.22 The LPVA appraisal methodology states that costs relating to S106 and accessibility standards are included. However, upon review of the appraisals within LPVA Appendix 5 it can be calculated that the total development cost calculation is generated from the addition of only: build costs including contingency; fees; and sales and marketing. S106 and accessibility standards costs are excluded from the total costs.
- 2.23 It is considered at present that the viability is exaggerated within each of the scheme parcel appraisals. Therefore, the levels of affordable housing that are proposed to be viable within the LPVA are incorrect and the conclusions misleading. In line with PPGV⁵, the Council needs to transparently set out the S106 and accessibility standards costs.

⁴ MHCLG (2019) PPGV: Paragraph: 010 Reference ID: 10-010-20180724

⁵ MHCLG (2019) PPGV: Paragraph: 010 Reference ID: 10-010-20180724

2.24 **Peel request correction of the omission of costs within a revised LPVA, and a breakdown of S106 items is required.**

Benchmark land value

- 2.25 The LPVA states that benchmark land values equating to £371,000 per gross hectare (c. £150,000 per gross acre) are adopted, except for sites of a “strategic nature”⁶, which are stated to be assessed at £250,000 per gross hectare (c. £101,000 per gross acre).
- 2.26 LPVA Tables 5.1.4 and 5.1.5 show the results of testing all sites at the higher and lower benchmark land values and it is not possible to easily determine which BLV has been adopted for each site in reaching the published conclusions.
- 2.27 The LPVA appraisals test viability of strategic sites against a benchmark of £247,000 per gross hectare rather than the stated £250,000 per gross hectare.
- 2.28 Within the LPVA, the BLV is assessed with reference to: a historic DCLG document from 2011; viability assessments that BNP has seen; consultation responses to the LPVA-AI in 2018; and consultation with the Valuation Office Agency.
- 2.29 Other than the historic DCLG document, no transparent evidence is provided within the LPVA to support the proposed BLVs.
- 2.30 It must be noted that the whilst the DCLG document does reference land values of £100-150,000 per gross acre, it concludes as follows: “Consequently, we would recommend that minimum land value requirements of at least £200,000 per gross, and £400,000 per net, acre are assumed for release of ‘greenfield’ land”. LPVA paragraph 4.2.17 references the former figures, but not the latter.
- 2.31 PPGV⁷ states that “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.

This 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.”

- 2.32 Crucially, PPGV confirms that the BLVs set must reflect the “...reasonable expectations of local landowners”⁸.

⁶ LPVA paragraph 4.2.17

⁷ MHCLG (2019) PPGV: Paragraph: 014 Reference ID: 10-014-20190509

⁸ MHCLG (2019) PPGV: Paragraph: 016 Reference ID: 10-016-20190509

- 2.33 The LPVA has not followed the methodology set out in PPGV in preparing the BLV, as the Valuation Office Agency evidence and consultation responses have not been made available on a transparent basis.
- 2.34 Peel regards both the strategic site value of £247,000 per gross hectare and £371,000 per gross hectare for all other sites as insufficient and without the required evidential support or justification.
- 2.35 **In line with PPGV, Peel requests that WBC reviews land sale and planning application/permission evidence in order to form appropriate benchmark land values for greenfield and brownfield land, re-weighted for policy compliance.**
- 2.36 **Peel requests that WBC further engage with landowners, promoters and developers to rectify the concerns raised by effectively establishing and seeking to agree appropriately evidenced BLVs, which will be sufficient to incentivise local market delivery, prior to the Examination of the PSLP. PPGV is clear on the importance of this process in ensuring the evidence base is robust. It states:**

“In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.”⁹

Interest costs

- 2.37 Interest on build and interest on land included within the LPVA appraisals appear excessive. For example the Lymm, Rushgreen Road site of 200 units is assessed with total development costs plus land value stated at £44,508,020 and total interest costs of £4,547,929. Interest costs equate to 10.2% of total costs. Total costs are not incurred throughout the whole development period, and costs will be countered by sales income on completion of residential units. As a result, when compared with the total development cost, total interest costs should fall significantly below the percentage rate stated within the LPVA at 6%.

- 2.38 **Peel requests that explanation of the LPVA methodology should be provided for transparency, with any required correction included within a revised LPVA.**

Sales values

- 2.39 The assessment of private sales values within the LPVA is based on new build comparable research, but there is a lack of clarity as to how the comparables have generated the values adopted within the viability testing.
- 2.40 According to the LPVA comparable information, new build delivery in Warrington has been concentrated in a limited number of suburban locations within 3.5km of Warrington town centre. One comparable scheme is provided for Warrington town centre, generating an average of £1,382 psm for eight apartment sales. In comparison, the LPVA adopts £2,425 psm for residential sales values in “Inner Warrington”.
- 2.41 No reference is made to the prevailing sales values generated within areas of the borough to ensure that values are applied in line with market expectations. Such

⁹ MHCLG (2019) PPGV: Paragraph: 013 Reference ID: 10-013-20190509

evidence could be provided via Land Registry mapping and such evidence is regarded as important when directly comparable information is very limited.

2.42 No evidence or detailed reasoning is provided within the LPVA to support the values proposed for the “*outer settlements*”, as referenced but not defined within LPVA section 4.2.2. Instead, values are adopted for ten of the thirteen value areas at the highest level of £2,799 psm in line with “*advice*” provided by Cushman and Wakefield (‘C&W’) specifically in respect of the Garden Suburb.

2.43 **Peel requests that, in the interest of transparency, reasoning and evidence is provided within the LPVA to support the values that have been adopted on a broad-brush basis in line with C&W “*advice*” in respect of the Garden Suburb.**

Affordable housing values

2.44 LPVA paragraph 4.2.3 sets out abbreviated calculations/justification for values adopted for affordable rent and shared ownership tenures. No cross reference of the results is made to opinions obtained from registered providers of affordable housing.

2.45 Based on an average sales value equating to £2,799 psm (£260 psf), the affordable housing values adopted within the LPVA equate to 51.7% of market value (‘MV’) for affordable rent and 70% for shared ownership. This percentage of market value will increase in lower value locations.

2.46 Peel has held direct discussions with Registered Providers (‘RP’) in the north west of England. At the present time, Peel understands that offers will generally be received at values equating to 30-50% of MV for affordable rented, and 60-70% for intermediate (shared ownership) dependent upon location.

2.47 Affordable housing values are assessed at levels in excess, or at the limits of expectations without evidence, or appropriate reasoning.

2.48 **Peel requests clarification of all affordable housing assessment inputs, for example details of the market values adopted for the assessment of shared ownership units and the source of the “*Indicative Rent*” levels adopted in the affordable rent assessment. Comparison to opinions from Registered Providers should also be provided.**

Base construction costs

2.49 Base build costs are adopted in line with the C&W advice which was provided outside the Council’s formal consultation period. Planning Practice Guidance - Viability (‘PPGV’) states that RICS BCIS is an appropriate data source for local plan viability testing, but BCIS data has not been adopted in the LPVA.

2.50 For the purposes of consistency, at this stage, Peel regards the base build costs adopted by the LPVA as reasonable and does so on a without prejudice basis – noting this represents a deviation from the ‘standardised input’ recommended by Government within PPG.

Garages

2.51 No reference is made to the cost of constructing garages within the LPVA.

- 2.52 Costs of garage construction fall outside base and external works costs and their exclusion must be corrected, with garages included within scheme typologies in line with market expectations, and evidenced by reference to the level of provision within permitted schemes.
- 2.53 The omission of garages will significantly inflate scheme viability as the sales values adopted will be based on the higher values generated by units with garages. More fundamentally, scheme construction costs are under estimated.
- 2.54 **Peel requests correction of this error. It is expected, as a minimum, that all detached houses will be allocated a detached or attached single garage.**

Infrastructure costs

- 2.55 LPVA paragraph 4.2.6 states that on site infrastructure/utilities costs and off site infrastructure/highways costs reflect BNP's "*experience from major sites elsewhere*" and states that the "*Council has provided additional infrastructure costs for the four strategic*".

Unjustified Professional fees

- 2.56 Professional fees are considered to be insufficient at 6% of total construction costs. Peel considers that an 8% allowance is regarded as appropriate.
- 2.57 **Peel requests that professional fees are incorporated within the LPVA appraisals at rates which reflect development reality, with an 8% allowance regarded as the minimum appropriate provision for Local Plan viability assessment purposes.**

Development Period/Sales rates

- 2.58 The appraisals at LPVA Appendix 5 state that the build period and sales period are identical, which is regarded as inappropriate. The residential sales period must be preceded by a construction period of a minimum of six months.
- 2.59 When assessing the SWUE site it was identified that the LVPA states a sales rate of between 10 and 16 units per month (excluding affordable units), which is excessive, but the Viability Appraisal appears to adopt a sales rate of circa 7.3 sales per month for the SWUE.
- 2.60 Whilst reference is made to build and sales periods within LPVA Appendix 1: Site allocation appraisal inputs, the information provided does not provide clarity in respect of the adopted appraisal cashflow.
- 2.61 **Clarification is required via provision of cashflows to accompany viability appraisals. Residential sales cannot commence at the same time as the construction period and revisions are required.**

Abnormals

- 2.62 The LPVA make no reference or allowance for abnormal costs.
- 2.63 For generic typology testing, the exclusion of an abnormal cost allowance can be regarded as appropriate. However, in doing so it is essential that:

- (a) the viability testing (and application of policy costs thereafter) includes a sufficient buffer back from the margins (i.e. maximum limits) of viability. This will ensure that viability testing results and conclusions/recommendations are not presented at levels that risk rendering development sites unviable when subject to the introduction of abnormal works costs, which are generally found to apply to both brownfield and greenfield development sites; or
 - (b) the BLVs are increased to represent the serviced land values (i.e. assuming that abnormal costs have already been met through works undertaken by the landowner prior to disposal for development).
- 2.64 Such costs cannot be accommodated by the landowner if adopting minimal BLVs that would risk reducing real world land values below the level required to generate a suitable incentive for disposal.
- 2.65 The exclusion of abnormal costs from the viability appraisals will markedly overstate the appraisal results – given that abnormal works can be costly and will frequently be incurred early in a sites development (hence having a more pronounced cashflow impact).
- 2.66 **Peel acknowledges that Policy INF5 includes reference to the need for assessment of the viability of development proposals at the planning applications stage where there are exceptional site specific viability issues not considered as part of the Local Plan’s viability appraisal, but adjustments to LPVA methodology is requested to ensure that viability is not assessed at the margins of viability.**

Section 106 costs

- 2.67 The LPVA provides no detail in respect of the breakdown of costs included within the adopted S106 allowance.
- 2.68 **In line with PPGV¹⁰, the Council’s evidence needs to demonstrate, in a transparent way, how all of the Policy requirements within the draft plan have been factored into the Assessment on an item by item basis, including relevant infrastructure requirements, such as the requirement for establishment or connection to decentralised energy systems in Policy ENV7.**

Appraisal cashflows

- 2.69 The LPVA provides appraisal summaries, which include insufficient detail for full due diligent review. For example, total construction costs are provided but with no breakdown of individual costs. No cash flows are provided, meaning that the construction period, sales period and timings for all costs cannot be appropriately assessed.
- 2.70 **The LPVA must be provided on a transparent basis, in line with PPGV¹¹, as further discussed below. Peel requests that full scheme appraisals and cashflows are provided within the LPVA.**

¹⁰ MHCLG (2019) PPGV: Paragraph: 010 Reference ID: 10-010-20180724

¹¹ MHCLG (2019) PPGV: Paragraph: 010 Reference ID: 10-010-20180724

Developers Profit

2.71 In the LPVA-AI, BNP proposed a developer's profit of 17.5% and Peel's previous submitted representation stated that a profit of 20% of GDV should be adopted. The LPVA adopts a reduced market sales profit of 17% of GDV. Current PPGV indicates a range of 15-20% but it is widely accepted that national housing developers require a minimum profit level of 20% for speculative development.

2.72 **Peel requests that the profit level should be adjusted to 20% to match market expectations.**

Indexation rates

2.73 The LPVA includes sensitivity testing based on annual sales value increases of 5% and build cost increases of 2%. These inflation rates are not evidenced or justified.

2.74 **Transparent evidence and reasoning is requested to support the proposed index rates.**

Scheme typology

2.75 No unit mixes, unit sizes, or discussion of development density are provided in the LPVA. There is, therefore, no transparency in respect of the adopted assumptions. A black box approach is not compliant with NPPF or PPGV, and provision of detailed information and supporting evidence is regarded as essential.

2.76 Paragraph 57 of the NPPF confirms that transparency in the preparation of all viability assessments is essential. It states:

"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."

2.77 PPGV elaborates on the NPPF by confirming the importance of transparency for improving data availability and accountability:

"Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available. Improving transparency of data associated with viability assessment will, over time, improve the data available for future assessment as well as provide more accountability regarding how viability informs decision making."¹²

2.78 **Clearly defined scheme typologies are essential to enable due diligent review and, for each typology, Peel requests clarification of unit mixes, unit sizes, and development density.**

Development area density

2.79 Whilst it is not clearly stated, from information provided in the LPVA, development densities and average unit sizes can be calculated at 30 dwellings per net ha (12.14 dwellings per net acre) and 1,254 sq ft per unit.

¹² MHCLG (2019) PPGV: Paragraph: 010 Reference ID: 10-010-20180724

- 2.80 The development density matches the minimum set out PSLP Policy MD3.3 and generates a scheme density of 15,231 sq ft per net acre, which is higher than Peel’s understanding of national housebuilder average delivery at circa 14,500 sq ft per net acre, with density equating to 35 dwellings per net ha.

Peel requests reconsideration of the use of larger than average unit sizes, and low development densities, as discussed further in the NDSS scheme density/typology section below.

NDSS scheme density/typology

- 2.81 The LPVA states that *“All the appraisals incorporate sufficient gross internal floorspace to meet the space standards set out in ‘Technical housing standards – nationally described space standard’ (MHCLG, 2015)”*.
- 2.82 The PSLP contains no requirement for residential development to meet nationally described space standards (‘NDSS’). As a result of the adopted assumption, the average unit size is significantly larger than market expectations, and development density is lower than real world delivery.
- 2.83 The development of units that are larger than general market delivery will impact upon levels of purchaser demand and pricing, with demand decreasing due to higher unit pricing in comparison to non-NDSS units of the same bed number.
- 2.84 Purchasers do not pay the same £psf rate for larger units when compared with smaller units of the same bed number.
- 2.85 **Peel requires clarification in respect of reason for use of NDSS unit sizing, with reductions in £ psm pricing required to reflect NDSS unit sizing. Schemes based on NDSS sizing and density are not supported by appropriate evidence and it is requested that appraisals are re-modelled on the basis of current scheme delivery in Warrington as assessed from on-going and recent planning permissions.**

Scheme modelling

- 2.86 The large scale strategic appraisals are provided on the basis that the sites are split into development parcels, each providing 250 units, with the final parcel providing a reduced number of units to make up the total scheme delivery number.
- 2.87 The methodology assumes that infrastructure costs are evenly split across the whole development period, but this does not reflect the reality of delivery where infrastructure costs will be front loaded. The adopted approach is regarded as simplistic.
- 2.88 **Revised cashflow modelling is requested, with front loading of infrastructure at 50% prior to 1st sale, and the remaining 50% prior to half the sales regarded as a more appropriate assumption.**

Custom and self-build plots

- 2.89 PSLP Policy MD3 requires the SWUE site to provide a range of housing tenures, types and sizes, including *“custom and self-build plots”*.

- 2.90 The LPVA makes no reference to custom and self-build plots and it is regarded as essential that the viability of all proposed PSLP policies are fully assessed.
- 2.91 **Peel requests re-assessment of SWUE scheme viability to accurately reflect proposed PSLP policies.**

Summary

- 2.92 The cumulative impact of the issues identified within this representation leads Peel to have substantive material concerns with the robustness of the viability evidence provided to *“test the ability of development in the Borough to absorb policy requirements in the emerging Local Plan, including the provision of affordable housing”*¹³. Specifically, it appears that critical costs are omitted or understated, generating excessive levels of viability shown for all sites. The LPVA shows nine of the tested sites as generating viability buffer with the provision of 40% affordable housing, which is regarded as inappropriate and unjustified.
- 2.93 Peel requests that the Council instructs their viability advisors redraft the LPVA with full reassessment of appraisal methodology required to correct the errors outlined above and to ensure that the assumptions and results of viability testing reflect market expectations in order that policy costs applied are realistic, deliverable, and evidenced in accordance with the NPPF and PPGV.

¹³ Warrington Local Plan Viability Assessment March 2019: Introduction

**Appendix 1: Local Plan Viability Assessment
Appraisal Inputs Representation
July 2018**

Warrington Borough Council Local Plan Review

Comments on BNP Paribas Real Estate - Local Plan Viability Testing – Appraisal Inputs

Representation prepared on behalf of:

Peel Holdings (Land and Property) Limited

July 2018

Turley

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July 2018

1. Executive Summary

Consequences of the Proposed Approach to Viability Testing

- 1.1 The LPVT-AI provides a brief summary of the inputs that will be used to test the viability of the developments which will form the Local Plan Strategy for delivery of residential and other development in Warrington during the Plan period of 2017 – 2037. The LPVT-AI also suggests that the inputs will be used for the viability testing of the Council’s potential introduction of Community Infrastructure Levy (CIL).
- 1.2 It is essential that Local Plan policy setting and CIL assessment is carried out on a transparent, comprehensive and evidenced basis, taking into account current and proposed government policy and guidance.
- 1.3 Any over-estimation of values and/or under-estimation of costs will exaggerate the viability of development, with the result being that the assessed costs of policy requirements will threaten development delivery, as insufficient value will be available from real world development.
- 1.4 Both we and our clients hold significant concerns that the proposed viability inputs will exaggerate the viability of development in Warrington leading to unrealistic and unachievable policies on affordable housing, other obligations and CIL. This will threaten the rate of delivery required to meet housing need and demand, for sites will be delayed in negotiations on viability matters or land owners will simply elect not to release their land at all. Failure to adopt achievable policies will ultimately result in the undermining and failure of the Local Plan.
- 1.5 In order to summarise the potential impact of the proposed viability appraisal inputs, an analysis of the LPVT-AI’s over-estimation of values and under-estimation of costs in Table 2.2, is firstly set out in Table 2.1 below.

Table 1.1: Summary of Value Over-estimation and Cost Under-estimation

Appraisal Input	Over/under-estimation
Sales Values	Value over-estimate (No values proposed in LPVT-AI, but previous SOA testing adopted £2,650 psm across the borough)
Affordable Housing Receipt from Registered Provider (“RP”)	Value over-estimate
Ground rents (leasehold flats only)	Value over-estimate
Commercial Rents and Investment Yields	Value over-estimate (No clarity on values to be adopted but suggestion of high end values)
Construction Costs (plot costs)	Cost under-estimate
Contingency	Cost under-estimate

Appraisal Input	Over/under-estimation
Site Infrastructure and External Works (non plot costs)	Cost under-estimate
Developer's return	Cost under-estimate
Finance Costs	Cost under-estimate
Land acquisition costs	Acceptable
Benchmark Land Value	Cost under-estimate

- 1.6 Each value over-estimate and cost under-estimate will increase viability above the levels that will be experienced in real world development activity. These errors will also be compounded.
- 1.7 The current proposed appraisal inputs will threaten development delivery through the over-estimation of viability, leading to excessive policy costs. Insufficient returns will be available to land owners and developers, leading to development delivery that will fall below planned trajectories.
- 1.8 Appraisal assumptions must reflect current market activity, taking into account variations across the borough. Assumptions must be evidenced and thoroughly reasoned. We request that the Council instruct their advisors to provide a more detailed, transparent and complete assessment of viability for consultation so that consultees have the opportunity to assess both the inputs and proposed outputs from a fully informed position.
- 1.9 The assessment of benchmark land value is of particular concern. The proposed approach to the assessment of an appropriate benchmark land value is detached from reality, taking a very selective approach to policy and guidance. The proposed benchmark land value is regarded as a very worrying starting point for the assessment of development in Warrington.

Summary of Turley Comments on LPVT-AI Assumptions

- 1.10 A summary of the 13 appraisal inputs that are included in the LPVT-AI are set out within Table 2.1 along with brief details of the comments provided by Turley within Section 3 Matters of Representation.

Table 1.2: Summary of Turley Comments on LPVT-AI Assumptions

PVT-AI Draft Input Heading	LPVT-AI Assumption	Turley Comment
Sales Values	Comparables and limited value mapping provided, but no value proposals provided.	Sales evidence is poorly presented, with no link between mapping at Figure 1.1 and comparable evidence at Appendix 1. Only a selection of sales values is included in the mapping, with no

PVT-AI Draft Input Heading	LPVT-AI Assumption	Turley Comment
Affordable Housing Receipt from Registered Provider (“RP”)	<p>Values based on a bespoke valuation model.</p> <p>Social rented housing: £1,385 per square metre.</p> <p>Shared ownership housing: £1,855 per square metre.</p>	<p>reasoning and inappropriate, small developments are referenced.</p> <p>No indication provided in respect of anticipated values to be used and how they may vary across the borough.</p> <p>A considerable amount of comparable evidence is somewhat historic, dating before January 2017, and should be disregarded as not reflective of current market conditions.</p> <p>Due to the limited amount of new build activity in the borough, a wider assessment of values is required, taking into account re-sale comparables to ensure that variation in values across the borough is appropriately modelled.</p> <p>A 'black box' approach to affordable housing valuation has been adopted. Any valuation methodology must be set out for scrutiny.</p> <p>Proposed values equate to high, unacceptable percentages of the market value range referenced in Figure 1.1.</p> <p>Affordable housing values must have reference to values achievable in the market. Opinions to be collected from active registered providers.</p>
Ground rents (leasehold flats only)	<p>£100 per annum ground rent proposed for flats, capitalised at 4.5% yield.</p>	<p>Ground rents not acceptable as proposed Government policy clearly states that flats and houses must be set at a peppercorn ground rent.</p>
Commercial Rents and Investment Yields	<p>Warrington & Co Annual Property Review 2017 and CoStar evidence is referenced, but not provided.</p> <p>Widely ranging yield and</p>	<p>No reasonable conclusions can be drawn in respect of rentals and yields from the information presented within the LPVT-AI, with evidential support required along with reasoned conclusions, taking</p>

PVT-AI Draft Input Heading	LPVT-AI Assumption	Turley Comment
	<p>lettings/letting ranges (rents) set out, for example, retail at £12.27 to £446.92 per square metre.</p> <p>No conclusions reached in respect of appropriate yields or rentals to be adopted within viability testing.</p>	<p>full account of the variation in values achieved dependent upon use type and geographical location.</p>
Construction Costs (plot costs)	<p>BCIS lower quartile rebased to Warrington based on the default (15 year) data period.</p>	<p>Plot costs must be defined.</p> <p>BCIS data should be drawn from the more recent 5 year "Age of results" period to ensure that the costs reflect current levels.</p> <p>BCIS lower quartile is not appropriate for smaller development sites due to lack of efficiencies within smaller developers.</p>
Contingency	<p>5% of construction costs.</p>	<p>Contingency must be applied to base build, external works, elements of infrastructure, abnormal costs and all other cost elements which may be subject to variation as the scheme progresses.</p>
Site Infrastructure and External Works (non plot costs)	<p>£20,000 per plot proposed for "site infrastructure requirements" based on Harman Guidance.</p>	<p>The Harman Guidance range of £17,000 - £23,000 per plot relates to the "Strategic infrastructure and utility costs" which sit outside the standard costs of external works encountered in the development of any housing or non-residential site.</p> <p>It is very surprising that no detailed breakdown of infrastructure that will be required to support development that is proposed within the Plan period.</p> <p>External works are regularly found to fall within a range of 15-20% of base build costs. Whilst stated in the LPVT-AI section heading, the £20,000 per plot allowance does not appear to make any allowance for external works.</p>

PVT-AI Draft Input Heading	LPVT-AI Assumption	Turley Comment
Developer's return	A 17.5% profit on GDV is proposed for market sale units and 6-7% on costs for affordable housing, based on " <i>viability assessments for live developments in the Borough</i> ".	External works must be clearly defined and adopted within any viability test, and will be subject to contingency and professional fees. Submitted viability assessments are unlikely to be released for consultation purposes and, therefore, reference to such information has little merit. Local Plan viability testing requires a general and cautious approach. The proposed levels of developer return fall below widely accepted market expectations and the levels set out as reasonable within the draft Planning Practice Guidance (PPG), which states profit at 20% of GDV as " <i>suitable</i> " for market housing or 6% of GDV as " <i>more appropriate</i> " for affordable housing. Profit at 20% of GDV should be adopted for market sale properties and 6% of GDV for affordable housing. We regard discounted market sale units as requiring the same level of profit as market sale due to sales risk.
Finance Costs	6% finance rate proposed	6.5% more representative of the current lending market
Land acquisition costs	Deductions for Stamp Duty at the relevant rate (normally 5% for the scale of sites we are considering); 1% sales agent's fee and 0.5% sales legal fee.	Assumptions considered appropriate.
Benchmark Land Value	£210,000 per gross hectare (£84,986 per gross acre) proposed for all residential development land in Warrington. Previously developed land to be assessed with reference to existing use values plus a	The proposed land value of £210,000 per gross hectare needs to be reconsidered and adjusted upward to a more realistic level that reflects the full draft PPG wording in respect of benchmark land values, requiring research into (and comparison with/between) transacted land values to establish

PVT-AI Draft Input Heading	LPVT-AI Assumption	Turley Comment
	premium.	<p>the local operation of the market in Warrington. It is essential that the assessment of benchmark land values in Warrington must be assessed and reasoned in line with market transaction evidence.</p> <p>Whilst the proposed 10 x multiplier of agricultural value would provide a premium to land owners, the draft PPG requires that the benchmark must also be <i>“informed by comparable evidence”</i>. The proposed benchmark is regarded as falling significantly below the reasonable expectation of development land value in Warrington. The proposed use of a single benchmark land value across the borough is inappropriate, considering the variation in residential sales values which can be evidenced in various sectors of the Warrington market.</p> <p>The interests of land owners must be appropriately assessed and sufficient incentive is required to ensure that future policies are achievable. This will ensure that sufficient land will be released for the required level of development, and should limit recourse to site specific viability assessment, which will accelerate delivery.</p> <p>As currently proposed, we regard the level of greenfield benchmark land value as offering insufficient return, creating a significant threat to residential development delivery during the Local Plan period.</p>

2. Introduction

Purpose

- 2.1 This representation is provided on behalf of Peel Holdings (Land and Property) Limited (“Peel”) and provides comments on the Local Plan Viability Testing – Appraisal Inputs (“LPVT–AI”) note as prepared by BNP Paribas Real Estate (‘BNPPRE’) in order to summarise *“the inputs that we propose to use for testing the viability of developments as part of the preparation of the draft Warrington Local Plan and, potentially, the Council’s Community Infrastructure Levy. The testing will be used to determine the viability of schemes and their ability to absorb emerging plan policies, including contributing towards the cost of infrastructure that will be required to support development”*. The note was prepared on behalf of Warrington Borough Council (“the Council”) as part of the development of the Warrington Local Plan.
- 2.2 The scale of residential development which is proposed to be tested for Local Plan Viability purposes is not stated within the LPVT–AI. We assume that such testing will be widespread, taking into account small, medium, large and very large development typologies for family housing as set out in the Warrington Preferred Development Option (Regulation 18) Consultation document July 2017 and the appropriate testing of other housing types, for example, apartments, private rented sector (“PRS”) apartment development, sheltered accommodation and care homes. The LPVT–AI also provides brief mention of commercial development typologies, but no indication of the range to be covered within Local Plan testing is provided.
- 2.3 The lack of any indication of the range and scale of development which may be assessed for Local Plan purposes is inappropriate. It presents only the proposed headline viability appraisal inputs for consultation, effectively seeking to establish the proposed figures without any understanding of the schemes to which they will be applied, or any knowledge of the results emerging from the draft inputs. We regard it as essential that the Council must ensure that stakeholders are presented with full information in order to provide meaningful and rounded analysis and commentary.
- 2.4 The draft PPG references: *“Drafting of plan policies should be iterative and informed by engagement with landowners, developers, infrastructure and affordable housing providers”*, which we interpret as being a process of several stages, but we do not regard the current selective and piecemeal approach to data presentation as appropriate or being in line with guidance.
- 2.5 The LPVT–AI is written in a similar, very high level, way to the Spatial Options Assessment (“SOA”) which was produced by BNPPRE for the Council in May 2017. This three page document (plus appendices) proposed to assess the deliverability of four scales of development (500, 1,400, 2,800 and 6,000 units), with appraisals for each typology attached to the document.
- 2.6 Turley provided detailed comments on the SOA document, as requested by the Council. A copy of our representation is attached at **Appendix 1**. It is disappointing to note that the majority of comments raised in respect of the SOA Viability Assessment

do not appear to have been acknowledged or taken into account in preparation of the LPVT–AI document. There has been no response to the previous consultation representation.

Previous Comments

2.7 There will be some overlap in comments provided on the LPVT–AI and the SOA but we re-iterate the core comments provided on the SOA as below:

- High level nature of incremental growth appraisal, requiring a more fine grained analysis;
- Lack of non-residential inputs into appraisal modelling;
- Affordable housing unit sizing appeared inconsistent/inappropriate and clear methodology for assessment of all unit sizing required;
- The significant costs of garage construction did not appear to be included;
- Insufficient details of development timeframe/phasing/delivery outlets assumptions provided;
- Clarification of build cost basis requested;
- Professional fees for assumed 500-6,000 unit sites assumed at 9% of base construction only. Turley stated 10% appropriate for sites of less than 100, with 15-20% necessary for larger sites in line with the Harman Guidance¹. Also, fees to be applied to base plus external works plus contingency, rather than just applied to base costs;
- 6% debit finance rate plus 1% credit rate proposed. Turley stated 7% with no credit rate appropriate;
- No abnormal costs assumed. Turley stated £200,000 per hectare appropriate for high level assessment;
- Average sales value of £2,650 per square metre (psm) (£246 per sq ft (psf)) adopted without evidential support and Turley stated the use of a single sales value across the whole of Warrington to be highly inappropriate;
- The use of a value inflator sensitivity appraisal (2% real value growth per annum) was regarded by Turley as inappropriate and misleading without reference to build cost inflation assumptions and sensitivity appraisals must be provided; and
- A minimum land value of £210,000 per gross acre was proposed (£84,986 per gross acre). Turley stated this to be much lower than adopted in many other Local Authority viability assessments and fails to be reflective of land owner's reasonable expectations. No evidence provided to show why land owners in

¹ Local Housing Delivery Group Chaired by Sir John Harman: Viability Testing Local Plans Advice for planning practitioners June 2012

Warrington would accept lower land values than other areas, with weaker markets. Minimum land values should be reconsidered and increased to more realistic levels.

Summary of Local Plan Viability Testing – Appraisal Inputs

- 2.8 The LPVT–AI summarises the inputs that are proposed for use in the testing of viability of residential and commercial developments in Warrington for Local Plan purposes, with the assumptions or information listed under thirteen numbered headings, with the fourteenth heading requesting engagement and comments from stakeholders *“including where they consider assumptions are appropriate as well as where they wish to provide alternative opinions with supporting evidence”*.
- 2.9 The introduction to the LPVT–AI provides a clear statement directed towards land owners in what appears to be an attempt to manage their expectations in respect of the land value which they may achieve upon sale of land for development. Reference is made to the impact that the provision of infrastructure may have upon the uplift in value to a land owner. Reference is also made to the conclusions reached within the SOA Viability work, which provided very high level assessments that the four assessed typologies could generate land values of between £550,000-£870,000 per gross hectare, which were assessed to provide significant surplus amounts for infrastructure expenditure ranging from circa £15.76m-£128.98m, or significantly higher when real growth on sales values was applied. These land values and levels of infrastructure provision are not accepted.
- 2.10 As previously mentioned, comments have been provided in respect of many of the assumptions adopted in the assessment of these land values and infrastructure surpluses. We regard the results of the SOA viability testing as holding no weight due to lack of evidenced support and the use of inappropriate assumptions. The SOA viability testing results should not be referenced within the LPVT-AI without proper context setting or clear caveats in respect of the high potential for significant variations in outputs following the adoption of more realistic or properly evidenced assumptions.

3. Matters of Representation

3.1 This chapter elaborates on specific technical issues within the LPVT–AI, which is proposed to be used by the Council in the formation of the Local Plan Review to assess the ability of residential and commercial development to accommodate emerging plan policies, including contributions towards the cost of infrastructure that will be required to support development. The LPVT–AI also references its potential use in the assessment of the Council’s Community Infrastructure Levy. The dual purpose approach can be regarded as appropriate, but further increases the importance of the viability testing, making the use of appropriate, reasonable, and market facing assumptions even more important.

3.2 Policy Approach

3.3 National policy underlines the requirement for Local Authorities to test their plan at various stages in order to ensure delivery.

3.4 Paragraph 173 of the NPPF² states the following:

“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

3.5 Paragraph 174 of the NPPF states the following:

3.6 “Local Planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.”

3.7 The draft PPG provides proposed guidance in respect of viability matters including the assessment of Benchmark Land Values, and the draft PPG approach has been reiterated by the recent High Court Judgement with respect to Pankhurst Road,

² DCLG (2012) National Planning Policy Framework (NPPF)

Islington³. It is essential that appraisal assumptions are not cherry picked from selected areas of wording. Full consideration must be given to relevant guidance.

- 3.8 The following representations identify concerns regarding the viability testing for the Local Plan and the Council's Preferred Development Option ("PDO") which risk compromising the deliverability of a future Local Plan. Unless otherwise stated, the focus of analysis is upon the 'WBC *Local Plan Viability Testing – Appraisal Inputs*' prepared by BNPPRE on behalf of the Council in determining the viability of schemes and their ability to accommodate emerging plan policies. Comments are set out under the relevant sub headings, as adopted within the LPVT-AI.

Sales Values

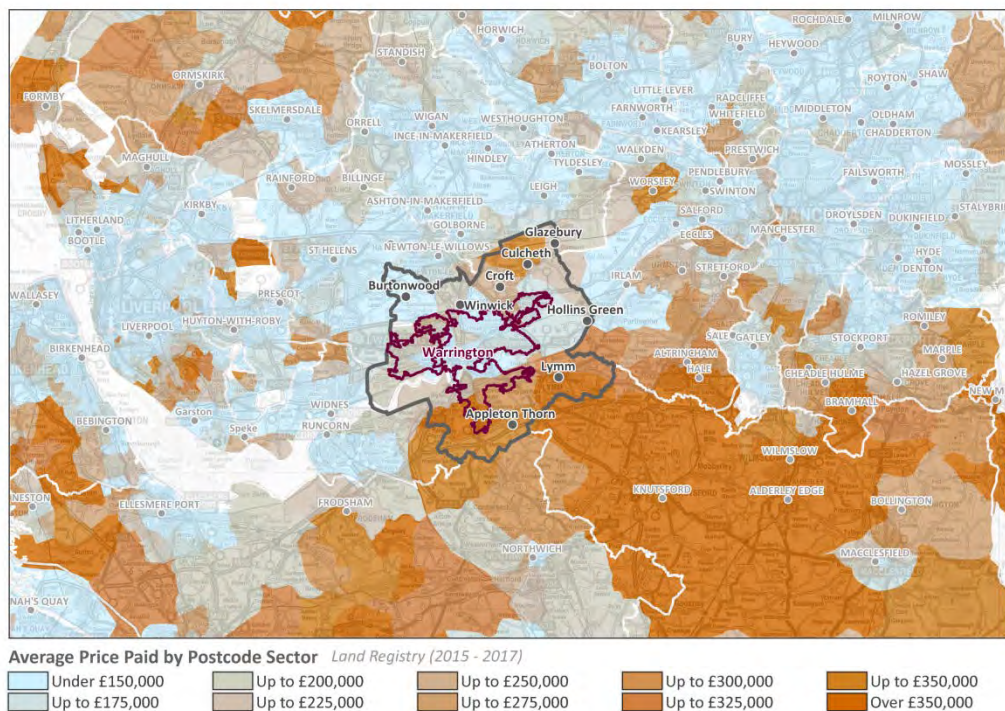
- 3.9 Details of the sale of 279 properties are provided at Appendix 1 to the LPVT-AI. No details are provided as to the source of either the unit sales details or the floor areas adopted for the calculation of value £psm. It is stated that details of sales up to 30 May 2018 are provided, but this appears misleading as the most recent sale within Appendix 1 is from 31 January 2018.
- 3.10 The sales values are presented within LPVT-AI Figure 1.1, with either a single £psm or two £psm value figures for each of the seven selected value locations. No development names or specific locations are provided. It is stated that the £psm figures describe the average sales values for each development, but it is not clear how an "average" can produce two value figures and no details are provided as to which development each set of figures relates. There is, in our opinion, a high danger that the use of a range of values without explanation can lead to misinterpretation and error.
- 3.11 It is noted that many of the sales included at LPVT-AI Appendix 1 date from before 2017. We regard these sales as historic, and having limited relevance to the assessment of current values. A number of the lower value comparable "averages" are excluded from the mapping, with no reasoning, and at least one average value on the map is produced by a single unit sale. Historic values for the Barley Green (Miller Homes) development are included on the map at Figure 1.1 at £2,472-£2,521 psm but more recent sales at the nearby Willow Vale development (Bloor Homes) at £1,918-£2,747 are excluded without reason, leading to misleading average value summaries in the mapping.
- 3.12 Some schemes to the south of the borough appear to consist of a small number of units, with one being a barn conversion scheme. We do not regard small schemes of this type as providing an appropriate assessment of residential development at scale and values should be reasoned and adjusted accordingly.
- 3.13 We regard further discussion of the values provided as inappropriate until the methodology is explained.

³ Parkhurst Road Ltd v Secretary of State for Communities And Local Government & Anor [2018] EWHC 991 (Admin)

- 3.14 The scheme name should be added to the mapping and the sales data at Appendix 1 should be sorted into specific developments so that it can be linked directly to the mapping.
- 3.15 It is noted that no comparable evidence is provided in respect of sales in Lymm. Perhaps no new build sales were completed during the period under consideration, but we are aware of schemes that are currently being marketed and which should be referenced for context, especially considering the considerable variations in values achievable in Lymm in comparison to some other areas around the central core of Warrington. We are aware Lymm is proposed to grow by circa 500 residential units and the exclusion of any value information for this location appears highly inappropriate.
- 3.16 There has been a limited amount of new build development in Warrington during recent years and, therefore, the setting of appropriate new build values across a whole borough can be regarded as difficult and in need of lateral thinking. The LPVT–AI references values that are now more than two years old. Whilst these historic sales provide some context, we recommend the use of detailed resale data to ensure that price differentials in different areas at Warrington can be understood and factored into viability assessments.
- 3.17 We are of the strong opinion that the Warrington residential market is segmented, with bands of values achievable in various locations within the Borough.
- 3.18 In order to set an appropriate tone of values, we regard it as essential to ensure that appropriate evidence is provided and accurately analysed. Viability testing must reflect the range of values achievable in various parts of the borough. Due to the lack of new build development, it is necessary to have reference to values achieved (since January 2017) on new build developments located in close proximity to Warrington, with comparisons drawn. Turley has undertaken a review of values achieved and current asking prices within schemes located either within Warrington or in close proximity.
- 3.19 It is clear from the comparable scheme mapping provided as **Appendix 2** that new build development in Warrington since January 2017 has been negligible, with only with only Edgewater Park (Morris) and Willow Vale (Bloor) have produced a significant number of sales since January 2017, averaging at £2,174 psm (£202 psf) and £2,433 psm (£226 psf) respectively.
- 3.20 Asking prices at new build developments to the west of Warrington Town Centre are currently at high levels, although these may well reduce when sales completions commence, following purchase negotiations and discounts. The generalised tone of values shown by those schemes in very close proximity to the Warrington border to the north, west and south west are circa £2,153–£2,368 psm (£200–£220 psf).
- 3.21 No conclusions are reached within the LPVT–AI in respect of the levels of values which may be adopted within Local Plan Viability testing and we regard the provision of evidence and averaged values as inappropriate when no conclusions are drawn from the information provided.

- 3.22 We note that within the May 2017 SOA Viability Assessment, values averaging £2,650 psm (£246 psf) were adopted without evidential support or any reasoning. Whilst sales values at such levels will be appropriate to certain areas of Warrington, it is clear that other areas are incapable of generating such values, taking into account achieved sales values, current asking prices and the wider tone of values achieved in neighbouring boroughs.
- 3.23 It is essential that any viability testing for Local Plan purposes must be supported by detailed evidential justification. This should be set out in a format that can be easily cross referenced against the supplied value mapping. A comparison between the values which can be generated in various areas of the borough must be carried out, as the adoption of a “one size fits all” sales value will produce misleading inappropriate and erroneous results.
- 3.24 Land Registry Information as set out in Figure 2.1, provides a clear indication of the banding of values within the Borough of Warrington, with highest values to the south of Warrington Town Centre and to the east in Lymm, with lower values achievable to the north east of the town centre, and lowest values achieved in the central band.

Figure 3.1: Average Price Paid by Postcode Sector in Warrington and the Wider Market (2015 – 2017)



Affordable Housing Receipt from Registered Provider (“RP”)

- 3.25 BNPPRE state that they have adopted their own bespoke valuation model for the assessment of social rented and shared ownership values, but no details of the methodology or assumptions adopted are provided, making further commentary in respect of the specifics of the assessment impossible. Full details of methodology and assumptions must be provided.

- 3.26 Also, BNPPRE, should make enquiries with active registered providers (RPs) to obtain appropriate opinions of the affordable housing values which may be achieved in the various sectors of the Warrington housing market.
- 3.27 It is stated that average values are calculated at £1,385 psm for social rented and £1,850 psm for shared ownership housing.
- 3.28 It is common practice to have reference to the market value of units in comparison to the proposed affordable housing values, with social rented housing generally equating to circa 35% of market value and shared ownership at circa 65-70% of market value.
- 3.29 Figure 2.1 shows the affordable housing values as a percentage of the minimum and maximum £psm as shown within LPVT-AI Figure 1.1.

Figure 3.2: Affordable Housing: Market Sale value Comparison

Tenure	Affordable Value as % of minimum new build sales psm value (£2,167 psm)	Affordable Value as % of maximum new build sales psm Value (£2,776 psm)
Social Rented Housing at £1,385 psm	63.9%	49.9%
Shared Ownership Housing at £1,850 psm	87%	66.8%

- 3.30 The social rented values, in particular, are well in excess of standard expectations with only the shared ownership housing value in the maximum value location falling within the normal range. These figures appear erroneous, and will overstate development viability.
- 3.31 The provision of partial information within a viability consultation document is regarded as inappropriate, potentially leading to additional work for both BNPPRE and consultees, as it is not possible to draw reasonable conclusions without full evidence or methodology.

Ground rents (leasehold flats only)

- 3.32 The LPVT-AI assumes ground rents of £100 per annum on flats capitalised at a 4.5% yield.
- 3.33 These assumptions would have been regarded as acceptable until the publication of the DCLG *“Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response”*⁴ document in December 2017, which, at Paragraph 69 states *“We will introduce legislation so that, in the future, ground rents on newly established leases of houses and flats are set at a peppercorn (zero financial value).”*

⁴ Department for Communities and Local Government: Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response December 2017

- 3.34 The LPVT-AI references “*high level legal advice*” in respect of onerous lease terms, but does not appear to acknowledge the Government’s stated intention to remove the ability to charge ground rents on houses and flats. Details of the legal advice should be provided for consultation, or the assumption of ground rents should be removed.

Commercial Rents and Investment Yields

- 3.35 The LPVT-AI provides information that is stated to be drawn from the Warrington & Co Annual Property Review 2017 and from CoStar. Extremely high level information is provided in respect of the perceived yields and rentals from the core commercial uses, plus leisure.
- 3.36 No conclusions are reached in respect of the rents or yields that are proposed to be adopted within a Local Plan Viability Assessment and no mention is made in respect of the level of void period, incentives or rent free periods which will be required and must be taken into account within any assessment.
- 3.37 The range of figures provided is regarded as extreme, and the information somewhat meaningless. For example, retail is quoted as generating “letting ranges” (rents?) of £12.27 to £446.92 psm.
- 3.38 It is concerning to see that reference is made to “*new retail, office and industrial floor space will attract rents at the top end of these ranges*”. Any attempt to adopt values which fall at the high end of the ranges produced by comparables will be regarded as highly inappropriate, with evidenced support required to ensure that each property use type is appropriately modelled for its geographical location. As currently presented, it appears that new build retail units for example in, say, a suburban location will be valued at the same level as the best quality town centre units, which we would regard as highly inappropriate.
- 3.39 No reasonable conclusions can be drawn in respect of rentals and yields from the information presented within the LPVT-AI, with evidential support required along with reasoned conclusions, taking full account of the variation in values achieved dependent upon use type and geographical location.

Construction Costs (plot costs)

- 3.40 The LPVT-AI heading refers to plot costs, but these costs are not defined. We could make assumptions in respect of the costs which are to be assumed to fall within plot costs, but regard this as inappropriate and a definition should be provided. It is proposed to adopt BCIS lower quartile costs for residential and commercial construction.
- 3.41 The BCIS data source is regarded as acceptable for the purpose of assessment of national housebuilder construction costs within the region at the present time. However, it will be inappropriate for smaller developments, where BCIS mean data is regarded as a more appropriate to reflect the average level of costs for smaller developers, which are unlikely to benefit from the efficiencies generated by larger scale developers.

- 3.42 It is important that the most up to date information is adopted within any viability testing. The LPVT-AI draws the BCIS data from the extensive default period (15 years) of data collection, whereas we regard a five year period as far more appropriate to provide a realistic indication of current construction costs. As can be seen from the BCIS extract at **Appendix 3**, Estate housing (generally) rebased to Warrington at the lower quartile is at £1,092psm when assessed on a five year period. This is an increase of £52psm in comparison to the figure proposed in the LPVT-AI.
- 3.43 Plot costs must include the construction of garages, but garages are not referenced within the LPVT-AI. Confirmation must be provided in respect of the proposed methodology for the assessment of garage construction costs.
- 3.44 No information is provided in respect of anticipated rates of construction or rates of sale. This information must be provided and the rates must be linked, to reflect national house builder delivery.

Contingency

- 3.45 A 5% contingency allowance is proposed, which we regard as appropriate. However, reference is made to the contingency being applied to the BCIS plot costs. This approach is not regarded as appropriate as contingency is required on base build, external works, elements of infrastructure, abnormal costs and all other cost elements which may be subject to variation as the scheme progress. We request revised methodology in this regard.

Site Infrastructure and External Works (non plot costs)

- 3.46 The LPVT-AI states *“We have allowed £20,000 per unit to cover site infrastructure and external works, which is informed by live developments and the range identified in the Local Housing Delivery Group guidance ‘Viability Testing Local Plans: Advice for planning practitioners.’ (Harman Guidance).”*
- 3.47 Whilst the LPVT-AI heading refers to *“non-plot costs”*, no further allowance for external works is proposed. Therefore, it must be assumed that the £20,000 per plot allowance is to cover all costs of infrastructure required to create each development parcel, and then to provide servicing and external works within each development parcel.
- 3.48 The Harman Guidance states a range of £17-23,000 per plot to cover *“strategic infrastructure costs”* which are *“associated with providing serviced housing parcels”*.
- 3.49 On this basis, the Harman Guidance is clear that the *“Strategic infrastructure and utility costs”* of £17-23,000 per plot sit outside the standard costs of external works encountered in the development of any housing or non-residential site. In effect, the Harman Guidance provides a guide to the servicing costs that must be expected will impact upon developments of scale, and must be resolved through delivery of new infrastructure works.
- 3.50 We regard the external works incurred within a development parcel as necessary for bringing forward each residential development plot. External works include roads, lighting, pavements, rainwater and sewage drainage, plot connections, driveways,

gardens and fencing. External works are regularly found to fall within the range of 15-20% of base construction costs (when working from a lower quartile BCIS base). Such costs must be clearly defined within any appraisal and will be subject to contingency and professional fees.

- 3.51 The first paragraph of the LPVT-AI states that the purpose of the document is to *“determine the viability of schemes and their ability to absorb emerging plan policies including contributing towards the cost of the infrastructure that will be required to support development”*. Given this purpose, it is very surprising that no detailed breakdown of site infrastructure costs are provided, with only very generalised, averaged costs of site infrastructure and external works being proposed to be included in the testing. No reference is made to the actual anticipated levels of infrastructure expenditure which will be required to enable development on the main sites identified within the Local Plan.
- 3.52 It is extremely important that a landowner should be capable of generating an appropriate level of return from the sale of their land. Failure to do so will mean land is withheld from disposal and development, which will restrain housing (and other) land supply. It is, therefore, very important to ensure that an appropriate assessment of land value is included in any viability testing and delivery must not be fettered by an over-estimation of the extent to which land owners will be prepared to contribute towards items of infrastructure which may, or may not, directly impact upon development on their land.
- 3.53 No reference is made to the impact of abnormal costs on greenfield or brownfield sites upon their ability to deliver housing. Such costs should reasonably be anticipated upon the development of both greenfield and brownfield sites. It is accepted that these costs are site specific. Abnormal costs will vary and it is acknowledged that it is difficult to capture within a generalised viability assessment.
- 3.54 However, the minimum land values adopted within the SOA are advocated by BNPPRE as representative of the absolute minimum required for a land owner to release their site for development inclusive and accounting for ALL costs. Hence, there is no scope for any further reduction in this minimum land value as a result of abnormal costs, which must be anticipated to be generated on any site, whether it be greenfield or previously developed.
- 3.55 The complete exclusion of an abnormal cost allowance within the assessment is regarded a major oversight. The reality is that abnormal costs can often reduce the RLV below the threshold land value which would incentivise a land owner to release land for development. Failure to incorporate an appropriate abnormal cost allowance will put the deliverability of sites at risk by producing a misleading set of results. On the basis of their knowledge and experience of green field housing delivery, Peel recommends the adoption of an average abnormal cost appraisal assumption equating to £200,000 per hectare.

Developer’s return

- 3.56 Applicants are stated to have adopted market sale profit at 17.5% of GDV and affordable housing profit at 6-7% of costs within submitted Viability Assessments, with

the same rates proposed to be adopted within Local Plan viability testing. Due to the confidential nature of the submitted Viability Assessments, we do not expect that such information will be made available for consultation purposes and we do not regard the use of site specific Viability Assessments as appropriate for the more generalised and cautious approach, which must be adopted for wide scale Local Plan Viability testing.

- 3.57 Moreover, the proposed assumption is not in line with Government guidance, with the draft PPG providing clear indications in respect of the appropriate level of return that should be allowed for both market and affordable housing products, as follows:

For the purpose of plan making an assumption of 20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish viability of the plan policies. A lower figure of 6% of GDV 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 the risk. Alternative figures may be appropriate for different development types e.g. build to rent. 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.

- 3.58 The LPVT-AI states that the proposed rates of developer's profit "*reflect local circumstances*". We are not aware that national developers modify their profit expectations depending on specific locations. Whilst there may be slight variations in the developer's required hurdle rates, it is widely accepted that the profit requirements from speculative residential development will need to equate to at least 20% of gross development value for market housing units, and it is noted that the draft PPG adopts 6% of GDV for affordable housing products, rather than the 6-7% of costs as proposed within the LPVT-AI.
- 3.59 Whilst the draft PPG presently remains to be adopted, we regard the rates as set out therein as appropriate. We regard discounted market sale units as requiring the same level of profit as market sale due to sales risk.

Finance Costs

- 3.60 A finance rate of 6% is proposed within the LPVT-AI. This is regarded as a minimal allowance, with an all-in finance rate of 6.5% being more representative of the current lending market, and more thoroughly covering the risk profile associated with the proposed level of residential delivery within the borough.
- 3.61 The LPVT-AI makes no reference to a credit rate, and we regard the exclusion of a credit rate as representative of market conditions and a developer's approach to scheme assessment. It is, however, noted that the May 2017 Spatial Options Assessment made no written reference to a finance credit rate, but then included a 1% credit within the appraisals which were attached at Appendix 1. We regard the lack of clarity within the previous document as inappropriate, and we encourage the Council to ensure that a similar approach is not erroneously adopted on this occasion.
- 3.62 We recommend the adoption of a finance rate at 6.5%, which is in line with market expectations and commonly accepted viability methodology for Plan-making.

Land acquisition costs

- 3.63 The LPVT-AI land acquisition costs in respect of SDLT, agent and legal fees are regarded as acceptable.

Benchmark Land Value

- 3.64 As within the SOA Viability, a benchmark land value of £210,000 per gross hectare (£84,986 per gross acre) is proposed in the LPVT-AI. Within our PDO representation, we stated that *“The minimum values should be reconsidered and adjusted upward to a more realistic level that reflects guidance on viability assessment, research and practice on land values and the likely operation of the market in Warrington.”*

- 3.65 Our comments still stand, and are reinforced by the Government’s Draft PPG which states:

In all cases, benchmark land value should:

- **fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;**
- **fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;**
- **allow for a premium to landowners (including equity resulting from those building their own homes); and**
- **be informed by comparable market evidence of current uses, costs and values wherever possible. Where recent market transactions are used to inform assessment of benchmark land value there should be evidence that these transactions were based on policy compliant development. This is so that previous prices based on non-policy compliant developments are not used to inflate values over time.**

- 3.66 It is clear that the setting of benchmark land values should not rely on an arbitrary uplift from existing use value. This has been reiterated by the recent High Court Judgement with respect to Pankhurst Road, Islington⁵. Such an approach will be regarded as cherry picking from the draft guidance as issued by Government, and risks the Council’s approach to preparation of the Local Plan becoming challengeable.
- 3.67 Whilst a multiplier of existing use value will provide a premium for greenfield land owners, the draft PPG requires that the benchmark value must also be assessed with reference to land purchase values for policy compliant development or, it can be inferred, reweighted land values if the proposed scheme is not policy compliant. This should ensure that arbitrary multiplier or percentage uplifts in existing use value are not regarded as acceptable if evidence shows that higher values are required for land to be released. This is consistent with the High Court Judgement with respect to Pankhurst Road, Islington.
- 3.68 The Council’s proposed approach to benchmark land value assessment cannot be regarded as credible, robust, or consistent with most recent case law on the matter, as it has no reference to rational and reasonable land owner’s expectations and local market transactions (re-weighted or otherwise).

⁵ Parkhurst Road Ltd v Secretary of State for Communities And Local Government & Anor [2018] EWHC 991 (Admin)

- 3.69 The proposed benchmark falls well below the levels adopted in nearby boroughs. For example, viability assessments for the calculation of appropriate CIL rates in Trafford⁶ adopted three levels of land value benchmarks, varying upon the achievable sales value within “Cold” (£167 psf), “Moderate” (£200 psf) and “Hot” (£260 psf) sub-market areas. We expect Warrington values to fall within the Moderate and Hot value areas. Trafford adopted benchmark values of £1.125m and £1.8m per gross hectare respectively for these value areas respectively.
- 3.70 Also, for context, we are aware that publically owned land in the north west has sold for values significantly in excess of the proposed benchmark value. For example, the Homes England Cottam K site in Preston (6.5 net developable acre) sold for £1,223,000 per net hectare in 2013, with requirements for 20% affordable housing and construction to Code for Sustainable Homes Level 4 and sales values of £210-230 psf.
- 3.71 In comparison, the benchmark proposed within the LPVT-AI is clearly insufficient.
- 3.72 We regard the proposed use of a single benchmark land value across the borough as inappropriate, considering the variation in residential sales values which can be evidenced in various sectors of the Warrington market.
- 3.73 It is anticipated that following a due diligent land value research exercise, it will be established that land in the higher value locations with the borough will generate higher development land values than land in lower value areas. It cannot be regarded as reasonable to expect all land owners to release their land for development on the basis of the same arbitrary and consistent sum.
- 3.74 We request that the Council should ensure that BNPPRE fully investigate and present comparable land sale evidence both within the borough and (if evidence is thin) surrounding authorities, with the comparables reasoned (and weighted) with reference to sales values (and other appropriate factors) in the comparable locations. With the benefit of such evidence, it will be possible to ensure that benchmark land values are set at suitably evidenced and appropriate levels, providing sufficient premium to ensure that land owners are appropriately rewarded for the release of land for development within the Warrington market.
- 3.75 BNPPRE’s proposed shortcut approach to the assessment of a benchmark land value is regarded as inappropriate, outdated, and not in line with the draft PPG or recent case law. The Council is strongly encouraged to ensure that the interests of land owners are appropriately assessed and that sufficient incentive is included to ensure that future policies are achievable. This will ensure that sufficient land will be released for the required level of development, and should limit recourse to site specific viability assessment, which will accelerate delivery.
- 3.76 As currently proposed, we regard the level of greenfield benchmark land value as offering insufficient return, creating a significant threat to residential development delivery during the Local Plan period.

⁶ Trafford Community Infrastructure Levy Viability Study Technical Note on Viability Assessment Assumptions October 2013

- 3.77 The LPVT-AI references benchmark land values for previously developed land to be based on existing use values, but provides no details on the proposed methodology or assumptions to be adopted.
- 3.78 Again, evidenced support is needed for the assessment of brownfield land values.

Submitting Comments and Supporting Evidence

- 3.79 The LPVT-AI states that *“stakeholders are invited to submit their comments, including where they consider assumptions are appropriate, as well as where they wish to provide alternative opinions with supporting evidence”*.
- 3.80 A summary of the primary LPVT assumptions and Turley comments are included at **Appendix 4**.
- 3.81 Along with our clients, we request that the Council requires their advisors to provide a more reasoned and evidenced assessment of viability to include input assumptions and draft conclusions so that comments can be provided from an informed position and an appropriate level of understanding. Also, we request that the consultation process must be regarded as a two way process, with feedback to be provided to those providing comments to show how comments have been considered and actioned.
- 3.82 We do not regard the provision of detailed consultee evidence as appropriate at the current stage of the Local Plan viability testing process. Insufficient detail of methodology and underpinning market evidence has been presented within the LPVT-AI, leading to significant uncertainty in respect of the likely appraisal outputs. We regard it as necessary for detailed work to be completed by the Council and its advisors to ensure that consultees are not presented with a flawed and erroneous “black box” approach to viability assessment which cannot be regarded as appropriate or compliant with NPPF or PPG.
- 3.83 The provision of a partial and un-evidenced approach to consultation creates the risk that land owners and developers may not realise the importance of the matters that are being proposed within the LPVT-AI.
- 3.84 The Council is requested to establish a group of interested parties to act as a sounding board and provide evidence for inclusion in the viability assessment of development which will deliver residential and other development over the 20 year period of the Local Plan Strategy.

Appendix 1: Comments on BNP Paribas Real Estate – Spatial Options Assessment

Warrington Borough Council,
Local Plan Review

Comments on BNP Paribas Real Estate -
Spatial Options Assessment ('SOA')

Representation prepared on behalf of:

Peel Holdings (Management) Limited

September 2017

Turley

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September 2017

1. Introduction

Purpose

- 1.1 This report is provided on behalf of Peel Holdings (Management) Limited ('Peel') and provides comments on the 'light touch' Spatial Options Assessment ('SOA') prepared by BNP Paribas Real Estate ('BNPPRE') on behalf of Warrington Borough Council as part of the development of the Warrington Local Plan.

Summary of Spatial Options Assessment

- 1.2 The SOA includes a first stage viability analysis for the development of Green Belt sites ranging from 500-6,000 units across the following 4 development typologies:

- Incremental Growth in Outlying Settlements: 500 units
- Urban Extensions: 1,400 units
- Large Urban Extension: 2,800 units
- Garden City Suburbs: 6,000 units

- 1.3 These growth typologies are the expected development forms necessary to deliver a large proportion of the 22,260 dwellings proposed through the Preferred Development Option (PDO) between 2017-2037. Peel are in agreement with the principle of the release of Green Belt land as identified in the PDO document and recognise this as an important mechanism for delivering housing need within WBC.

- 1.4 The SOA sets out in generalised, high level terms, to determine the extent to which the infrastructure requirements required to facilitate the delivery of the Local Plan can be supported across each development typology without compromising site viability. The SOA presents each development typology, outlines headline assumptions adopted within each assessment, and presents the appraisal results. The SOA undertakes a 'sensitivity analysis' which attempts to incorporate sales value growth over time. The SOA includes appraisal summaries within its appendix, albeit without supporting and accompanying cashflows at this stage.

- 1.5 BNPPRE assess site viability by comparing the Residual Land Value (RLV) generated by the appraisals with a value stated as the "min land value for landowner". If the RLV exceeds this "min land value", the surplus value is proposed to represent the amount which is available for infrastructure. The SOA concludes that WBC could secure between £21,496 and £31,521 per unit towards the provision of on-site community infrastructure and major off-site infrastructure. The results of the sensitivity analysis conclude that between £39,296 and £63,181 per unit could be secured after accounting for expected value growth.

- 1.6 It is our understanding that the SOA is a 'light touch' precursor to a proposed, more detailed viability and infrastructure delivery assessment exercise, to be undertaken on a site-specific basis by BNPPRE on behalf of the Council. This will assess the final

development sites and locations to be allocated in the forthcoming Draft Local Plan. Presumably, however, the SOA will be utilised by WBC in informing its approach to spatial options within the Draft Local Plan, and will therefore carry some weight in this process by establishing headline principles and expectations.

- 1.7 However, Peel has identified a number of potential issues within the SOA viability assessment and supporting evidence base, which leads to a conclusion that the proposed available amount for infrastructure provision may unviably burden future development, which is necessary for Local Plan deliverability.

2. Matters of Representation

- 2.1 This chapter elaborates on specific technical issues within the PDO viability evidence to be utilised by WBC in the formation of the Local Plan Review to influence site selection and infrastructure requirements.
- 2.2 National policy underlines the requirement for Local Authorities to test their plan at various stages in order to ensure delivery.
- 2.3 Paragraph 173 of the NPPF¹ states the following:

“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

- 2.4 Paragraph 174 of the NPPF states the following:

“Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.”

- 2.5 The following representations identify some concerns regarding the viability testing for the PDO which risks compromising the deliverability of a future Local Plan. Unless otherwise stated, the focus of analysis is upon the ‘Warrington Borough Council Spatial Options Assessment’ prepared by BNPPRE on behalf of WBC, which supports and informs the PDO. Comments are set out under relevant sub-headings.

Development Typologies

- 2.6 Testing should be applied to development typologies likely to be brought forward in delivering the Local Plan. PPG states that:

“The sampling should reflect a selection of the different types of sites included in the relevant Plan, and should be consistent with viability assessment undertaken as part of plan-making.”

¹ DCLG (2012) National Planning Policy Framework (NPPF)

- 2.7 The SOA tests viability across hypothetical schemes of 500, 1,400, 2,800 and 6,000 units. The PDO report, published by WBC, states that despite maximising the capacity of the existing urban area, development need can only be met by the release of Greenbelt land for the provision of 8,791 units².
- 2.8 The PDO states that 1,000 units will be delivered across incremental growth sites within outlying settlements. The remaining approximate 8,000 units to be delivered on the Green Belt as a 6,000 unit Garden City Suburb and a 2,000 unit urban extension.
- 2.9 The SOA uses a 500 unit site as the typology to test the 1,000 unit incremental growth scenario, leading to an assumption that only two sites will provide incremental residential growth in outlying settlements. However, 92 Green Belt sites were submitted during the Call for Sites, as outlined within the PDO Consultation Report.
- 2.10 No recommendations are made within the PDO as to the composition of sites contributing to the 1,000 unit provision and it is perhaps unlikely that such growth will be delivered by only two sites. A more fine grained analysis should be undertaken to correctly represent potential incremental growth, say with 2-3 sites for larger settlements and 1 site for smaller settlements. Therefore, the residential typologies appraised within the SOA do not at this stage appropriately represent the scale and number of sites within the PDO and envisaged as critical to meeting the objectively assessed needs of WBC.
- 2.11 Within the SOA, BNPPRE details that the 6,000 Garden City Suburb Typology also includes a variety of non-residential uses expected on site. There is no indication of the scale of these. The SOA does not account for these uses within its viability assessment in terms of revenues and build costs and hence their impact on RLV. The specific realities of delivering this development typology are therefore not appropriately allowed for within testing and a revised methodology should incorporate the proposed non-residential uses as essential.

Unit Sizes (by tenure)

- 2.12 The SOA does not specifically state the unit sizes, bed numbers or unit types adopted within the assessment for any of the assumed tenures.
- 2.13 The appended appraisals provide a total developed area (m²) across private units, affordable rented units and intermediate. As the appraisals also detail unit numbers across each tenure, the average unit size could be extrapolated as follows:
- Market Housing: 95m² (1,023ft²)
 - Affordable Rent: 85m² (915ft²)
 - Intermediate Housing: 70m² (753ft²)
- 2.14 In order to tie the figures adopted by BNPPRE to WBC's Local Plan evidence base, consideration has been given to the Mid Mersey Strategic Housing Market Assessment (2016) (SHMA). The SHMA forms part of the supporting evidence base within the PDO

² WBC 'Preferred Development Option- Consultation' (2017)

Consultation, outlines the market and affordable housing requirement by number of bedrooms (%) from 2017-2037 within Warrington. This is indicated within table 2.1 below.

Table 2.1: Warrington’s Market and Affordable Housing Requirement by Number of Bedrooms

No. of Bedroom	Market Housing %	Affordable Housing %
1	6.5%	48.7%
2	32.1%	25.7%
3	49.9%	23%
4+	12.2%	2.7%

Source: Mid Mersey Strategic Housing Market Assessment (2016)

- 2.15 With regard to the affordable unit requirements, an average unit size of 85m² across the affordable rented typology, as adopted within the SOA, is considered high in comparison to the requirements outlined within the SHMA. The SHMA mix, which includes 74.4% 1 and 2 bed units, would produce a significantly smaller average unit size. BNPPRE provides no reasoning to justify the assumed unit sizes.
- 2.16 The SOA adopts an average unit size of 75m² across intermediate housing with no justification for the size difference between the affordable tenures. We would expect intermediate tenure houses to offer the same, or larger average unit sizing than affordable rented.
- 2.17 The potential lack of clarity regarding the assumptions adopted in respect of affordable housing within the viability assessment could cast doubt upon the validity of the SOA, with limited indication that the SHMA has been referenced. This is a concern given its relevance to the delivery of the Local Plan.

Unit Types

- 2.18 There is no justification provided for the total developed area adopted within each appraisal or any indication of the bedroom numbers, unit size, or unit type mix which combine to form each adopted average floor area. The extent to which the assessed typologies are in direct response to local housing need is unclear and ambiguous and it is requested that further information and methodology be provided to evidence and justify the proposed assumptions.

Garages

- 2.19 It is unclear whether any consideration has been given to the reasonable provision of garages within any of the assessed scenarios. Based on Peel and Turley’s experience of working with national house builders across the region, it is anticipated that all 3+ bedroom open market detached dwellings would provide at least a single garage, with 4 bedroom and 5 bedroom dwellings providing double garages (or triple garages in limited cases). Considering the SHMA requirements and the average market housing unit size,

it is clear that the unit mix would lean considerably towards provision of units with garages.

- 2.20 Whilst garages will not attract a full £/m² house build cost, the costs of garage construction are substantial – ranging from circa £250/m² for integral garage construction through to £450/m²-£500/m² for detached garages (dependent on whether single, double or triple). Failure to accommodate and clearly set out these costs represents a potential shortcoming of the SOA.
- 2.21 Confirmation is requested as to whether any allowance has been made for the provision of garages within the viability assessment. If not accounted for, this represents a potential weakness within the viability evidence base which could, as a result substantially underestimate construction costs and overstate the propensity of sites to accommodate infrastructure costs.

Development Programme

- 2.22 BNPPRE detail the build period across each typology ranging from 5-20 years. The build rate across each typology is derived as follows:
- Incremental Growth: 100 units per annum
 - Urban Extension: 140 units per annum
 - Large Urban Extension: 187 units per annum
 - Garden City Suburb: 300 units per annum
- 2.23 The SOA gives no details on the basis on which each typology is being developed, however subsequent referencing to phasing for each typology suggests that BNPPRE has assumed that each site is being delivered as a multi-developer outlet.
- 2.24 BNPPRE do not specify an adopted sales rate or detailed development programme assumptions such as pre-construction period. Without this clarity it is not possible to assess the SOA as robust at this stage. It is requested that BNPPRE provide specific details regarding build and sales period assumptions.
- 2.25 The summary appraisals suggest that a phased approach to delivery has been modelled, albeit this is not explained within the SOA. Given that any such phasing will have a critical impact on the results, confirmation is requested of the approach adopted, including details of the number of assumed sales outlets and delivery profile.

Development Costs

Construction Costs

- 2.26 The SOA adopts a base construction cost for house build of £1,050/m². BNPPRE do not state the basis upon which this assumption was formed, or provide evidence in its support. Further clarity should be provided on how these construction costs have been derived.

Professional Fees & Contingency

- 2.27 The SOA adopts professional fees at a level of 9% of base build. A rate of 9% of base costs to cover professional fees is at the lower end of industry expectations on medium and larger development sites, where the Harman Guidance³ advocates a range of 8 – 20%. Peel would expect to see professional fees at circa 10% (including planning, surveying, NHBC etc.) on sites of less than 100 units, but would fully anticipate professional fees to increase to 15-20% on sites larger than 300 units, and strategic sites, particularly those requiring long term promotion through the planning system and extensive survey and assessment work as is likely to be the case with most sites in Warrington. This is itself clearly recognised as a realistic, necessary and appropriate order of cost within the Harman Guidance. BNPPRE should re-run the viability assessment incorporating increased professional fees allowances to reflect the fee ranges set out above.
- 2.28 Critically, professional fees will also be incurred on the design and delivery of external works (e.g. highways; sewerage; services, infrastructure etc.). The application of professional fees should cover both base construction costs and external works within the viability appraisals. BNPPRE has not done this within the SOA, and no professional fees are assumed to be necessary to deliver external works. A separate 5% contingency rate has been applied to the base construction costs within the SOA. This rate is regarded as appropriate. Within the appended appraisals BNPPRE applies contingency to the infrastructure and external works only, however a contingency allowance should also be applied to the professional fees to appropriately reflect the complexities within the design and promotion of such sites, and the risk of escalation.

Finance Rate

- 2.29 The SOA states that a finance rate is applied at a 6% debit rate. A finance rate of 7% is more representative of the current lending market.
- 2.30 Review of the appended cashflow for each typology details that BNPPRE have also applied a 1% credit rate within each appraisal. This is not recognised as an industry standard assumption and there is no evidence or justification for inclusion within each appraisal the inclusion of any credit rate. The adoption of a credit rate is misrepresentative of the reality of finance costs generated on large scale developments, particularly given the high level nature of the SOA assessment.

Abnormal Costs

- 2.31 There is no specific allowance for abnormal costs incurred across any of the typologies. Such costs should reasonably be anticipated upon the development of greenfield sites. It is accepted that these costs are site specific. Abnormal costs will vary and it is acknowledged that it is difficult to capture within a generalised viability assessment.
- 2.32 The minimum land values adopted within the SOA are put forward by BNPPRE to represent the absolute minimum required for a land owner to release their site for development inclusive and accounting for ALL costs⁴. Hence, there is no scope for any further reduction in this 'minimum land value' as a result of abnormal costs which must

³ Viability Testing Local Plans - Advice for planning practitioners June 2012

⁴ Peel provides further comment on the appropriateness of the 'minimum land value' under a dedicated sub-heading later in this representation.

be anticipated to be generated on any site, whether it be greenfield or previously developed.

- 2.33 The complete exclusion of an abnormal cost allowance within the assessment as a major oversight. The reality is that abnormal costs can often reduce the RLV below the threshold land value which would incentivise a land owner to release land for development. Failure to incorporate an appropriate abnormal cost allowance puts the deliverability of sites at risk, and undermines the results within the SOA. On the basis of their knowledge of green field housing delivery, Peel recommend the adoption of an average abnormal cost appraisal assumption equating to £200,000 per hectare.

Open Market Sales & Land Values

Open Market Sales Values

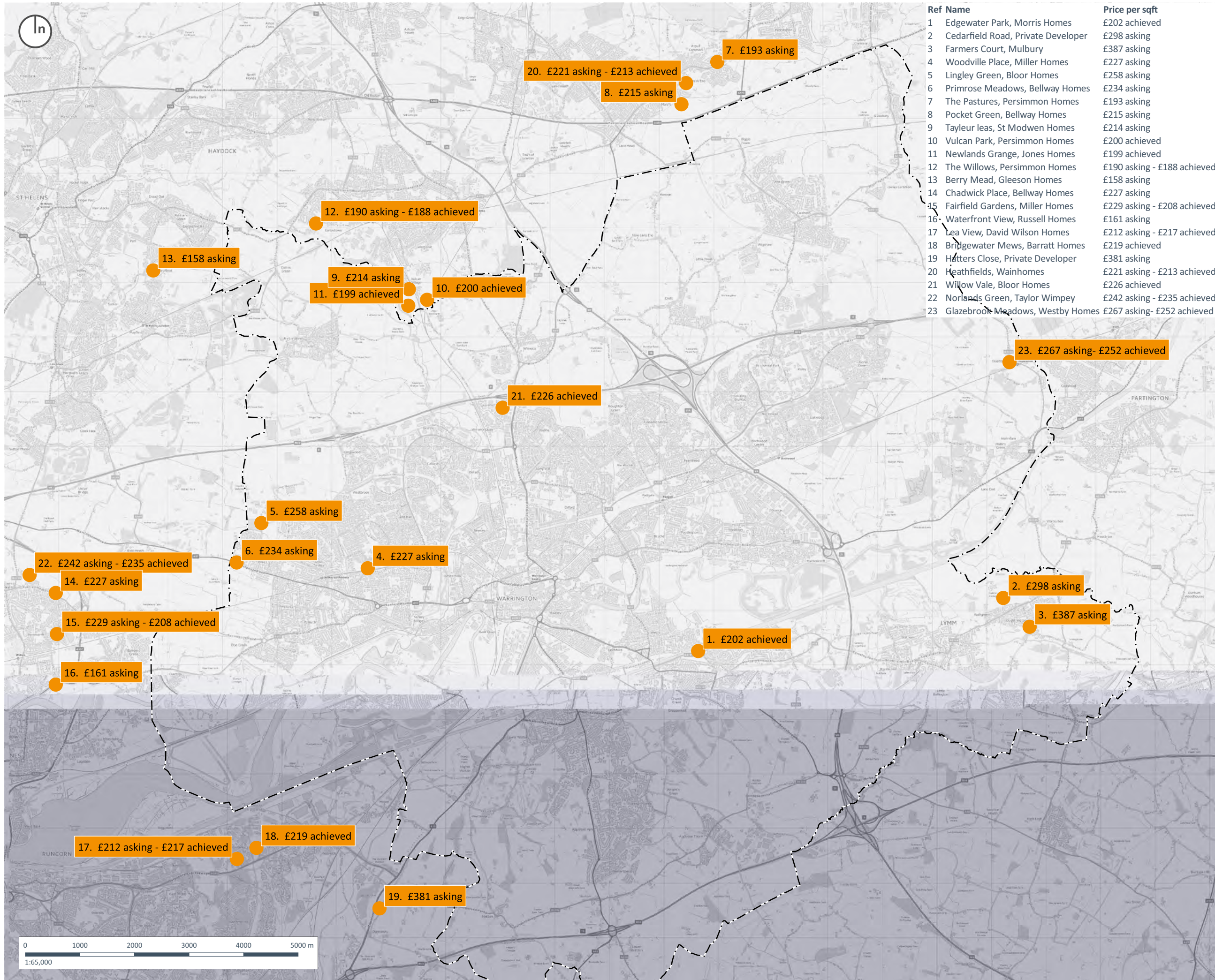
- 2.34 The SOA states the adoption of an average sales value of £2,650/m², based on new build achieved sales units within a 12 month period, and this value is adopted within the appraisals to calculate overall gross development value (GDV) for each of the four typology appraisals.
- 2.35 The evidence base which supports these adopted average sales values has not been published by BNPPRE within or accompanying the SOA. The appropriateness of the sample size and the variety of units cannot be assessed and therefore the appropriateness of the adopted methodology and resultant value cannot be determined.
- 2.36 Relevant RICS guidance advocates that development sales values should be supported by local comparable evidence. Guidance within the Harman Report also confirms:
- “...when considering information on sales values and rates care should be taken to reflect current market conditions having regard to net sales revenues rather than asking prices.”*
- 2.37 BNPPRE provides no information on the methodology employed in the collation of the supporting evidence base and the basis (net/gross) of the comparable values.
- 2.38 Given that SOA is centred around the release of sites across the Borough in different market areas, the adoption of a single value sales rate to appropriately capture the variety of possible sites and their associated value difference is regarded as inappropriate.
- 2.39 The full market pricing evidence base that has underpinned the SOA should be published for consultation and stakeholder comment/review. As stated within the Harman Report, sales values within viability testing should be informed by net achieved sales and represent local market actualities. Without the provision of the evidence base the robustness of the adopted GDV cannot be determined.
- 2.40 BNPPRE have undertaken additional scenario testing to account for the potential 'real growth' in sales values over time. They have adopted a 2% value increase per annum (net of build cost inflation). The adopted inflation rate is not substantiated at this stage. It is unclear at this stage why sales value growth is assumed above build cost inflation by 2%, or even if any build cost inflation has been considered.

- 2.41 The SOA does not include appraisal summaries associated with this scenario testing, so it is not possible to determine the key modelling assumptions. These should be published along with cash flows.

Minimum Land Values

- 2.42 BNPPRE states that it adopts a minimum land value of “*no more than 10 times agricultural land value*” which is considered to reflect “*a competitive return in comparison to existing use*”. The SOA does not directly state or evidence the adopted agricultural land value; however working back from the stated landowner’s return, using gross site areas and the stated minimum land value, an agricultural value of £21,000 per gross hectare appears to have been adopted.
- 2.43 The adopted minimum land values equate to £210,000 per gross hectare (84,986 per gross acre) are the lowest proposed level of strategic land value that Turley and Peel have seen across a large number of Local Authority assessments, including many areas with weaker housing markets. There is no evidence or basis to suggest that the market would operate differently in Warrington in a way that suppresses land values.
- 2.44 BNPPRE’s land value assumption is hence at risk of understating the competitive return to a willing landowner in line with the NPPF. This will lead to a misrepresentation of the revenue available for infrastructure provision. The subsequent allocation of sites based on erroneous assumptions within the SOA could harm the deliverability of sites and the Local Plan.
- 2.45 The minimum values should be reconsidered and adjusted upward to a more realistic level that reflects guidance on viability assessment, research and practice on land values and the likely operation of the market in Warrington.

Appendix 2: Comparable New Build Value Map



Ref Name	Price per sqft
1 Edgewater Park, Morris Homes	£202 achieved
2 Cedarfield Road, Private Developer	£298 asking
3 Farmers Court, Mulbury	£387 asking
4 Woodville Place, Miller Homes	£227 asking
5 Lingley Green, Bloor Homes	£258 asking
6 Primrose Meadows, Bellway Homes	£234 asking
7 The Pastures, Persimmon Homes	£193 asking
8 Pocket Green, Bellway Homes	£215 asking
9 Tayleur leas, St Modwen Homes	£214 asking
10 Vulcan Park, Persimmon Homes	£200 achieved
11 Newlands Grange, Jones Homes	£199 achieved
12 The Willows, Persimmon Homes	£190 asking - £188 achieved
13 Berry Mead, Gleeson Homes	£158 asking
14 Chadwick Place, Bellway Homes	£227 asking
15 Fairfield Gardens, Miller Homes	£229 asking - £208 achieved
16 Waterfront View, Russell Homes	£161 asking
17 Lea View, David Wilson Homes	£212 asking - £217 achieved
18 Bridgewater Mews, Barratt Homes	£219 achieved
19 Hatters Close, Private Developer	£381 asking
20 Heathfields, Wainhomes	£221 asking - £213 achieved
21 Willow Vale, Bloor Homes	£226 achieved
22 Norlands Green, Taylor Wimpey	£242 asking - £235 achieved
23 Glazebrook Meadows, Westby Homes	£267 asking - £252 achieved

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Warrington
 Comparable Scheme

CLIENT:
 change via project property variable

PROJECT:
 change via project property variable

DRAWING:
 Comparable Schemes

PROJECT NUMBER:
 change via project property variable

DRAWING NUMBER: GIS_100
 CHECKED BY: SS

REVISION: 1.1
 STATUS: Draft

DATE: June 2018
 SCALE: 1:65,000 @ A3



Appendix 3: BCIS Average Prices Extract

Results

> Rebased to Warrington (100; sample 38) Edit

£/m2 study

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

Last updated: 23-Jun-2018 12:20

Maximum age of results: 5 years ▼

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (5)	1,229	775	1,092	1,185	1,337	2,776	426
810.1 Estate housing							
Generally (5)	1,218	711	1,038	1,162	1,304	4,114	476
Single storey (5)	1,421	886	1,146	1,362	1,552	4,114	73
2-storey (5)	1,163	711	1,022	1,140	1,255	2,318	378
3-storey (5)	1,297	827	1,074	1,245	1,406	2,470	22
4-storey or above (5)	2,718	2,080	-	2,250	-	3,826	3
810.11 Estate housing detached (5)	1,948	1,220	1,403	1,599	2,034	4,114	9
810.12 Estate housing semi detached							
Generally (5)	1,197	711	1,045	1,161	1,306	2,162	139
Single storey (5)	1,430	934	1,292	1,415	1,528	2,162	23
2-storey (5)	1,150	711	1,024	1,140	1,251	2,032	111
3-storey (5)	1,169	889	915	1,078	1,198	1,765	5
810.13 Estate housing terraced							
Generally (5)	1,250	827	1,047	1,160	1,333	3,826	87
Single storey (5)	1,340	950	1,078	1,330	1,635	1,697	6
2-storey (5)	1,194	833	1,046	1,156	1,283	2,318	71
3-storey (5)	1,347	827	1,038	1,228	1,582	2,470	9
4-storey or above (5)	3,826	-	-	-	-	-	1
816. Flats (apartments)							
Generally (5)	1,445	793	1,188	1,353	1,637	4,846	284
1-2 storey (5)	1,405	864	1,152	1,317	1,592	2,255	74
3-5 storey (5)	1,402	793	1,182	1,333	1,615	2,615	183
6+ storey (5)	1,845	1,124	1,452	1,766	1,833	4,846	27

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