

Financial Viability Appraisal (FVA)

Well Street Mill,

Leek



January 25

Financial Viability Appraisal (FVA)

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Client: MA & WA Limited

REVISION RECORD					
Rev	Description	Date	Author	Checked	Approved
Rev 0	FVA	16.1.25	JG	DM	JG

REPORTING AND PROCESS REQUIREMENTS

- 1.1 This report has been prepared by Jeremy Good MRTPI, AssocRICS, in line with the RICS *financial viability in planning: conduct and reporting* professional statement that became effective September 2019, *Assessing viability in planning under the National Planning Policy Framework 2019 (for England)*, *RICS guidance note, 1st edition* along with *Enabling Development and Heritage Assets Historic Environment Good Practice Advice in Planning Note 4*.
- 1.2 In preparing this appraisal the author has acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. Input has been provided by the applicant based on historic information from previous construction sites and from the client's professional team who have assisted in preparing the application.
- 1.3 This appraisal has been commissioned by our client to support a planning application and ELG Planning are confident that there is no conflict of interest in line with the RICS professional statement or the RTPI Code of Conduct. The appointment by contains no performance related or contingent fee. The appointment has been based on the ELG Planning standard hourly rate which has been agreed by the client prior to undertaking any work in line with the RTPI Code of Conduct.

2 INTRODUCTION

- 2.1 This report is intended to set out the methodology to progress a planning and Listed Building application seeking to retain the listed buildings at Well Street Mill, Leek, which are in a deteriorating state of repair and in need of significant investment.
- 2.2 The report supports the application to Staffordshire Moorlands District Council, and follows a period of consultation with the relevant authorities.
- 2.3 The appraisal will be undertaken in accordance with the guidance contained in National Planning Policy Framework (NPPF), National Planning Practice Guidance (NPPG) and RICS guidance note Financial Viability in Planning 2019 and Assessing viability in planning under the National Planning Policy Framework 2019 (for England), RICS guidance note, 1st edition from March 2021.

3 POLICY CONTEXT

National Planning Policy Framework

- 3.1 The National Planning Policy Framework (NPPF) emphasises the link between delivery and viability, stating that:

‘Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning practice guidance, including standardised inputs, and should be made publicly available.’ (Para. 59, National Planning Policy Framework 12th December 2024)

- 3.2 Guidance on how to deal with financial viability appraisals in decision making is contained in NPPG and the RICS professional statement. In this particular case the application of Vacant Building Credit is relevant.

‘To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.’

Relevant footnote ‘Equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned, or to major development on land within or released from the Green Belt, for which the ‘Golden Rules’ requirements set out in paragraphs 156-157 of this Framework should apply.’ (Para. 65, National Planning Policy Framework 12th December 2024)

3.3 As set out in NPPG, *‘National policy provides an incentive for brownfield development on sites containing vacant buildings. Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions may be required for any increase in floorspace.’* Paragraph: 026 Reference ID: 23b-026-20190315

3.4 Specifically in relation the reuse of existing buildings, as is the case for this scheme, NPPG clearly sets out that Vacant Building Credit should be applied where certain circumstances have been demonstrated. Specifically, it states that ‘The vacant building credit applies where the building has not been abandoned and that The courts have held that, in deciding whether a use has been abandoned, account should be taken of all relevant circumstances, such as:

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

3.5 NPPF is clear that the policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy.

3.6 The guidance in NPPG sets out that in assessing the merits of the application of Vacant Building Credit it may be appropriate for authorities to consider the following:

- whether the building has been made vacant for the sole purposes of re-development, and
- whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development

(Paragraph: 028 Reference ID: 23b-028-20190315)

Local Plan Policy

- 3.7 Staffordshire Moorlands District Council adopted its Local Plan in September 2020. This document sets out the development strategy, strategic and development management policies for the District up to 2033. Specifically relevant to the application of Vacant Building Credit is the Developer Contributions SPD 2023.



- 3.8 Policy SS12 of the Local Plan relates to planning obligations and the application of Community Infrastructure Levy. This policy is supplemented by the developers contributions SPD. Policy H3 sets out that 33% of new housing on schemes of 10 or more units shall be provided as affordable.

Policy SS 12

Planning Obligations and Community Infrastructure Levy

Development proposals will be required to provide, or meet the reasonable costs of providing, the on-site and off-site infrastructure, facilities and/or mitigation necessary through the appropriate use of planning obligations and/or conditions. Planning obligations will only be sought where they met all of the following tests:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

Standard formula will be applied when applicable. The Developer Contributions SPD will provide further guidance on how contributions will be calculated.

Provision will be required for subsequent maintenance where contributions are secured for facilities which are predominantly for the benefit of users of the development concerned.

Subject to an assessment of development viability and further consideration by the Council, infrastructure requirements related to the cumulative impact of development in Staffordshire Moorlands will generally be supported by the Community Infrastructure Levy. The Infrastructure Delivery Plan that supports the Local Plan provides further clarification on infrastructure needs and sources of funding.

The Infrastructure Delivery Plan will be reviewed regularly to ensure that it remains up-to-date. In implementing this policy regard will be had to economic viability considerations, consistent with meeting the Local Plan objectives.

4. APPLICATION OF VACANT BUILDING CREDIT

- 4.1 In assessing the application of Vacant Building Credit, the Council should consider a number of factors. Each is addressed below and follow the guidance in NPPF and NPPG.

The condition of the property

- 4.2 The building has been vacant for a significant period of time. However, in spite of this it remains in reasonable condition and it's considered to be structurally sound. There are broken windows, as a result of vandalism, but remains in reasonable condition as a result of the ongoing efforts of landowners to keep the building secure.

The period of non-use

- 4.3 The building has been vacant for over 10 years with no intervening uses during that period. The planning history is set out in Appendix 1 alongside the Council's own records (Appendix 2) will confirm that the building was last in use in 2015. The building clearly satisfies the criteria established in case law of being a 'vacant building'

Whether there is an intervening use

- 4.4 The building has had no intervening use. There have been applications seeking to convert the building to a residential use but it is understood that they were ultimately unviable. The last application was made prior to the introduction of the application of VBC and that consent for conversion lapsed in June 2021.

Any evidence regarding the owner's intention

- 4.5 There have clearly been efforts during the time of its vacancy to seek out an alternative use for the building. Ultimately, these alternatives have proven to be unviable. It is considered that there is limited demand for a building in this format to be used as originally intended and that a residential use is a good fit to secure the future of the building.

- 4.6 Below we have set out the Vacant Building Credit calculation based on the worked example given in Appendix 1 of the Development Contributions SPD.

Proposal	Housing Development of 17 units Affordable Housing Requirement 33% Proposed Gross Internal Floor Area (GIA) Existing Gross Internal Floor Area (GIA)
Step 1	Affordable housing contribution $17 \times 33\% = 5.61 \text{ units}$
Step 2	$1,040 \text{ sqm} / 1,040 \text{ sqm} = 100\%$
Step 3	$5.61 \text{ units} \times 100\% = 5.61 \text{ units}$
Step 4	$5.61 \text{ units} - 5.61 = 0 \text{ units delivered as affordable}$

- 4.7 Based on the above, there should be no obligation to provide any affordable housing for this scheme as it creates no new floorspace.

5 CONCLUSIONS

- 5.1 This building clearly qualifies for the application of Vacant Building Credit. The relief is based on the existing gross floor space of the existing building, which in this case is identical to the proposed gross floor space. In this case, therefore, the application of Vacant Building Credit will result in 100% relief from the affordable housing requirement set out in policy H3.
- 5.2 In addition to the relief applied through Vacant Building Credit, the Council must be cognisant of the marginal viability of the scheme given the higher than normal build costs associated with working on a listed building and the comparatively low end sales values. Further information can be provided concerning the wider viability if section 106 contributions are sought, over and above the usual affordable housing requirement.
- 5.3 The application of Vacant Building Credit is fully consistent with the NPPF December 2024 and the application of a flexible approach to other contributions is encouraged given the nature of the scheme and the clear need to see investment in this vacant listed building.

6 DISCLAIMER

The contents of this report prepared by ELG Planning do not constitute a valuation, in accordance with the appropriate section of the Valuation Standards (“VS”) and United Kingdom (“UKVS”) contained within the RICS Valuation Professional Standards 2020 (the “Red Book”). The report has been prepared in support of the planning application and should not be relied upon for any other purpose. The report contains commercially sensitive information that should not be shared other than with written consent of the organisation who instructed its production.

Appendix 1

Planning History



Application number	Received date	Valid date	Site location	Proposal	Decision	Decision date
SMD/2025/0021	10/01/2025		Well Street Mill , Well Street , Leek , Staffordshire , ST13 6JU	site conversion to 17 apartment	Awaiting Validation	
SMD/2025/0015	08/01/2025		Well Street Mill , Well Street , Leek , Staffordshire , ST13 6JU	Application for Listed Building Consent for the conversion to 17 apartments	Awaiting Validation	
DOC/2018/0111	17/08/2018	30/08/2018	Well Street Mill , Well Street , Leek , Staffordshire , ST13 6JU	Discharge of conditions 1, 2, 3, 4, 5, 6, 7, 8, 9 & 10 of SMD/2017/0771 & SMD/2018/0089	Awaiting Decision	
SMD/2018/0089	21/11/2017	19/01/2018	Well Street Mill , Well Street , Leek , Staffordshire , ST13 6JU	Listed Building Consent for demolition of two storey mill annexe, internal and external alterations including removal of external fire escape and new external staircase.	Listed Building Consent - Approved	31/07/2018
SMD/2017/0771	21/11/2017	19/01/2018	Well Street Mill , Well Street , Leek , Staffordshire , ST13 6JU	MAJOR -Conversion of redundant 4 storey textile mill into 12no residential apartments, and removal of external fire escape , demolition of redundant 2 storey mill annexe building, conversion of 5no redundant first floor office/studio rooms into 2no residential apartments, with external works	Planning Permission - Approved	13/06/2018
SMD/2007/0789	26/07/2007	27/07/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Change of use of land to car park in conjunction with Well Street Mill (revised application)	Planning Permission - Approved (Prior Oct 2013)	11/12/2007
SMD/2007/0459	16/04/2007	09/05/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Demolition of chimney	Planning Permission - Approved (Prior Oct 2013)	28/06/2007
SMD/2007/0457	16/04/2007	03/05/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Change of use of land to car park in conjunction with Well Street Mill.	Planning Permission - Approved	27/06/2007

					(Prior Oct 2013)	
SMD/2007/0450	16/04/2007	17/04/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Conversion and extension to create Staff Accommodation for Alton Towers, comprising 39 bedrooms and associated communal facilities (revised application)	Planning Permission - Approved (Prior Oct 2013)	07/08/2007
SMD/2007/0449	16/04/2007	17/04/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Conversion and extension to create Staff Accommodation for Alton Towers, comprising 39 bedrooms and associated communal facilities (revised application)	Planning Permission - Approved (Prior Oct 2013)	04/07/2007
SMD/2007/0149	09/01/2007	09/01/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	-Conversion and extension to provide staff accommodation for Alton Towers and associated communal facilities	Application Withdrawn	14/03/2007
SMD/2007/0148	09/01/2007	09/01/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Demolition of building and adjoining chimney	Application Withdrawn	14/03/2007
SMD/2007/0108	09/01/2007	09/01/2007	Well Street Mill , Well Street Mill , Well Street , Staffordshire Moorlands , Leek ,	Conversion and extension to create staff accommodation for Alton Towers, comprising 41 bedrooms and associated communal facilities	Application Withdrawn	14/03/2007
SMD/2004/0432	30/06/2004	26/07/2004	Cross Street Mill , Cross Street Mill , Well Street , Staffordshire Moorlands , Leek , ST13 6JU	Internal and external alterations to Listed Building (alterations to form creche and after school club)	Planning Permission - Approved (Prior Oct 2013)	16/09/2004

Appendix 2

E-mail from Revenues & Benefits Team



----- Forwarded message -----

From: **Revenues (SMDC)** <Revenue@staffsmoorlands.gov.uk>

Date: Fri, 17 Jan 2025, 12:22

Subject: Well Street Mill Leek ST13 6JU

To: awahid52@gmail.com <awahid52@gmail.com>

Council Tax Ref 19158621

Dear Mr Wahid,

Further to your recent enquiry, we wish to confirm that our records show the above property as being unoccupied since 01.02.2013.

Kind regards

Income Team

Revenues & Benefits

Staffordshire Moorlands District Council and High Peak Borough Council

Tel: 0345 605 3010

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