

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2121

Title: London Plan Viability Assessment

Executive Summary:

This decision seeks approval to commission a viability study which will provide a robust evidence base to support the new London Plan at Examination in Public. This will assess the cumulative viability impact of the proposed policies and standards in the London Plan as required by the National Planning Policy Framework and Planning Practice Guidance, including affordable housing requirements, together with other standards and policy requirements applicable to various development types across London.

Decision:

That the Executive Director of Development, Enterprise and Environment approves expenditure of up to £120,000 to procure and appoint a team of consultants to undertake a viability study and related work during the consultation and Examination in Public of the London Plan.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

Name: Fiona Fletcher-Smith

Position: Executive Director – Development, Enterprise and Environment

Signature:



Date:

15.5.2017

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 The Mayor has set out his intention to bring forward a replacement London Plan (the “Plan”) which will provide a framework for more inclusive growth in the City. The Plan policies will cover a range of issues including land use, housing, transport, economic development, infrastructure, heritage, culture and health. This viability study will inform the policies within the revised plan and will form part of the evidence base provided to support its examination and adoption.
- 1.2 The National Planning Policy Framework requires plan makers to consider whether the scale of planning policy obligations would be achievable and viable and to what extent policy requirements would risk undermining the viability and deliverability of the quantum of development proposed¹. This requires a degree of planning judgement, informed by robust and proportionate evidence. Planning requirements and costs should be assessed collectively in order to understand their cumulative impact². Planning Practice Guidance sets out further principles for considering viability and guidance for testing local plans.
- 1.3 This Viability study will form part of the evidence base which supports the Full Review of the Plan. This will test the policies of the Plan and identify the approach which best achieves the Mayor’s objectives whilst being deliverable and supported at Examination in Public (EIP). The GLA proposes to appoint a consultant team to undertake the study drawing on expert evidence relating to assumptions and inputs for different development types, including development values, build costs, benchmark land values and developer’s return.
- 1.4 Quotations are limited to a total budget of up to £120,000 for a suitably qualified consultant team to undertake the study and related work during consultation and Examination of the London Plan. This reflects the scale, complexity and expertise required to undertake the study which will test a range of policies when applied to key development types across London.

2. Objectives and expected outcomes

- 2.1 The study will:
 - examine the likely cumulative viability impact of the proposed policies and standards in the Plan, including affordable housing requirements, planning obligations/CIL, together with other standards and policy requirements applicable to various development types.
 - provide a broad strategic understanding of viability across London based on current and projected market trends, likely development costs and appropriate benchmark land values in different boroughs.
 - test the viability and deliverability of an appropriate range of sample sites across London boroughs, covering various development typologies, densities and sizes of sites.
 - model various scenarios and variables in relation to planning policy requirements, densities, grant funding and trends in development values and build costs.

¹ Department for Communities and Local Government (DCLG), National Planning Policy Framework (NPPF), paragraphs 173 to 174

² DCLG, Planning Practice Guidance (PPG), Paragraph: 007 Reference ID: 10-007-20140306

- draw on expert evidence relating to assumptions and inputs including development values, build costs, benchmark land values and profit.

2.2 In addition the consultant team will provide support at the consultation and Examination in Public stages of the Plan to enable successful adoption of the Plan.

3. Equality comments

3.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.2 The obligation in section 149(1) is placed upon the decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.

3.3 Taking into account the obligations under section 149(1) of the Equality Act 2010, the assessment will consider the viability of new development to support the new London Plan which is a requirement of national planning policy and guidance.. The assessment will inform policies considered as part of the new London Plan for which an Equalities Impact Assessment, as part of the Integrated Impact Assessment, will be undertaken.

4. Other considerations

4.1 A key issue will be identifying a consultant team that is capable of meeting the specification of the brief given the range of expertise required regarding different development types and value and cost information for different market areas. Submissions will be considered from groups of consultants bringing together the necessary skills and expertise, and where necessary additional specialist input may be commissioned.

4.2 The study will consider a range of policies based on the Mayor's priorities as set out in A City for all Londoners and forthcoming Housing, Transport, Economic, Environmental, Health Inequalities and Cultural Strategies. The study will inform the policies included within the Draft Plan.

4.3 The Study will form part of the evidence base for the new London Plan which will be subject to public consultation in 2017/18 and Examination in Public in 2018. Final adoption of the plan is anticipated at the end of 2019.

5. Financial comments

5.1 Approval is being sought for expenditure of up to £120,000 to procure a team of specialist consultants to produce a viability study to support the new Examination in Public of the London Plan. The cost will be funded from the London Plan Programme 2017-2018 Budget.

6. Legal comments

- 6.1 The Mayor is required to prepare and publish a spatial development strategy (known as the London Plan) under section 334 of the Greater London Authority Act 1999 (GLAA). The Strategy must include his general policies in respect of the development and use of land in Greater London and must deal only with matters which are of strategic importance. However, in making that determination, it is immaterial whether or not the matter affects the whole of Greater London.
- 6.2 Under S339 of the GLA Act 1999 (as amended) ("the Act"), the Mayor is required to keep under review matters which may be expected to affect the development of London or the planning of its development or which are otherwise relevant to the content of the London Plan.
- 6.3 The Mayor has a duty to keep the Strategy under review in accordance with section 340 of the GLAA. Under section 341(1)(a) of the GLAA the Mayor may at any time prepare and publish amendments (or more formally "alterations") to the Strategy. Section 341 of the GLA Act sets out the procedure to be followed for the preparation and publication of the London Plan, and in particular section 341(3) sets out the procedure for preparing a replacement Strategy.
- 6.4 The GLA may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the Mayor or Assembly or both acting jointly by virtue of section 34(1) of the GLAA. The appointment of a consultant team to undertake the Viability Study is therefore consistent with this power.
- 6.5 Any procurement required and authorised should be undertaken in accordance with the GLA's Contracts and Funding Code and in consultation with Transport for London Procurement, who will determine the procurement strategy.
- 6.6 Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder and the GLA before the commencement of the services.

7. Planned delivery approach and next steps

- 7.1 The assessment will be managed by the GLA Viability Team with input from other officers. The project will comprise the testing of policies for different development types, densities and inputs with initial outcomes presented to the client team and final report fulfilling the requirements of the specification. Consultants may be required to present evidence and carry out further research as part of consultation and Examination in Public of the Plan.

Activity	Timeline
Procurement of contract	May/ June 2017
Delivery Start Date	June 2017
Final evaluation start and finish (self)	October – December 2017 (ongoing while plan progresses)
Delivery End Date	October 2017
Project Closure:	Autumn 2018 (following EiP)

Appendices and supporting papers:

London Plan Viability Assessment – Commissioning Brief

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

To enable procurement procedures to be undertaken and tendering of the contract.

Until what date: 17th July 2017

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

John Wachter has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Juliemma McLoughlin has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 15 May 2017.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Allen

Date

15.5.17

