



# **Development Viability**

**Advice note for councils on procuring viability evidence in planning**

**January 2020**

## Acknowledgements

The [Planning Advisory Service \(PAS\)](#) would like to thank the following organisations for providing the inspiration, expertise and volunteering of their time to enable this advice note to be developed:

Bath and North East Somerset Council  
BNP Paribas Real Estate  
BPS Surveyors  
Citiesmode  
Greater London Authority  
HDH Planning  
Ministry of Housing Communities and Local Government

## Document Information

This advice note will be edited and added to in response to experience of using it and as necessary in response to any future changes in the regulatory framework. A summary of the changes included in each version will be recorded here.

### Version Schedule

Version	Date
First Publication	28 <sup>th</sup> January 2020

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# 1. Introduction

This note sets out advice for local planning authorities (LPAs) who are commissioning viability work to support the development of local plan policies and / or the development and review of a community infrastructure levy (CIL) charging schedule. This includes whole plan viability assessments as well as the development of specific policies. It may also be of assistance to LPAs who have specialist officer expertise and are undertaking this work in-house as it covers matters that should be addressed in any viability assessment work.

The advice note reflects, albeit does not repeat, the requirements of the [National Planning Policy Framework](#) (NPPF), the [Government's Planning Policy Guidance](#) (PPG) and the [Community Infrastructure Levy Regulations 2010 \(as amended\)](#) which you will need to consider and address in any invitation to tender (ITT) for consultants to undertake viability assessment work on the LPAs' behalf.

It is critical to remember when appointing a viability consultant (the "assessor") that their role is to provide you with clear information on the viability impacts of the application of emerging planning policies and CIL rates on different types of development in different parts of your area and in relation to identified sites. These viability impacts should be determined using an appropriate evidence base of costs, values and demands. By understanding the impact of varying specific factors, the assessor should be able to help inform the different approaches that you might decide to take across your area in terms of the application of specific policies and / or CIL rates. The role of the assessor is to interrogate all of the information in a way that allows the LPA to make informed and evidenced based decisions that balance the matter of viability alongside the expectations for sustainable development across the area.

LPAs also have a critical role in supporting the assessor by providing them with detailed knowledge of your area including the interpretation of current policies and the impact that they are having on development. You should also provide appropriate information and data on emerging policy requirements and highlight where they differ from the adopted policy position. The assessor should be provided with evidence on the viability of development in the area by sharing information that has been presented alongside planning applications and on what has been delivered on site.

In accordance with the PPG the viability evidence that supports the adoption of a local plan is the starting point for any viability discussions that could take place on individual development proposals at the development management stage. It is therefore critical that assessments are robust and accurately reflect the circumstances of your area. This advice note is therefore designed to help you produce a clear ITT that scopes the work

that you require to be delivered comprehensively and encourages you to work collaboratively with your appointed assessor to deliver this evidence.

## 2. How to use this advice note

This advice note should provide a quick guide to the matters that you should consider when drafting an ITT to commission support on viability.

Procurement terms and conditions will vary between authorities' as will the templates for producing an ITT. Matters for consideration as part of the viability work will also vary depending on development types, costs, projected growth and geography. It is therefore not possible to produce a model ITT for all authorities' however this advice note should cover issues that will be relevant to most authorities' and it identifies where local information should be provided.

Section 3 of this advice note sets out a summary of the key matters that should be considered in an ITT whilst section 4 provides more details on these in the form of a checklist schedule. The matters may need to be considered in a different order or arrangement to fit with your ITT terms and template but hopefully by setting the information out in a schedule it should help you to ensure that all relevant matters are considered and that you develop a clear and robust ITT that enables you to get the best available evidence from the commission.

This advice note does not deal with detailed procurement requirements when undertaking viability assessments of specific developments that have already submitted planning applications and viability is being considered as part of the assessment of that application. Advice relating to the assessment of planning applications is being produced by the Greater London Authority and PAS will provide links to this guidance when available.

## 3. Key matters to be considered

The key things you need to ensure that you set out in your ITT includes:

- A) Effective project management: How the project will be managed including the approach to setting the scope, timetables and fee setting.**
- Identifying clear project management structures.

- Setting a realistic total project budget and adopting a ‘modular’ approach to the brief by asking consultants to cost different required elements separately so you can ‘add / subtract’ elements up to the maximum budget without a need to recommission.
- Carefully considering the timetable building in time up front to allow early and ongoing engagement with landowners, developers and other stakeholders through to securing consultant support for any independent examination. Considering any potential conflict of interests and how they would be addressed.
- Evaluation and quality considerations.

**B) Background: The purpose of the Commission and the key data that you will need to provide**

- Explaining your development context.
- Clearly identifying information that you will provide to the assessor including
  - The key documents you will provide;
  - The development and site typologies you will need testing and justification for these;
  - Strategic Sites details including any relevant previous work undertaken on the sites;
  - Any costs of infrastructure expected on sites and the sources of this (including why they are justified as appropriate);
  - Any other developer contributions for sites which should align with comparable asks and any published requirements;
  - Details (where known) of key developers, landowners and site promoters that you expect the assessor to engage with.

**C) Methodology: The approach that you expect the consultant to take**

- Taking into account the key matters prescribed in legislation, the National Planning Policy Framework (NPPF) and Guidance (PPG), the Community Infrastructure Levy (CIL) Regulations 2010 (as amended) and any other relevant guidance including that produced by RICS.
- Factoring in engagement and consultation as required by the PPG and being clear as to the involvement of the LPA to allow the assessor to factor in the cost implications dependent on the level of their involvement.

**D) Project Outputs**

- The key outputs and ‘documents’ that you will expect arising from each stage of the work and who the main audience will be.
- The outputs should be clear on the conclusions of the work.
- What the key matters each of the outputs should cover such as that related to evidence for developer contributions, CIL charge setting and policy development.

- Requirements for support at examination.
- Requirements for transparency of evidence and information on how viability evidence will be made publicly available in line with the NPPF and PPG.
- Ability to undertake proportionate updates.

The schedule in Section 4 of this advice note expands on the matters above and can be used as a quality check list for your ITT. It is not exhaustive but covers the essentials – which you can supplement with any other local considerations. It covers the ‘headings’ that you will typically find in most authority templates for ITTs.

## 4. Schedule 1 – Quality checklist for developing your Invitation to tender

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
<b>A. Effective project management: How the project will be managed including the approach to setting the scope, timetables and fee setting.</b>		
<b>A1. Appointment of the local authority project manager(s)</b>	<p>A dedicated project manager for the authority, or authorities, should be identified at the start of the project and in the ITT. The project manager should have the capacity to direct decisions or have a clear framework within which to obtain decisions, for the project. The project manager should also ideally have an understanding of developer contributions and the ability to liaise with other relevant teams within the LPA or County Council where applicable. Senior management buy-in and or sponsorship into these projects is often the key to driving them through the later stages to adoption, particularly in the case of CIL.</p> <p>The project manager should be involved and kept informed throughout the process including the drafting and approval of the ITT. They should be the principal point of contact for the appointed assessor.</p> <p>Where the ITT is seeking to commission evidence jointly, for example through a joint procurement exercise with neighbouring authorities, a project manager that is able to coordinate on behalf of all of the authorities should be appointed. You may then choose to include additional contact points for each authority within the ITT.</p>	
<b>A2. The assessor's project team</b>	<p>The ITT should require the assessor to provide details of the project team and identify their own project manager. Details of the team's skills and experience should be provided. They will be required to liaise and work with the local authority project manager throughout the project.</p> <p>The ITT could specify that the assessor(s) must be a suitably qualified practitioner for example, a Chartered Town Planner (MRTPI) or Chartered Surveyor (MRICS or FRICs).</p>	

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
<b>A3. Timing of appointment of an assessor</b>	<p>The timing of the appointment of an assessor can be critical in ensuring that the outputs of this work meets the requirements of the NPPF and PPG.</p> <p>Viability is an important consideration throughout the planning process. Evidence on viability is critical in:</p> <ul style="list-style-type: none"> <li>- The development of local plans;</li> <li>- The development of a community infrastructure levy (CIL);</li> <li>- The consideration of planning applications; and</li> <li>- The cycle of review and development of local plans.</li> <li>- The development of grant or other funding bids for investment and / or capital programmes.</li> </ul> <p>You should therefore timetable the appointment of an assessor in association with relevant programmed works as early on in the process as is necessary.</p> <p>For example, viability evidence should be used to test policy options in an emerging local plan to ensure that requirements are aspirational but deliverable. The retrofitting of viability evidence to support planning policies that have already been chosen should be avoided. Ideally viability evidence will be commissioned in the early stages of the development of a local plan and / or the development of a CIL to ensure that emerging policies and costs can be robustly tested.</p> <p>The use of a modular approach to developing the project scope for the ITT (see A4. below) can help you to appoint an assessor early in the process and maintain engagement as and when evidence is required.</p>	
<b>A4. Project scope</b>	<p>The ITT should be very clear in setting out the scope of the project and, taking account of the matters outlined in this table, the requirements of the assessor. It should include the extent of what the project will produce and the work that is needed to produce it. It is important to ensure that the commission responds to local circumstances and that you avoid a 'one size fits all' piece of evidence.</p>	

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
	<p>The ITT could be designed on a modular based approach that sets out a range of work streams that you may want the assessor to undertake over the duration of the project. The rationale being that it can be difficult at the ITT stage to finalise the full extent of the work that will be required to be undertaken by the assessor. This might be because some requirements will be dependent upon the outcomes of different stages of the work programme. For example, consultation on local plan policy options can bring forward new evidence that you would like the assessor to respond to. A modular approach may also help you to commission the assessor over a longer period of time against a maximum budget.</p> <p>The key stages of local plan and CIL development where viability evidence is likely to be required includes:</p> <ul style="list-style-type: none"> <li>- To inform early stage review of adopted local plan policies and / or CIL charging schedules and development of emerging policies;</li> <li>- In preparation of key consultation stages for local plan and / or CIL development including: <ul style="list-style-type: none"> <li>• Evidence to support Regulation 18 consultation on a draft Local Plan;</li> <li>• Evidence to support Regulation 19 consultation on a draft local plan; and</li> <li>• Evidence to support a Draft CIL Charging Schedule.</li> </ul> </li> <li>- Evidence to support the examination of the local plan and / or CIL examination taking account of the matters raised through consultation and any subsequent changes to the assessments.</li> </ul> <p>A modular approach could be based on the different output specifications related to the above and the viability evidence that you may require the assessor to undertake. By developing a modular approach, it means that the commission can remain agile to what may be required from the assessor at any given time and allow for an iterative response to the evidence needs. This can help to make sure that matters are not overlooked early on and also avoid unidentified changes to the project scope after appointment (See A5. Below). A modular approach to procurement could, for example, take the form of a menu of options of work where you would choose during the programme which ones the assessor would undertake based on what the circumstances and requirements are at the time.</p> <p>With a modular approach to procurement the ITT should require the assessor to specify in detail how they would deliver the different parts, or modules, of the commission. The assessor should also be required to set out the costs for each</p>	

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	<p>element of support to help provide you with greater clarity on matters of pricing and budgeting which may be based on number of days and an hourly rate. Indicative costs should also be provided for later stages of the work and again might be based on a day or hourly rate.</p>	
<b>A5. Managing scope changes</b>	<p>Managing the scope of the project is an important part of the project manager’s role and it is critical that the potential for changes after an assessor is appointed is minimised. Where project requirements are increased over time and in an unmanaged and unbudgeted way can cause confusion and misunderstanding for both the LPA and the assessor. Using a modular approach to set out your potential range of requirements can help avoid this however change to the scope may sometimes be inevitable. It is therefore important that the ITT explains how changes to the scope will be managed. This might include setting out a process to:</p> <ul style="list-style-type: none"> <li>- Monitor the scope and project development;</li> <li>- Determine the cause of the change and determining the magnitude of relevance; and</li> <li>- Provide a governance process for both parties that documents, approves and communicates any changes and which takes account of any budgetary implications.</li> </ul>	
<b>A6. Project timetable for delivering outputs</b>	<p>The ITT should set out the timetable for the expected outputs. This should be aligned with the overall work programme and should be realistic. The requirement for evidence within short and unrealistic timeframes should be avoided.</p> <p>Where the ITT is based on a modular approach that specifies a series of different potential outputs the timetable for those that are known should be specified. Where there is uncertainty this should be highlighted, and estimated timelines provided where possible. It is important that the assessor is able to respond to an informed timetable to programme their work and respond to the ITT. You could ask that the assessor suggests an alternative timetable if they do not consider it to be realistic, or where certain modules might require more or less time.</p> <p>As far as possible the timetable should also include what is required of the assessor in relation to the following matters:</p> <ul style="list-style-type: none"> <li>- Number and frequency of meetings with the Project Manager and team;</li> <li>- Details of other meetings that may be required – either with the Project Manager or independently;</li> </ul>	

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
	<ul style="list-style-type: none"> <li>- Number and frequency of reporting and in what format; and</li> <li>- Any other requirements such as responding to consultations and appearance as an expert witness at examinations in public.</li> </ul>	
<b>A7. Pricing</b>	<p>The ITT should set out a clear approach to how the assessor should price their work. The exact form of this will be dependent upon whether you decide to have a modular based approach to the commission or a specified set of works.</p> <p>You should identify an overall maximum budget for the work. Within this budget the ITT should require the assessor to provide a broken down cost plan that cross references with the project specification and / or the modules of potential work. The cost plan must clearly show how each stage of the project will be resourced and priced. The number of days or hours allocated to each task should be realistic. The hourly / daily rates for all team members proposed to work on the project on behalf of the assessor should be provided.</p> <p>The ITT should require all fees to be exclusive of VAT, and all other costs and expenses should be specified in line with your authorities' terms of procurement.</p>	
<b>A8. Quality measures and evaluation</b>	<p>The ITT should set out how the assessor's response will be evaluated making clear what the quality measures are and how the quality of the tender response will be weighted against the cost of providing the work. This includes setting out the quantitative framework that you will apply for scoring the various elements of the proposal.</p> <p>Subject to available budgets the quality of the work to be produced by the assessor is likely to weight higher than the cost of developing the work. It is therefore important to make sure that the weighting reflects this. For example, you may apply 70% or more of the evaluation scoring to quality and the remainder to price.</p> <p>It is for you to determine the detail of the evaluation framework in association with your authorities' terms for procurement. To help with this you might want to take account of the following matters that you can evaluate the</p>	

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	<p>assessors' response to the ITT against. It is important that these are made clear in the ITT so that the assessor understands the matters that they will be assessed against:</p> <ul style="list-style-type: none"> <li>- Capacity and resources to deliver the commission taking account of specified timetables for the delivery of the work;</li> <li>- Experience, including detailing relevant case studies, of undertaking similar work;</li> <li>- Planning and delivery of the work to meet all of the project specifications;</li> <li>- Approach to the methodology of undertaking the work taking account of the requirements of the ITT;</li> <li>- Methods of consultation and engagement with the various stakeholders;</li> <li>- How the outputs will be delivered;</li> <li>- Identification of any challenges and how they might be mitigated.</li> </ul>	
<b>B. Background: The purpose of the commission and the key data that you will need to provide</b>		
<b>B1. Background</b>	<p>The ITT should set out the background on why the work is being commissioned and details of the stage that you are at in the work programme. For example, if the scope of the project is related to developing viability evidence for a local plan you should set out briefly the background to the current review of the plan and what stage of development it is at.</p> <p>Likewise, if evidence is required for the setting / or review of a CIL the background to why a CIL is being brought forward and / or information on charging schedules that are already in force should be set out.</p> <p>In setting out the background to the work it may also be appropriate to reference specific matters that the assessor will be required to focus on. For example, this might include testing different policy options for items such as affordable housing or infrastructure requirements. Or the testing of brownfield and green belt sites to determine how local housing need might best be met.</p>	
<b>B2. Background documents</b>	<p>The ITT should provide a list of relevant background documents that the assessor may wish to familiarise themselves with. Hyperlinks to web based online versions should be provided where possible. Examples of the type of information that may be referenced includes:</p>	

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
	<ul style="list-style-type: none"> <li>- Current and / or draft local plans and options;</li> <li>- Relevant reports and papers;</li> <li>- Any earlier viability assessments; and</li> <li>- Other evidence that may be relevant to the project scope for example, on known mitigation / infrastructure needs, costs and values</li> </ul>	
<b>B3. Summary of the specification</b>	<p>Also see A4. “Project scope” above.</p> <p>Having set out the background on why the work is being commissioned the ITT should set out the objectives of the commission and summarise clearly what work is being required. Where a modular based approach is engaged it should set out the full range of work that you may require during the commission.</p> <p>The ITT can be used to commission multiple layers of evidence that may be required at different stages of local plan development and in establishing a CIL. It might also seek to procure at the same time independent viability assessment advice on individual planning applications (separate advice on what to include for this type of procurement is being produced by the Greater London Authority and which PAS will include links to when published).</p> <p>It is important that the ITT makes clear that work undertaken by the assessor should be proportionate to the outcomes that are being sought.</p>	
<b>B4. Description of the area</b>	<p>The ITT should include a brief overview of the geographical area that is being considered in association with this work. This will be dependent upon the type and scale of the project scope but could include information on all of a local authority area, specific sites or a wider area including more than one authority.</p> <p>It is important to remember that you are likely to understand in more detail than the assessor the context of the geographical area. It would therefore be productive in the ITT to summarise some of the spatial variances that may need to be taken account of in the delivery of the work. This might include information on:</p>	

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	<ul style="list-style-type: none"> <li>- Land supply and availability;</li> <li>- Areas and / or sites identified for future development and growth and over what period;</li> <li>- Areas and / or sites that are critical to meeting development needs;</li> <li>- Areas of sensitivity;</li> <li>- Areas for development that may not have been considered in the previously adopted local plan;</li> <li>- Brownfield and greenfield land for development;</li> <li>- Existing land uses;</li> <li>- Any factors in neighbouring authorities that may have a bearing on the area; and</li> <li>- Spatial similarities and variances across local authority areas where evidence is being commissioned jointly.</li> </ul> <p>If some of this information is contained in other public documents, it would be helpful to signpost the assessor to them for further information rather than repeating it all in the ITT. Having provided an overview of the area and key matters you may also want to confirm in the ITT that you will provide further support to the appointed assessor during the project for example, by providing more detail on particular spatial matters.</p>	
<b>B5. Identifying typologies</b>	<p>As in B3. above it is important to remember that you are likely to have more detailed knowledge of the area you are working on. This includes understanding the type of sites that are likely to come forward for development.</p> <p>It is therefore important that you are involved in setting the typologies that will be tested as part of the project. <a href="#">The PPG describes what is meant by a typology approach to viability testing.</a></p> <p>You may wish to identify and summarise in the ITT what typologies you would like tested based on the development that is planned to come forward across different parts of your area. It should therefore be informed by any emerging allocations and site assessment documents that the LPA has. Typologies that are based on planning applications that have come forward are also a useful basis for testing but not all typologies need to be based on actual sites. The typologies that you put forward should not be finite as they should be discussed and agreed with the assessor who may also have recommendations based on their experience. The ITT could specify that you will provide a list of typologies to the assessor</p>	

Matters for consideration in the invitation to tender document (ITT)	Detailed requirements for the inclusion in the Invitation to tender document (ITT)	In brief Y/N
	<p>which are to be discussed and finalised with them. It would be helpful to clarify in the ITT the likely range of typologies, the geographical locations and an indication of the number and variances that you would want to be tested. This includes identifying mixed use developments that could come forward and identifying the likely land use mixes. This should be based on evidence of past applications, future anticipated developments and the strategic site policies specification of what is required on such sites.</p> <p>The ITT should make clear that the assessor will be required to support the LPA in finalising the list of typologies to be tested taking account of their own experience in this area and highlighting any notable missing typologies. It might also require the appointed assessor to identify typologies that have been chosen but that are unlikely to be viable prior to the application of local plan policies and / or CIL. It can be important to identify such development types to confirm that it is not the policy requirements that are making them unviable.</p>	
<b>B6. Site allocations and strategic sites</b>	<p>The ITT should confirm (depending on where you are in the plan making process) that you will provide the assessor with a list of sites where development and growth is planned to come forward. You should differentiate between sites that are:</p> <ul style="list-style-type: none"> <li>(i) Strategic sites (as determined at a local level and may be different between authorities);</li> <li>(ii) Sites that are critical to the delivery of the planned development set out in the adopted and / or emerging local plan;</li> <li>(iii) Sites that have outline or full planning permission and for what type of development; and</li> <li>(iv) Sites that are subject to phased delivery and over what periods.</li> </ul> <p>You should confirm in the ITT that where known any specific requirements for the delivery of those sites, including infrastructure, will be provided to the assessor.</p> <p>You should provide an estimation in the ITT of how many, and what type, of sites you would want tested as part of the project to allow the assessor to fully consider the cost and timescale implications. It may be that you choose to confirm the final selection with the assessor in association with choosing the typologies to be tested to make sure that what is being tested is realistic and the types of developments being looked at are likely to be deliverable.</p>	

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<b>B7. Identifying key developers and landowners</b>	You should confirm in the ITT that where known a list of local developers, agents, site promoters and land owners will be provided for the assessor to engage with on planned development coming forward. To help you find this information colleagues working on Authority Monitoring reports; Statements of Common Ground; and Housing Action Plans are likely to hold a list of contacts.	
<b>C. Methodology: The approach that you expect the consultant to take</b>		
<b>C1. National Planning Policy and Guidance and the CIL Regulations</b>	<p>The ITT should direct the assessor to the prescribed requirements of the <a href="#">National Planning Policy Framework (NPPF)</a>, <a href="#">Planning Policy Guidance (PPG)</a> and the <a href="#">Community Infrastructure Levy (CIL) Regulations 2010</a> (as amended) including the methodology that must be engaged when undertaking viability assessments. The ITT should not repeat large sections of this government policy and guidance as it would be superfluous and could lead to confusion if not all matters were included. PPG is also be subject to change and it is important that the assessor is responsible for keeping up to date with any changes and reflecting them in their work.</p> <p>The ITT should make clear that other relevant guidance, including that produced by the Royal Institute of Chartered Surveyors, should be taken in to consideration.</p> <p>The ITT should require the assessor to describe their proposed methodology for preparing the viability assessment in light of these requirements.</p>	
<b>C2. Consultation and engagement</b>	<p>As set out in B7. above the ITT should confirm that a list of local developers, agents, site promoters and land owners will be provided to the assessor to engage with. You should also provide contact details for any other key stakeholders that the assessor may need to engage with to determine specific local factors, for example the likely availability of grant for the delivery of affordable housing.</p> <p>You should set out in the ITT the level of engagement and consultation that you would expect the assessor to undertake with these parties. You should specify that engagement should be proportionate to the work being undertaken and that it should be fully documented and recorded for your use to demonstrate collaboration. If there are specific forms of</p>	

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	<p>engagement that you would like the assessor to participate in you should specify this. For example, this might include governing workshops with groups of developers or regional planners. If there are specific time periods within which engagement should take place these should be specified (see A5. Above).</p> <p>The ITT should require the assessor to set out how they would effectively engage with these parties and on what matters, taking account of the requirements of the <a href="#">PPG</a>. They should also be asked to demonstrate their experience in this area giving examples of outcomes and how effective they have been. The ITT should make clear that engagement will be required at an early stage (before the body of viability testing takes place) to ensure that matters such as development typologies, site specific issues and cost inputs are reflective of local market conditions. It will be for developers and landowners to ensure that they engage with the process, but the ITT should make clear that it is the responsibility of the assessor to lead and facilitate the engagement.</p>	
<b>C3. Cost Inputs</b>	<p>The ITT should require the assessor to discuss and agree with you the detailed cost inputs for testing the viability of development in the area having taken in to consideration the engagement undertaken with local developers, agents, site promoters, landowners and other relevant stakeholders. This should be in conformity with the standardised inputs listed in the PPG.</p> <p>The ITT should require the cost inputs for testing the viability of development in the area to be reflective of local market conditions and based on the most relevant and best evidence available. This includes taking account of all relevant policy requirements, and emerging policy requirements, and other relevant evidence on costs as set out in the PPG. The ITT should make clear that you will provide the assessor with a full list of policy requirements including emerging policies and any varying options of policies that are being developed. You should also invite the assessor to suggest any other areas that could be considered.</p> <p>The ITT should require the assessor to also take account of the impact of other known costs of development, for example relevant evidence in the infrastructure delivery plan. You should work with the assessor to identify what these costs might</p>	

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	<p>be ensuring that you supply them with upfront information where known. This might include information on secured developer contributions on actual schemes as well as emerging policy requirements.</p> <p>The ITT should set out the requirement for the assessor to consider cost variances over time, albeit reflecting on the fact that viability testing of development is not static and can be subject to relatively frequent review if appropriate. For example, the consideration of development viability will be a key matter alongside the review of local plans, which are required within 5 years of adoption of a local plan.</p> <p>It would be helpful to identify in the ITT where known cost outliers occur in the local market and which might distort future assessments. Where these are not known you may require in the ITT that the assessor clearly identifies these and that they provide advice on the significance of the impact of the outliers to help you decide whether they should be taken in to consideration or not. It is very important in doing this that you and the assessor work together to identify what are common “abnormal” costs in a development and what are true “abnormal” costs that are difficult to take account of more generally as they are likely to only be relevant to particular site(s) and without detailed investigation will only ever be a high level best guess.</p> <p>In the same way you might set out in the ITT whether you consider average costs to accurately reflect local market conditions and are appropriate for input in to assessments. Alternatively, you might require in the ITT for the assessor to help you determine this.</p> <p>The ITT should require the assessor to identify information on local market conditions that they have access to but the authority may not. For example, this could include information on the availability of grant for the delivery of affordable housing in the area and how this might change over time.</p> <p>The ITT should require the assessor to set out the agreed cost inputs in a clear format so that they are easily understood by those who will read and review the assessors work.</p>	

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<p><b>C4. Establishing the premium in benchmark land values</b></p>	<p>The <a href="#">NPPF</a> requires the approach to viability assessments to reflect the <a href="#">PPG</a>. This sets out how benchmark land values should be established for assessing whether a development is viable and it is critical that the ITT does not defer from this approach.</p> <p>Benchmark land values are based on the existing use value (EUV) of land, plus a premium for the landowner which reflects the minimum return at which it is considered a reasonable landowner will be willing to sell their land. The PPG does not specify what the minimum return should be on the basis that this is likely to vary between areas and development types.</p> <p>The ITT should require the assessor to help you understand the benchmark land values for your area including the different levels and range of premiums that might be appropriate when taking account of the development typologies and sites that are being tested. The ITT should require the assessor to highlight where establishing the premium is a particular challenge for specific types of site and development. Establishing the premium at which a “reasonable” land owner would be willing to sell the site can in some circumstances be challenging. The ITT should require the assessor to help you understand what range of premium(s) are appropriate ensuring that any hope value for the site is disregarded but acknowledging that it should be referenced against a level that would offer a reasonable incentive for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. The ITT should require the assessor to justify their approach to this issue in line with the <a href="#">NPPF</a> and <a href="#">PPG</a>.</p> <p>Where the assessor demonstrates through testing that specific typologies or sites have viability implications when considering the value of the development against the benchmark land value the ITT should require the assessor to demonstrate the impact of varying the premium to the landowner and / or altering the policy requirements for that particular site or typology. By understanding the impact of varying specific factors, the assessor should be able to help inform the different approaches for specific development typologies and / or sites. For example, if you decide that such a site is critical to the delivery of the plan then you could use the assumptions to demonstrate a specific policy approach for that site. Or in some instances you may decide that the site is not critical to the delivery of the plan and that viability considerations should not undermine the expectations for sustainable development on that site.</p>	

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<b>C5. Alternative use values</b>	The ITT should require the assessor to discuss and agree with you the most appropriate way to consider alternative uses for sites that might be taken in to consideration when establishing benchmark land values. It would be helpful if the ITT confirmed that you will provide in the first instance a draft list of alternative uses against the tested typologies and sites and which meet the requirements of the <a href="#">PPG</a> , for example by being fully compliant with up to date development plan policies.	
<b>D. Project Outputs</b>		
<b>D1. Policy development</b>	<p>Where the ITT is commissioning work to help guide the development of a local plan, either through consideration of specific policy development or in relation to whole plan viability, it is important that you make clear in the ITT the extent of the required considerations. This might be through providing details in the ITT of the specific policy areas to be considered or by providing an initial overview alongside a commitment to provide the assessor with full details of all policies, emerging policies and options that you require to be tested through the commission. This could then be undertaken in more detail alongside the assessor once appointed in the initial stage.</p> <p>The ITT should require the assessor to undertake an assessment of policies, and policy options, individually and collectively explaining the impact of the different arrangements on the viability of the typologies and sites being tested. This should be informed by a review of the findings and evidence from stakeholder engagement, with iterative testing of lower and higher policy requirements before arriving at final plan policies. The assessment should include appropriate sensitivity testing, to understand the cumulative impact of policy combinations in different economic circumstances (for example if costs increase or values decrease). This will help to future proof policies.</p> <p>It is important that all policies that have a cost implication are tested as part of this process and that the ITT makes this clear. The focus on one policy area without the consideration of cumulative costs of others can undermine the validity of the assessment.</p> <p>The results of this testing should be presented in a clear way that is easily understandable. For example, the assessor may want to present a traffic light approach which demonstrates the impact on viability of different policy arrangements as</p>	

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	<p>they are applied. The role of the assessor should be to identify which policy arrangements have most impact on viability and present a range of delivery options that enable the council to decide how to take forward policies across different typologies and sites. This includes understanding the potential for different policy arrangements in different geographical areas. In presenting the results, the assessor should explain why choosing the lowest common denominator for a policy option is unlikely to be an appropriate approach given the potential impact on the delivery overall of plan requirements. Your role is to reconcile the evidence with the priorities for sustainable development across different typologies and sites.</p> <p>In developing the local plan, it is important to be clear that the policy requirements are based on evidence of need including evidence provided by stakeholders. Matters that are not identified at the plan stage should not be deferred to being required through Supplementary Planning Documents as this would undermine the evidence on viability at the plan stage. The ITT should require the assessor to signal any potential costs that are unidentified in the emerging plan to ensure that the plan is robust. Where economic impacts significantly change costs in the future that are outside of the scope of the local plan these should be reflected in the review of local plans and not through supplementary planning documents.</p>	
<b>D2. Developing a policy on review mechanisms</b>	<p>Where you are considering the use of policies that would allow the review of the viability over the lifetime of a development the ITT should require the assessor to support you in defining the circumstances where this might be appropriate and the inputs that should be considered as part of the review. Any such policy must be in line with the provisions in the <a href="#">PPG</a> which requires review mechanisms to be used as a tool to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project. They should not be a tool to protect a return to a developer.</p> <p>Matters that might be considered as part of a review could include the availability of grant which could change between adoption of the local plan and over the lifetime of a development.</p>	
<b>D3. Development</b>	Where the development or review of your CIL is being considered alongside the local plan development the ITT should require the same framework for viability assessment of CIL rates for the typologies and sites across your area. This would	

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and review of CIL	<p>include testing a range of CIL rates alongside emerging policy options with the outputs forming part of the overall assessment of results. You should be mindful though that having too many variables will become unwieldy for the assessor to consider.</p> <p>Where a CIL is being developed or reviewed against an adopted local plan the ITT should require the assessor to undertake the viability assessment of CIL rates in association with the adopted policies and any other known costs. The assessment should be undertaken using the same approach identified in Section B above.</p> <p>Where a CIL is being reviewed the ITT should require the assessor to review the current charging schedule and charging rates having regard to changes in the economy, inflation and the experience of CIL in your area and comparable areas which have adopted charging schedules</p> <p>Where earlier charging schedules have zero CIL rated land uses and geographical areas the ITT should require the assessment to test where development viability may have improved since the previous assessment to the extent that CIL can now be charged. Care will need to be taken where CIL was set before the pooling restrictions in the use of Section 106 contributions were lifted as any more recent changes to Section 106 requirements may impact on viability.</p> <p>Notwithstanding, any requirements secured through a Section 106 agreement should be fully supported by relevant planning policies and therefore already tested as part of a viability assessment accompanying the local plan and / or the draft CIL charging schedule.</p> <p>The ITT should require the assessor to provide an assessment which demonstrates the range of options for charging CIL at a viable level taking account of all other relevant costs. In line with the <a href="#">Community Infrastructure Levy (CIL) Regulations 2010</a> (as amended) this should be presented by land use type, scale of development and geographical location taking account of the fact that CIL can be varied by these factors where viability evidence determines. In recommending CIL rates the assessor should ensure that an appropriate buffer has been applied to allow for economic variances. It is important that CIL rates are not pushed to the margins of viability.</p>	

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	<p>The ITT should require the assessor to take account of the requirements of the CIL Regulations as well as the <a href="#">PPG</a> guidance on viability and CIL. This includes ensuring that recommended rates are informed by appropriate available evidence and are consistent with that evidence across your area as a whole. It is critical that this evidence shows that proposed rates would not undermine the deliverability of your plan overall.</p> <p>You may also require in your ITT help from the assessor in forecasting future CIL income based on the proposed rates. In undertaking this work you should provide the assessor with a trajectory of development that is likely to come forward in your area.</p>	
<b>D5. Proportionate evidence</b>	<p>The ITT should require any work undertaken by the assessor to be proportionate to the task. This includes ensuring that the assessments that the assessor provides you with are designed in a format that would allow proportionate updates over time to take account of variances in inputting factors.</p> <p>It is important in the cycle of local plan development and review, and CIL review, that evidence is not treated as a one off static commission. Updates should be straight forward and proportionate allowing you to understand the impact of variances quickly. This is another reason why commissioning the assessor on a modular approach over a specified period of time might be advantageous.</p>	
<b>D6. Evidence base</b>	<p>The ITT should specify the detailed outputs of the work that is required as part of this commission including documents that can be made publicly available and used as evidence to support the development of a local plan and / or a CIL. This could include:</p> <ul style="list-style-type: none"> <li>- Written reports at different stages of the commission. The reports may be written in draft and finalised after consultation with you;</li> <li>- A log of consultation and engagement with developers and landowners;</li> <li>- Detailed viability assessment(s) that takes account of the different audiences that will review the assessment. This includes having a clear executive summary written in plain language and an assessment which is able to be published in an open data format to aid transparency and encourage better data sharing of inputs in to viability assessments;</li> </ul>	

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	<ul style="list-style-type: none"> <li>- The assessment(s) and accompanying form of data analysis should be fully readable allowing full visibility of all inputs that have been considered;</li> <li>- The assessment(s) should be in a format that can be published as evidence for local plan and / or CIL examinations;</li> <li>- The assessment(s) should be presented in a format where they can be readily updated taking account of relevant proportionate evidence;</li> <li>- The assessment(s) and any covering reports should be provided electronically and written in a format that would allow the assessment, or relevant parts, to be presented in association with other reporting requirements and evidence. For example this might include: <ul style="list-style-type: none"> <li>- Evidence of engagement in your Statement(s) of common ground;</li> <li>- Evidence of duty to cooperate at examination of a local plan;</li> <li>- Evidence of forecast future funding in Infrastructure funding statements;</li> <li>- Evidence on deliverability in Housing delivery action plans and 5 year housing land supplies.</li> <li>- The ITT could include an option for support from the assessor on the development of these evidence bases where required.</li> </ul> </li> </ul>	
<b>D7. Responding to matters raised</b>	The ITT could require the assessor to respond to specific matters on viability that are raised through the formal consultation stages of local plan and CIL development. This may in some cases require direct engagement with the source of the comments and in other cases written responses for incorporation within consultation statements. Assessments should also be varied where necessary in response to consultation.	
<b>D8. Examination in public</b>	The ITT should include the requirement for the assessor to act as an expert witness at Local Plan and / or CIL examination(s) for viability related issues. The assessor attending the examination(s) should be the author of the viability assessment.	
<b>D9. Training for officers and Members</b>	The ITT should require at defined stages during the commission for the assessor to train officers on understanding and interpreting in detail the datasets and formulas that are being used as part of the assessment. It is important that officers	

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	<p>are confident in interpreting the evidence that is being developed and that they understand the impact where factors and inputs are varied.</p> <p>The ITT may also require the assessor to undertake some training with Members to help them understand and interpret the assessments when formal determinations on local plan development and CIL charging schedules are required.</p>	



Planning Advisory Service  
18 Smith Square  
London  
SW1P 3HZ  
Telephone 020 7664 3000  
Twitter [@pas\\_team](#)  
Email [pas@local.gov.uk](mailto:pas@local.gov.uk)  
<https://local.gov.uk/pas>