



**WATFORD
BOROUGH
COUNCIL**

Brief

Community Infrastructure Levy Review and Local Plan Viability
Assessment

for

Dacorum Borough Council

Hertsmere Borough Council

St Albans City and District Council

Three Rivers District Council

and

Watford Borough Council

August 2019

1.0 INTRODUCTION

1.1 The five SW Herts authorities are jointly commissioning review and updates to their Community Infrastructure levies (CIL) (introduction in the case of St Albans) and separate viability assessments for their emerging Local Plan policies (except St Albans). The South West Hertfordshire are:

- Dacorum Borough Council
- Hertsmere Borough Council
- St Albans City and District Council
- Three Rivers District Council
- Watford Borough Council.

The Project is being managed by Watford Borough Council.

1.2 This document describes the scope of the commission and sets out how interested parties, with the appropriate skills, can respond to the opportunities it presents.

1.3 It is important to note that the commission will comprise of a combination of joint work (common outputs to all the commissioning authorities) and individual work (outputs to a single authority). It is recognised that there are a number of elements of infrastructure planning and economic viability assessment work that are common to all the study districts in South West Hertfordshire.

1.4 Separately Dacorum, Hertsmere, Three Rivers and Watford are progressing new local plans with submissions for examination programmed from autumn 2020. Viability assessments of each planning authority's emerging planning policies will be required as part of the commission.

1.5 For information work has begun on a Joint Strategic Plan for South West Herts but this is not to come into practice until 2031 and will only influence the last five years of the Local Plans.

1.6 The contract will be valid for 4 years from the date of award. Orders placed under the contract may be for a longer duration and to continue past that expiry date.

1.7 The Council anticipates potential fee expenditure of between £80k and £250k on assignments, no commitment is given however on the fee expenditure or on placing any work under the contract.

About the study area

1.8 SW Herts is located to the north west of London extending across the M25. The area has excellent transport connections to London and the wider South East with main line train services running through the area and several major trunk roads crossing the study area. As with most authorities that are in such close proximity to London, the study area includes extensive Green Belt coverage.

1.9 The SW Herts authorities have existing arrangements for working jointly and with Hertfordshire County Council on establishing infrastructure needs and testing viability. In February 2019 the Hertfordshire Infrastructure Funding Prospectus was published which showed a significant infrastructure funding shortfall. The previous Community Infrastructure viability work was commissioned jointly across Hertfordshire and led to four of the five SW Herts authorities (except St Albans) introducing a Levy.

2 Existing SW Herts Authorities Community Infrastructure Levy Rates		
Authority	Date charging started	Link
Dacorum	July 2015	http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/developer-contributions/community-infrastructure-levy-(cil)
Hertsmere	December 2014	https://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Developer-Contributions-Framework/040-Hertsmere-CIL-Charging-Schedule-and-Regulation-123-List.aspx
St Albans	N/A	No charging schedule in place but recent viability work available INFR 009 St Albans CIL and Viability Report Final Draft - November 2017 (PDF - 8 mb)
Three Rivers	April 2015	https://www.threerivers.gov.uk/egcl-page/community-infrastructure-levy
Watford	April 2015	https://www.watford.gov.uk/downloads/file/472/charging_schedule_2015

1.10 The CIL regulations require a review of CIL rates every five years or when there are significant market changes. The commissioning authorities consider that land values, development costs, development types (housing need has nearly tripled following the introduction of the standard housing Objectively Assessed Need in 2018) and infrastructure requirements have significantly changed across SW Herts since the 2013 study was undertaken. The SW Herts authorities considered it is now time to review the existing CIL rates alongside the emerging new Local Plans viability requirements.

1.11 This commission will involve the testing of CIL viability both individually and collectively, but should also provide the basis for more detailed testing around

assumptions particularly for affordable housing and s106 in line with each authority's emerging local plans.

Local Context Policy Framework

1.12 Local Plan Documents are available:

Authority	Date adopted	Plan period	Local Plan Link
Dacorum	September 2013	2006-2031	<p>Current Plan: http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/local-planning-framework/core-strategy</p> <p>Emerging Local Plan: http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/new-single-local-plan</p> <p>LDS: http://www.dacorum.gov.uk/docs/default-source/strategic-planning/local-development-scheme-2018-2021-june-2019.pdf?sfvrsn=4</p>
Hertsmere	January 2013	2012-2027	<p>http://www.hertsmere.gov.uk/Documents/09-Planning--Building-Control/Planning-Policy/Local-Development-Framework/Core-Strategy-DPD-2013.pdf</p> <p>LDS: https://www.hertsmere.gov.uk/Documents/09-Planning--Building-Control/Planning-Policy/Local-Plan/Local-development-scheme-2019.pdf</p>
St Albans	Submitted to the Planning Inspectorate March 2019	2020-2036	<p>https://www.stalbans.gov.uk/planning/Planningpolicy/localplan/default.aspx</p> <p>LDS: https://www.stalbans.gov.uk/Images/Local%20Development%20Scheme%202017-2020.pdf</p>
Three Rivers	October 2011	2001-2026	<p>http://www.threerivers.gov.uk/GetResource.aspx?file=Core%20Strategy%20Adopted%202017%20Oct%202021.1.pdf</p>

			LDS: https://www.threerivers.gov.uk/egcl-page/local-development-scheme
Watford	January 2013	2006-2031	<p>Current Plan: http://www.watford.gov.uk/ccm/content/planning-and-development/core-strategy/adopted-local-plan-core-strategy.en</p> <p>Emerging Local Plan: https://www.watford.gov.uk/info/20168/planning_policy/861/watford_local_plan/2</p> <p>LDS: https://www.watford.gov.uk/downloads/download/930/watford_local_development_scheme_2018-2021</p>

2.0 SCOPE OF THE STUDY

- 2.1 The study is in two parts – the Community Infrastructure Levy review and Local Plan viability, these stages are independent but should share the same evidence. Authorities may wish to have the two elements done simultaneously or consecutively to fit in with the local plan timetable for each authority.

Part A - Community Infrastructure Levy Review

- 2.2 The objective of the study is to assist in the delivery of infrastructure by providing a sound evidence base to support the adoption of a new CIL charging schedule for each of the districts, as set out in the CIL regulations and guidance, and having regard to available best practice.
- 2.3 The study will be required to provide a clear assessment of the amount of CIL that could be charged on a range of development without adversely affecting viability, limiting the scope for affordable housing provision in each local planning authority, or compromising sustainable design and construction measures, and taking into account other site specific matters.
- 2.4 A number of the councils have been charging CIL since 2015 and the study should take account of the impact of current CIL rates on recent development viability. The councils will also be seeking advice on whether to zero rate strategic allocations for CIL in their emerging plans and instead seek site specific s106 contributions and onsite provision (some authorities have this in place currently).
- 2.5 The viability of a development shall incorporate the ability of any scheme to meet normal development costs, including all relevant planning policy requirements.

2.6 Based on the findings of the assessment, the appointed consultants will then work closely with the Councils to provide clear recommendations for a charging schedule.

2.7 The following actions are designed to cover the key aspects that the commissioning authorities wish to see undertaken:

Key Action	Commentary
Review existing charges and run a 'sense check'	A 'sense check' with the commissioning authorities early on will allow the appointed team to test out assumptions and parameters for the study and intended outputs
Prepare a CIL viability model	Prepare a CIL viability model for the commissioning authorities that allows the effects of potential CIL charges across a wide variety of land uses, development typologies and allocations to be tested
Model including generic and specific inputs	Ensure that the model comprises inputs agreed collectively by the commissioning authorities (including a range of countywide variables agreed more widely) as well as inputs agreed specifically with individual authorities where appropriate
Future revisiting of the model	Ensure that the model is capable of being revisited to input different variables and operated by officers at each of the commissioning authorities
Agree land uses/ typologies/ allocations to be tested	Agree with each of the commissioning authorities land uses and typologies to be tested
Identify CIL rates for individual authorities across uses/typologies	Propose specific CIL rates for a range of land uses and development scenarios as agreed with individual authorities
Viability testing	Undertake viability testing using the proposed CIL charging rates and taking in to account emerging policies across a range of land uses/typologies and discuss the findings with the commissioning authorities adjusting charging rates/variables where necessary. An assessment of the impact of current CIL rates on recent development viability should be undertaken. As part of this work a sufficiently involved level of sensitivity testing should be undertaken to allow the authorities to consider the impact of potential future charges in model inputs

Output 1: Technical Paper*	A technical paper comprising an evidence base, methodology, detailed assessment and findings on the viability of different rates of CIL that can be applied to future developments within SW Herts.
Output 2: charging schedule recommendations for each local authority*	A report summarising the recommendations for appropriate CIL rates or a range of rates to be charged on new development.
Consultation support	The appointed consultants will be expected, if required, to assist in more complex responses to representations made to consultations on the charging schedule.
Examination support	For an agreed cost, the appointed consultants will be expected to assist the districts in the defence of the CIL charging schedule and its evidence at either an authority-specific or a joint SW Herts Examination in Public.
*for these stages a working draft will be required which will be reviewed by key officers, a liaison meeting held and a final draft agreed based on the feedback received.	

2.8 In terms of scoping out scenarios from which the appointed consultants will establish potential CIL rates to be assessed for their viability, the team will need to work with each individual authority to establish:

- The potential for CIL exemption (e.g. regeneration areas, strategic allocations)
- The potential for a Strategic Infrastructure Tariff (SIT) or equivalent which may vary across the authorities to contribute to strategic infrastructure.

2.9 The team should propose and test CIL on a variety of development types/uses. The following list is not exhaustive but development types are likely to include:

- A nominal rate for all development
- Affordable housing 0%-45% at 5% increments with testing of types and mixes of affordable housing, results should support discussions and decision making on levels of affordable housing vs infrastructure provision.
- B1, B2 and B8 Class uses.
- Other commercial uses including, but not limited to, retail, retail warehousing and hotels.
- Specialist housing, including but not limited to, residential care homes and private sector rental.
- Testing of varying densities and heights of development.
- Charges based on land use (through dedicated zones) i.e. Greenbelt, agricultural, equestrian.

- Permitted Development – potential to charge a premium on additional floorspace on town centre PD conversions.
- A different rate in certain strategic locations (to be determined in terms of number of units) with consideration for onsite requirements such as education and health
 - no CIL,
 - nominal CIL + S106,
 - all CIL,
- Typologies for each district to be confirmed for scenario testing.
- Sensitivity testing +5%/-5%.

2.10 The following actions are to be specific to each authority:

- Specific individual inputs to model (particularly planning policy assumptions, likely to include current and emerging policies) with an option to retest/re-evaluate when emerging policies are finalised.
- Consideration of Neighbourhood Plans wherein place or emerging.
- Individual CIL rates (including potential variable rates, nil rates and exemptions).
- Outcomes specific to individual authorities on viability testing.
- Recommended CIL charging schedule.

Part B - Development Viability: Local Plan

- 2.11 The objective is to undertake a viability assessment of the emerging Local Plan for each district. This will include assessing policy commitments such as environmental standards, affordable housing standards, development mix, infrastructure requirements, amenity standards and transport standards and taking into account developer contributions to ensure development remains viable.
- 2.12 Generally the work should clearly define the ‘testing framework’ and criteria used, use a flexible viability model allowing for extensive testing of scenarios and use typical site typology as found in South West Hertfordshire to influence the generic site testing analysis.
- 2.13 A technical report will be expected to comply with national policy and guidance to assess planning policies and site allocations, identify potential funding sources to inform Planning Obligations Supplementary Planning Documents as required, and inform the production of Local Development Orders should the need arise.
- 2.14 The work will consider sites that are proposed to be allocated through the Local Plans, having regard to particular infrastructure requirements, emerging policy requirements (including affordable housing targets), market capacity to deliver, CIL and any other necessary contributions. In addition a broad assessment of other types of site/typologies that may constitute windfall sites should be considered.

2.15 The assessment should be robust enough to support the emerging Local Plan examination and be relied upon by developers when submitting subsequent planning applications on allocated Local Plan sites.

Plan wide viability assessment

2.16 The report should provide a clear policy steer, drawing on development appraisal findings that can practicably be translated in deliverable policies. This would be 'high level' testing to establish broader parameters of setting policy targets and test plan proposals against policy requirements/ standards.

2.17 The report will inform policy decisions based on the aspirations of achieving sustainable development and meeting local infrastructure requirements balanced with the economic realities of development. As such the study should:

- Assess the policies proposed by the plan, apportioning appropriate development costs to be factored into the viability assessment.
- Consider the cumulative cost of policies to ensure that the plan remains viable.
- Take account of emerging national standards which could affect viability.
- Inform detailed viability assessments on individual site allocations (as set out below).

Site specific viability assessment

2.18 To prepare a viability assessment of specific sites that are expected to be allocated in the emerging Local Plan the study will:

- Incorporate existing and emerging evidence underpinning the Local Plan or through national standards which could affect a sites viability;
- Take account of national guidance on viability, including predicted costs, and be prepared in such a manner that ensures consistency with emerging viability evidence;
- Consider the Community Infrastructure Levy (CIL) and any s106 or s278 requirements to mitigate development;
- Identify key characteristics for each site including location, size, development mix, scheme revenue and costs, before drawing conclusions as to the viability of those sites;
- Take account of risks to delivery, drawing on informed assessments of the likely levels of finance available and the level of developer contribution that could be reasonably secured;
- Where appropriate, make recommendations for site specific policy changes to make sites viable, it would then be for the council to decide if these recommendations are acceptable.

2.19 As an example it is anticipated that the Watford Local Plan will contain approximately 40 policies and 50 site allocations.

3.0 ENGAGEMENT THROUGHOUT THE PROCESS

3.1 The commissioning authorities will set up a Project Management Group and nominated representative from each local authority. The Project Management Group will be responsible for contractual, management and steering issues related to the CIL and Local Plan Viability work, and will meet from time to time with the appointed consultant.

3.2 Although the work is being tendered together with the five authorities some elements for different boroughs may need to be undertaken at different times. Timings will need to be confirmed with each district.

3.3 The work will be subject to regular progress reporting, including meetings (monthly or as required), and led by the consultants throughout the duration.

3.4 Reports should be concise and written in a style that is accessible, succinct and easy to read. The completed technical paper should be in a form that enables the councils to update the data, assumptions and findings on a regular basis and for inclusion in the Infrastructure Funding Statements.

3.5 A non-technical (executive) summary of the study's conclusions is also required.

3.6 Draft reports should be produced in an electronic format (format to be agreed) which allows for the Councils' feedback to be provided. The final report must be made available in hard copy (to each authority) and electronic formats (formats to be agreed with the clients).

3.7 Tender submissions should indicate whether the proposed timetable set out below is realistic for the review:

Key stages	Dates
Publication of contract notice	End July 2019
Submission of tenders	As shown on the procurement portal.
Interviews	11 September 2019
Inception meeting	27 September 2019
PART A – CIL REVIEW	
Interim findings	w/c 9 December 2019
Draft CIL report	w/c 6 January 2020
Presentation to project group	w/c 13 January 2020
Final CIL report	w/c 10 February 2020
PART B – LOCAL PLAN VIABILITY	
Local Plan viability work at a timeframe agreed with each Council	TBC with each Council.

3.8 The contracting authority reserves the right to amend this indicative timescale.

3.9 As part of their tender submission, consultants should submit a project plan setting out:

- main tasks;
- the people responsible for the main tasks;
- deadlines for any inputs (of data or approvals) required from the councils; and
- key milestones.

3.10 The project plan will be reviewed and, if necessary, amended at the inception meeting.

3.11 Performance will be measured against the agreed project plan. Should during the life of the project it become necessary to amend the date for achieving key milestones, the consultant should seek client agreement in a timely manner.

3.12 The appointed consultant may also be required to provide onward support to the councils in explaining the methodology used in and the outputs from the assessment. The consultant should be confident that they can defend the findings and recommendations of the assessment at examination. Additional work may therefore include the consultant being required to prepare written evidence and appearing at Examinations in Public or Public Inquiries as an expert witness.

4.0 PRICE AND PAYMENT

4.1 Tenderers must set out the fixed price for element A and B of the work and specify the hourly/daily rates that would be payable for each person involved. This fee proposal should be inclusive and set out the details of all charges that would be payable including all travel, subsistence, disbursements and other expenses.

4.2 Rates for follow up advice and attendance at examinations should be included separately. Payment of the consultant's fee will be triggered by satisfactory completion of key stages of the study, as shown below, and following submission of a correct invoice to Watford Borough Council. The Council's payment terms are 30 days. Payment procedures for any additional work will be subject to agreement between the consultants and the Council.

Stage	Proportion of Study Fee to be paid
Draft Report	40%
Final Report for publication	50%
Retention payment	10%

4.3 10% of the fee will be retained for a period up to two months to enable the commissioning authorities to clarify any outstanding matters with the consultant.

5.0 DETAILS OF THE SUBMISSION REQUIREMENTS

5.1 Interested parties are required to provide the following information:-

(a) A delivery proposal, The response should confirm:-

- i. Your delivery methodology based upon the information set out in this brief showing a clear plan with timescales.
- ii. The identification of the staff proposed to undertake this work together with their CVs.
- iii. An example of a previous report you have prepared.
- iv. Any requirements you may have from Watford BC staff.

(b) Your proposed fee schedule for the services set out in Section 2 above.

(c) Details of similar commissions recently undertaken and details of how your work has 'added value' to those commissions.

(d) CV's of staff who will be engaged on this appointment including details of their involvement in the commissions referenced under (c) above.

(e) Hourly rates for the following levels of staff:-

- i. Partner
- ii. Associate
- iii. Principal Architect/Planner/Officer
- iv. Architect/Planner/Officer
- v. Architectural/Planning Technician
- vi. Other

(f) Rates and Prices should include all disbursement but exclude VAT. Any abnormal disbursements not covered within your fee proposal in (b) above must be specified.

(g) Contact details for two Client Referees for the commissions referenced under (c) above.

(h) A copy of your company's insurance certificates

5.2 Whilst the overall format of the submission is flexible, it should reflect the areas identified within the template outlined in Appendix 1.

6.0 TENDER EVALUATION

6.1 Tenders will be evaluated and selection made against the evaluation criteria shown in Appendix 1 on the basis of a 70% weighting for quality and a 30% weighting for price.

7.0 TERMS AND CONDITIONS

7.1 The conditions of Contract shall be the Consultant's form as shown in this ITT. These shall form the basis of both the framework agreement and any call-off contracts let under the framework.

APPENDIX 1: EVALUATION CRITERIA

Tender submissions should demonstrate how they satisfy the requirements of the brief. All submissions should include relevant local authority references. Proposals will be evaluated using the following weighted criteria.

Award Criteria and Weighting		
Criteria	Description	Weighting
Price	Fixed fee quotation for completion of the study and day/hourly rates for further work.	30%
Quality		
Methodology	Evidence of a clear understanding of the full requirements of the brief, including a description of how the required work will be delivered and how to ensure that the results are robust and defensible at examination.	35%
Staffing	Evidence of team availability, resilience and the ability to meet the project deadline. Details of any potential conflicts of interest must be shown. Responses must include details of any requirements that would be placed on the client to provide information or support.	15%
Representation Experience	Bidders must set out experience of representing issues successfully at examination and appeals.	15%
Social Value	Describe how you might offer social, environmental or economic benefits to the local community.	5%