

## Appendix 2: Recommendations

| Recommendation from Scrutiny Review   | Draft response<br>(Agreed / Not agreed / Partially agreed)  | Who and when   |
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| <p style="text-align: center;"><u>Viability Assessment Process</u></p> <p>It is recommended that a new Supplementary Planning Document (SPD) is developed or that the existing SPD for Planning Obligations is updated to <b>reflect</b> the principles and practice recommended within the London Wide Viability Protocol.</p> <p>In addition, new viability assessment guidance that is developed and <u>published</u> should reflect the following:</p> <ul style="list-style-type: none"> <li>(i) Outline viability assessments should be developed in consultation with developers in pre-application process, but a date to for determination can only be agreed once a full and final viability assessment has been received by the Local Planning Authority (LPA).</li> <li>(ii) That there should be explicit published guidance as to the expected methodology, inputs and supporting evidence that should be used in providing viability assessments – in particular: <ul style="list-style-type: none"> <li>(a) The LPA should emphasise to prospective developers that it will not accept ‘market value’ approach to land values within such calculations</li> <li>(b) That guidance should indicate that any profit levels on the development should be calculated on the gross development value, and between a</li> </ul> </li> </ul> | <p>Agreed. A new SPD is currently under preparation.</p> <p>This is already the case</p> <p>This is already set out in the current Planning Obligations SPD</p> <p>Not agreed. Profit levels should reflect the current state of the market and applicants should justify their proposed profit level taking account of the current state</p> | <p>Planning Service . it is planned to take this to March Cabinet.</p> |

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| <p>range of 10-20%;</p> <p>--</p> <p>(iii) That a statutory declaration should be provided signed by an accountable person/s, who would confirm the accuracy of information in the viability assessment and that this is consistent with the information that an applicant is using to inform their own commercial decisions and the information relied on as the basis of the release of development finance</p> <p>2. <u>Review mechanisms</u></p> <p>(i) Recognising the time limited nature of viability assessments and the time lag from determination to commencement of development taking place on site, review mechanisms should be standard for all planning applications which are not policy compliant, to ensure the maximum public benefit is secured over the period of the development.</p> <p>(ii) To allow for a more realistic assessment of viability it recommended that an 'advance stage review mechanism' takes place at the point at which 66% sales have been completed and that there will be substantive sales and construction cost evidence to support the reassessment.</p> | <p>of the market and the risk if their project . Currently this is at 20% and only profit levels of 20% or below are accepted.</p> <p>Not agreed. There is no legal basis for this.</p> <p>Partially agreed. Currently major applications usually have a review mechanism such that if applications are not implemented within 18 months the viability will need to be rerun prior to implementation. It is intended to stipulate this within the new Planning Obligations SPD.</p> <p>Not agreed but an alternative is proposed:<br/>As above a reassessment should be conditioned where development does not commence within 18 months of grant. On large phased major development schemes a review mechanism should also be employed prior to commencement of a particular phase or phases, with any uplift to be delivered in the latter phases of the scheme. Where major development is not proposed to be phased, the s106 should include a 'clawback' based on sales value uplift only – with the sales value in sqft agreed between the Council and developer either at grant and/or upon reassessment prior to</p> | <p>Planning Service as above.</p> <p>Planning Service as above</p> |
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| <p><u>Transparency</u></p> <p>(i) It is recommended that to improve transparency, promote scrutiny and public confidence in the viability assessment process, it is recommended that all viability assessments are made public in their entirety and without redaction.</p> <p>(ii) It is also recommended that a summary of the viability assessment is published alongside the application at validation.</p> <p>(iii) In the interests of transparency and openness and to remove any notions of conflict of interest, it is recommended the costs of independent viability experts appointed by the Council to appraise any submitted viability assessment are charged and paid for directly by the Council. Reimbursement should then be sought from the developer who is legally liable for such costs.</p> <p>(iv) That the housing and regenerations scrutiny panel is formally consulted on the emerging new SPD.</p> <p><u>Training, skills and expertise</u></p> <p>(i) The panel recommend that to further develop the in-house capacity and expertise of the Local Planning Authority to assess, commission and scrutinise viability</p> | <p>commencement, with an 80:20 profit share. The sales values to be assessed after the sale of the final unit.</p> <p>Partially agreed. The Local validation requirements that is currently being consulted on sets out that the Council's default position is that viability assessments should be published in full prior to the determination of the planning application, after negotiations have been concluded, in line with recent Information Commissioner decisions. In some cases it may be appropriate for some information to be redacted however the onus is on the applicant to make this case on a case by case basis.</p> <p>This is already the case.</p> <p>Partially agreed. The contracts are between the Council and the viability consultant in any case and as such it is not agreed that there is a conflict of interest. Despite this the Council is working with the procurement team to put this system in process.</p> <p>Agreed</p> | <p>Planning Service.</p> |
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| <p>assessments /appraisals:</p> <p>(ii) that additional dedicated training on viability assessments is provided to existing Planning Officers;</p> <p>(ii) that the Local Planning Authority explore ways (possibly in cooperation with neighbouring Planning Authorities) to recruit and retain a specialist quantity surveyor (this would not preclude the need to commission specialist viability consultants).</p> <p>(iv) To support scrutiny and assessment of viability assessments and viability appraisals, the panel recommend that dedicated training is provided to members of the Planning Committee on viability assessments which should include:</p> <ul style="list-style-type: none"> <li>(a) expectations of the London Wide Viability Protocol;</li> <li>(b) emerging changes to the viability landscape (e.g. Mayor of London Housing SPG, London Housing Commission)</li> <li>(c) recent legal cases and legal precedent;</li> <li>(d) once updated, viability requirements as set out in the new / updated local SPD on viability/ planning obligations for Haringey LPA.</li> </ul> <p>(v) Given the significance of viability assessments in securing affordable homes and other public gains and the need to extend community confidence in this process, it is recommended that such training is also extended to all members of the council.</p> <p><u>Policy, lobbying and support</u></p> | <p>Agreed. Training to be carried out for all Planning Officers by the end of April 2017.</p> <p>Not Agreed. The GLA are setting up a viability unit that will be used instead.</p> <p>Agreed. Training has previously been provided and a further dedicated session will take place in 2017/18 following a review of the member training programme.</p> <p>Agreed.</p> | <p>Head of Development Management to arrange</p> <p>Assistant Director of Planning</p> <p>Assistant Director of Planning</p> <p>Cabinet Member for</p> |
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| <p>(i) That the Council write to the Mayor of London to encourage the adoption of a London Wide Viability Protocol, and make representations to London Councils to do the same.</p> <p>(ii) Given the contested nature of review mechanisms (that is if they apply solely to phased developments as per the Governments Planning Practice Guidance) the council should lobby DCLG for greater clarity in guidance (or make representation to London Councils, or Mayor of London to lobby on its behalf).</p> | <p>Agreed however it is noted that this has been superceded by the Mayor's own viability SPG that is expected to be issued for consultation shortly.</p> <p>Agreed. Although it is noted that the Mayor's SPG is expected to cover this in any case.</p> | <p>Planning.</p> <p>Cabinet Member for Planning.</p> |
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