**Contract Reference Number DQCV 010**

**INVITATION TO QUOTE**

**Independent review of an applicant/developer’s viability assessment**

1. **Background**

Paragraph 57 of the National Planning Policy Framework states that ‘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’. It further expands that ‘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’.

Shropshire Council currently lacks the resources to assess viability appraisals submitted by an applicant and developer and is therefore seeking a suitably experienced and qualified ‘service provider’ to undertake independent reviews of submitted appraisals.

There are challenges from developers regarding the ability of the scheme to satisfy policy requirements, particularly regarding affordable housing. Challenges based on scheme viability can occur at one of several stages in the development process: -

1. **Pre-development** – during planning application consideration
2. **Post determination** – Reserved Matters and Full application stage
3. **Post completion** – particularly in respect of developments that fall below the threshold for on-site affordable housing provision. CS11 provided that all open market residential development contributed to the provision of affordable housing at the current prevailing target rate by way of a financial contribution, secured by a S106 Agreement. This contribution is required to be paid two years from commencement for single dwellings. This payment again is challenged on viability grounds at the time when payment is supposed to made.
4. **Why the need for an external assessment?**

The Shropshire Adopted Core Strategy March 2011 at CS11 requires all “all new open market housing development make appropriate contributions to the provision of local needs affordable housing “ Policy CS11 sets out an approach that is realistic, with regard to economic viability, but flexible to variations between sites and changes in market conditions over the plan period. This was achieved through consideration of the ‘current prevailing target’ rate in the calculation of the affordable housing contributions. The target rate is set through the Shropshire Viability Index. The current prevailing target rates are 10%, 15% and 20% as indicated on the attached plan.

The Local Plan is going through a local plan partial review 2016 – 2036 and as part of this process there will be a wider review in context to the plan delivery. The ‘service provider’ will be required to focus the independent reviews on their deliverability against the current prevailing target rates and include assessments against the ability of developed single plots to satisfy the requirements of the S106 Agreement.

1. **Scope of assessments**

The number and spread of assessments will be variable as will the nature of each assessment. It is difficult to quantify the exact number of assessments that the ‘service provider’ will be required to assess, therefore a flexible approach will be necessary. By way of example the Council received 30 challenges to deliverability on grounds of viability within the last 12 months.

1. **Process and timescales of each review request**
2. The selected ‘service provider’ will be provided with relevant Local Plan Policies and the SPD Type and Affordable Housing, together with any pertinent documents that the Council deem to be relevant.
3. Any challenges by an individual or Developer against the ability of a development to fulfil its Policy obligations on the basis of development viability will be required to submit a viability assessment based on National Planning Guidance.
4. The Development Management Case Officer in consultation with the Housing Enabling and Development Officer decides the brief for each review and obtains a quote from the ‘Service Provider’ (there will need to be confirmation that there is no conflict of interest).
5. The appraisal submitted to Shropshire Council will be emailed to the ‘Service Provider’ with an expectation that this will solely form the basis for the independent review. There is no expectation that the ‘service provider’ will enter into negotiations with the individual or developer.
6. Shropshire Council Case Officer will obtain a written undertaking from the applicant to fund the cost of the review.
7. Shropshire Council Case Officer commissions the independent review
8. ‘Service Provider’ invoices individual or developer prior to commencement of the independent review and commences review upon receipt of payment

**E. Quotation (please provide all the information set out under this paragraph to form your quotation offer)**

**1.The Council are seeking a ‘service provider’ who will be able to fulfil the role of providing an independent review and request a quotation based on the following:-**

**1(a)Indicative scenarios**

Indicative quotes are required based on the following scenarios: -

Charging schedule based on a development size: -

Single dwellings – trigger for payment has been reached but challenged on viability grounds

1 to 9 units =

10 to 25 units =

26 to 50 units =

51 to 100 units =

101 plus units =

**1.(b) Hourly rate**

Where the proposal and viability situation is unique, please include an hourly rate for additional work

**1(c). Report on findings**

The findings from the ‘Service Provider’ viability assessment will be required to be articulated to the Shropshire Council Case Officer in the form of a short report. Please confirm any further cost for this report.

**2. Experience and qualifications/membership of professional organisations**

Details of relevant experience and skills in delivering similar services including, where applicable, details of who will be carrying out the work and their relevant training, experience and qualifications

**3.Timelines**

There will be an expectation that the ‘Service Provider’ will appraise the applicant’s viability assessment and report back to Shropshire Council Case Officer within 3 weeks from receipt of documentation, unless otherwise agreed in writing. If additional information is sought from Shropshire Council or the applicant, then the timescale will be amended accordingly.

Please confirm that this timescale is achievable and agreed

**4.Insurance**

The selected ‘Service Provider’ will need to evidence Employer’s Liability Insurance and Professional Indemnity Insurance of a minimum £5m for each and every claim. Please confirm you have in place insurance to the required levels.

**5. Organisation Details**

Full details of your organisation including, if applicable, registered address and company registration number

**F.Evaluation Criteria**

Proposals will be assessed on the basis of the following criteria. In reaching this judgement, the following will be considered:

* Your organisation’s experience of delivering similar services
* Your indicative prices for each of the scenarios above

Shropshire Council reserves the right:

* To determine whether an appointment is made (using the criteria above) based on the proposal submissions alone
* To not make an appointment.

**G.Conditions of Contract**

The contract will be between Shropshire Council and the successful provider and will cover the terms for undertaking the service. This contract must be agreed by both parties before any payments are made.

Your quote should be returned by email **by 12pm on 22nd August 2019**

Contact Maria Howell- [maria.howell@shropshire.gov.uk](mailto:maria.howell@shropshire.gov.uk)

A copy of the Shropshire Council General Terms and Conditions for the supply of goods, services and works is available to download from the Shropshire Council website:

<https://www.shropshire.gov.uk/doing-business-with-shropshire-council/>