

Viability Statement Guidance

Purpose

The Local Plan requires the provision of a Viability Statement for all applications proposing the loss of existing employment uses where it is claimed that the current or any employment use is no longer viable.

Conducting a viability assessment of the site will assist applicants in satisfying the requirements of the relevant Local Plan policies. It should be recognised that this is part of a sequential approach, and all other criteria within relevant policies to the proposal will be considered in the determination of the application.

Criteria on what will be considered an adequate Viability Statement is set out below:

Current and Historic Use

A Viability Statement must include a detailed account of why the existing use is no longer viable. The statement should provide a historic account of previous commercial activity of the site in question and its current use. If the applicant is the current or historic commercial occupier/tenant of the site, they should provide a concise account of the financial history of the commercial operation, including turnover, operating costs and profit for example. If the applicant is the landlord of the site and was not directly engaged with the current or previous commercial activity, an account of current and historic rental returns should be provided. Any or no change in the financial situation of the commercial operation should be explained, detailing wider market and sectoral trends, along with any specific challenges and opportunities relating to the commercial operation of the site. In addition to the financial history, the applicant should also provide a rough estimation of historic and current employment levels at the site, measured in FTE jobs. Where the applicant is not the current or historic commercial occupier/tenant of the site, or the landlord, they are expected to provide as much detail as possible, researching any historic documents from previous planning applications and other historic records where available. The Viability Statement must provide an overview of the current state of the site, including any structural, ownership, access or environmental challenges which have affected its viability. If the site in question is undeveloped land, an account of the original expected financial viability of the site for its existing permitted use, along with expected job creation, should be detailed along with an explanation of why these expectations can no longer be realised.

Viability Assessment

Where the applicant is seeking change of use and a Viability Statement is required, the applicant must include a financial assessment of the conversion of the site to the proposed alternative use. This assessment must include an estimated total cost of the conversion, including the cost of any new permissions required, structural, building and grounds work, interior decoration, fixtures and fittings, etc.

The total cost should include everything necessary to allow the new use to effectively function, as a dwelling, business or community facility for example. All general costs of this nature should be detailed within any assessments provided. The applicant must gather these costings either through estimates and quotes from local suppliers or from estimations provided by a chartered surveyor. Financial projections for the site must be provided within the Viability Statement. These projections can be based on either sale/rental value where an applicant intends to sell or rent the site, or financial estimations from commercial activity where an applicant intends to operate the site commercially. Where an alternative employment use is proposed, these financial projections should also include expected turnover, operating costs and profit for example. The total number of FTE jobs to be created should also be projected. The applicant may also wish to consider any potential risks and their financial implications. These details should enable the District Council to ascertain the viability of the proposed alternative employment use.

Retained Employment Use

Unless the existing use of the site is unviable due to environmental factors, the applicant must also provide a financial assessment towards making the existing use viable once again, or as viable as possible. The purpose of this is compare the viability of retaining the existing use against the proposed alternative use. The same level of detail for both the proposed conversion and the reuse of the site under its existing permissions must be present. Both assessments should show any works carried out to a similar specification and build quality. Where the proposed alternative use requires development or redevelopment of the site, the assessment for the retained use should also include development/redevelopment costs. The same methodology should also be applied when estimating the financial projections for retaining the existing use, along with any expected FTE job creation or retention. A viability assessment for both the existing use and the proposed alternative use should allow for a like-for-like comparison of both scenarios.

Summary

In summary the Viability Statement should include:

- A description of historic/current financial and employment history
- A description of the current state of the site
- A viability assessment of the proposed alternative use
- A viability assessment of retaining the existing use (unless the site is unviable due to environmental factors)