

RICS Practice Standards, UK

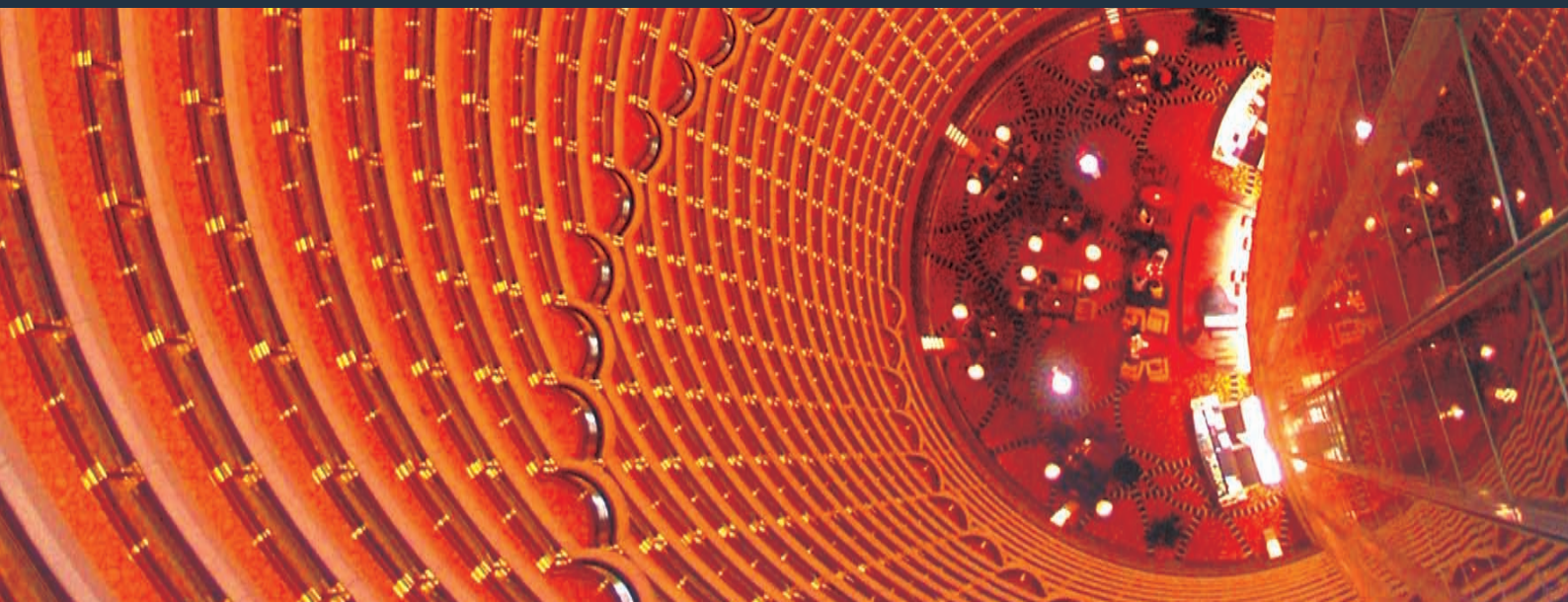
Development management

1st edition, guidance note



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Development management

RICS guidance note

1st edition

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RICS guidance notes

This is a guidance note. It provides advice to RICS members on aspects of their practice. Where procedures are recommended for specific professional tasks, these are intended to embody 'best practice', i.e. procedures which in the opinion of RICS meet a high standard of professional competence.

Members are not required to follow the advice and recommendations contained in the note. They should, however, note the following points.

When an allegation of professional negligence is made against a surveyor, the court is likely to take account of the contents of any relevant guidance notes published by RICS in deciding whether or not the surveyor had acted with reasonable competence.

In the opinion of RICS, a member conforming to the practices recommended in this note should have at least a partial defence to an allegation of negligence by virtue of having followed those practices. However, members have the responsibility of deciding when it is inappropriate to follow the guidance.

On the other hand, it does not follow that members will be adjudged negligent if they have not followed the practices recommended in this note. It is for each surveyor to decide on the appropriate procedure to follow in any professional task. However, where members depart from the practice recommended in this note, they should do so only for a good reason. In the event of litigation, the court may require them to explain why they decided not to adopt the recommended practice. Also, if you have not followed this guidance, and your actions are called into question in a RICS disciplinary case, you will be asked to justify the steps you did take and this may be taken into account.

In addition, guidance notes are relevant to professional competence in that each surveyor should be up-to-date and should have informed him- or herself of guidance notes within a reasonable time of their promulgation.

1 Introduction

1.1 Overview of development management

Property development is undertaken by a number of organisations in the private, public and voluntary sectors for a variety of different reasons. Section 55 of the *Town and Country Planning Act 1990* defines development as:

‘...The carrying out of the building, engineering, mining or other operations in, on, over or under land, or the making of any material change in the use of any buildings or other land’.

Section 57 of the *Town and Country Planning Act 1990* requires planning permission to be obtained for the carrying out of any development on land.

The type of development will vary according to the developers’ objectives and the sector in which they operate. For example a Housing Association’s primary focus will be to provide cost effective residential accommodation, whereas a private developer will focus on achieving commercial profit. Furthermore, some developers will wish to undertake a development for mixed used purposes. Examples of this arise where planning authorities seek to encourage mixed use developments comprising residential accommodation and leisure facilities as part of a master plan to regenerate a specified area.

For the purposes of this guidance note, the term development management is defined as:

‘The management of the development process, from the emergence of the initial development concept to the commencement of the tendering process for the construction of the works.’

This guidance note does not address the construction or completion phases of the development management process. Developers may be one or more individuals or an entity with responsibility for the overall development management process.

Developers will typically appoint consultants, the number of which will depend on the developer’s ability to undertake certain activities in-house and on the complexity and scale of the proposed development. The initial phases of development management may be led or undertaken by the developers themselves or a development surveyor. Furthermore, a developer may appoint an experienced construction and development adviser to act as their representative. For large and complex developments a project management surveyor is well placed to work closely with the developer or their adviser.

1.2 Purpose of this guidance note

This guidance note is primarily aimed at project management surveyors and has two purposes:

- 1 to set out the main phases of the development management process and the main activities included in each phase; and
- 2 to provide specific guidance on the following issues that will impact upon the development process:
 - development appraisal;
 - planning application processes;
 - development finance; and
 - procurement.

This guidance note also contains general information which may be of interest to other parties (e.g. clients).

2 Phases of the development management process

2.1 Introduction

The five key phases of the development management process are set out below. The guidance note sets out definitions of the development management and its various phases purely for the purposes of illustration and to provide some context for the numerous references to these terms throughout the guidance note. These phases are derived from the RIBA's Plan of Work and contain additional detail on matters of particular interest to those involved in the development management process. A chart showing the comparison of these phases to the RIBA's Plan of Work, the Chartered Institute of Building's (CIOB) Code of Practice for Project Management for Construction and Development and the Construction Industry Council's (CIC) Scope of Services is included in Appendix A.

The phases assume that the developer is successful in acquiring a site and is successful in obtaining outline planning consent. The size and complexity of the development will determine whether all phases are followed, for example a small development may omit phases 3 and 4. Scenarios where the development is 'called in' by the Secretary of State are not considered here.

Phase 1 – Developer's initial concept

Phase 2 – Site acquisition strategy

Phase 3 – Outline appraisal

Phase 4 – Outline planning permission

Phase 5 – Full planning permission

2.2 Phase 1 – Developer's initial concept

Main activities

- Commence specific market research to ascertain demand from potential investors or customers for the proposed development.
- Identify potential sites.
- Prepare rudimentary development appraisal that will comprise the design, cost and programme elements of the development.
- Obtain approval from the developer's management board and other stakeholders/end user¹ to proceed with the initial concept.
- Abandon the concept of the development if the market research indicates that the development is unlikely to succeed.

2.2.1 Phase 1 – An example of the scope of services that may be undertaken by members of the developer’s professional team²

Activity	Developer	Developer’s representative/development surveyor	Project management surveyor	Architect/designers/CDM co-ordinator	Planning consultant	Land agents (LA)/valuation surveyor (VS)	Quantity surveyor	Engineers, e.g. civil, structural, mechanical, electrical	Miscellaneous consultants
Phase 1 – Developer’s initial concept									
Commence specific market research to ascertain demand from potential investors or customers for the proposed development	●	●							● Market researchers
Identify potential sites	●	●				● (LA)			
Prepare rudimentary development appraisal that will comprise the design, cost and programme elements of the development		●	●	●	●		●		
Obtain approval from the developer’s management board and other stakeholders/end user to proceed with the initial concept		●							
Abandon the concept of the development if the market research indicates that the development is unlikely to succeed	●								

Phase 1 – comments

- The level of input from each member of the developer's professional team may change according to the developer's capacity and size and complexity of the proposed development.
- Certain developers may have their in-house teams undertake phase 1 of the development management process.
- This example assumes that it is the developer's representative that will present the relevant information to the developer's management board for approval.
- Project management surveyors can undertake certain activities during this phase, e.g. assisting the developer's representative in the contribution to the development appraisal.

2.3 Phase 2 – Site acquisition strategy

Main activities

- Commence strategy for finding and acquiring a site of suitable size, budget and location.
- Instruct land agents to find new sites and or investigate the possibility of acquiring existing sites for future development.
- Undertake market research to ascertain the surrounding population mix of potential sites, its adjoining owners, adjoining uses, comparable rents, any interested parties and the potential for obtaining planning consent.
- Carry out a development appraisal options analysis to select the most suitable site for development.
- Select the site that best meets the development criteria, i.e. the preferred option.
- Obtain the developer's approval to engage in negotiation with the existing landowner.
- Commence negotiations with the landowner regarding a straightforward purchase transaction or commence negotiations of the development agreement (refer to 3.3 for further information).
- Acquire or take out an 'option' to purchase the land and or existing buildings for development.
- Confirm the development agreement with the landowners, investors,³ stakeholders and others if applicable at this point.
- Obtain approval from the developer's management board and other stakeholders/end user to proceed.

2.3.1 Phase 2 – An example of the scope of services that may be undertaken by members of the developer’s professional team

Activity	Developer	Developer’s representative/development surveyor	Project management surveyor	Architect/designers/CDM co-ordinator	Planning consultant	Land agents (LA)/valuation surveyor (VS)	Quantity surveyor	Engineers, e.g. civil, structural, mechanical, electrical	Miscellaneous consultants
Phase 2 – Site acquisition strategy									
Commence strategy for finding and acquiring a site of suitable size, budget and location	●	●							
Instruct land agents to find new sites and or investigate the possibility of acquiring existing sites for future development	●	●	●			● (LA)			
Undertake market research to ascertain the surrounding population mix of potential sites, its adjoining owners, adjoining uses, comparable rents, any interested parties and the potential for obtaining planning consent		●			●				● Market researchers
Carry out a development appraisal options analysis to select the most suitable site for development		●	●	●	●	● (VS)	●		
Select the site that best meets the development criteria, i.e. the preferred option	●								
Obtain the developer’s approval to engage in negotiation with the existing landowner		●							

Phase 2 – comments

- The level of input from each member of the developer's professional team may change according to the developer's capacity and size and complexity of the proposed development.
- This example assumes that it is the developer's representative that will present the relevant information to the developer for approval.
- The project management surveyor may assist the developer's representative with the co-ordination and preparation of information which will form the basis of the presentation to the developer's management board.
- The skills and expertise of planning consultants are likely to be extensively used to assess the planning potential for the analysis of proposed sites.
- An independent valuation surveyor may be required to carry out a valuation of the proposed site (refer to 3.2.2 for further information).
- Where a development agreement is required, it is assumed that the developer or their representative will require legal advice and prefer to seek approval of funding from their finance provider.
- This example assumes that the project management surveyor will be instructed to assist the developer or their representative to liaise with investors and stakeholders.

2.4 Phase 3 – Outline appraisal

Main activities

- Consult with developer's in-house planner or planning consultant,⁴ or architects, on proposed configuration of development.
- Where external consultants are to be used at this stage, agree terms of initial appointment.
- Appoint the professional consultants to undertake development management services if appropriate.
- Depending on the complexity and size of the proposed development, approach the planning authority, statutory consultees and interested parties⁵ for their initial views.
- Draft sketch plans and elevations with the planning consultant and/or architects.
- Draft outline development programme plan.
- Carry out initial estimate of cost and consider potential procurement routes.
- Prepare associated development risks for project risk register and management plan.
- Unless already taken into consideration in a development agreement, undertake legal due diligence as soon as possible to ascertain if there are any covenants, lease agreements, etc. that will impact upon the proposed development.
- Update and revise the development appraisal prepared in phase 1 for the proposed development including an assessment of the cost and availability of finance.
- Where applicable, liaise with accountants to enable the minimisation of any unnecessary or unusual tax charges.

- Proceed to next phase of development management having received approval from the developer's management board and other stakeholders.
- Abort development if outline appraisal indicates that the developer's business requirements and objectives cannot be met.

2.4.1 Phase 3 – An example of the scope of services that may be undertaken by members of the developer’s professional team.

Activity	Developer	Developer’s representative/development surveyor	Project management surveyor	Architect/designers/CDM co-ordinator	Planning consultant	Land agents (LA)/valuation surveyor (VS)	Quantity surveyor	Engineers, e.g. civil, structural, mechanical, electrical	Miscellaneous consultants
Phase 3 – Outline appraisal								●	
Consult with developer’s in-house planner or planning consultant, or architects on proposed configuration of development		●	●	●	●				
Where external consultants are to be used at this stage, agree terms of initial appointment	●	●	●						
Appoint the professional consultants to undertake development management services if appropriate	●	●							
Depending on the complexity and size of the proposed development, approach the planning authority, statutory consultees and interested parties for their initial views		●	●		●				
Draft sketch plans and elevations with the planning consultant and/or architects				●	●			●	
Draft outline development programme plan			●						
Carry out initial estimate of cost and consider potential procurement routes			●				●		

Phase 3 – comments

- The level of input from each member of the developer's professional team may change according to the developer's capacity and size and complexity of the proposed development.
- Depending on the proposed use of the development, it may be necessary for the developer to consult with the mechanical, electrical and other specialist engineers at this stage.
- This example assumes that the developer will appoint the professional team not the project management surveyor.
- The project management surveyor will prepare the development programme.
- The project management surveyor and the quantity surveyor will prepare the procurement strategy.
- It is assumed that the developer or their representative, architect, building services, quantity surveyor will contribute to the development's risk register and management plan to be prepared by the project management surveyor.
- As the development management proceeds due diligence will be undertaken and it is likely that the services of legal advisers and accountants will be required.
- Developer decides to continue with the proposed development or otherwise.

2.5 Phase 4 – Outline planning permission

Main activities

- Pre-planning – Depending on the size and complexity of the development, developers will consider whether it is appropriate to approach the planning authority and statutory consultees for their initial view on the proposed development.
- Consider if an outline or full application is appropriate for complex projects, particularly in urban areas. A planning authority may request similar information for either an outline or full application. Refer to 4.2.1 for further information in respect of master planning.
- The developer will have to prepare the relevant documentation and supporting evidence to accompany the outline planning application.
- Design – Progress the design development of the proposed scheme taking into account the developer's requirements, building regulations and applicable health and safety regulations. Consider the format of the presentation of the proposed development to the planning authorities, stakeholders and interested parties.
- Procurement strategy – We recommend that this is considered and developed in further detail for the procurement of the developer's professional team, other consultants and the construction works. Where organisations are subject to European public procurement law, depending on the anticipated cost of the proposed development, they may have to advertise in the *Official Journal of the European Union* for the services of the professional team and the construction works at a later date.
- Cost control – Update or undertake detailed cost planning as the design of the development is progressed.

- Programme review – Update or undertake a further review of the master programme for the proposed development.
- Risk management – Update or undertake a further review of the risk management plan prepared in phase 3.
- Development appraisal – Update the development appraisal calculations for the proposed development including an assessment of the cost and availability of finance.
- Agree and liaise with accountants and other specialist tax advisers to enable the minimisation of any unnecessary or unusual tax charges.
- Agree proposals for arranging cost of finance with the relevant investors.
- Obtain approval from the developer's management board and submit outline planning application to the planning authority.

2.5.1 Phase 4 – An example of the scope of services that may be undertaken by members of the developer’s professional team

Activity	Developer	Developer’s representative/development surveyor	Project management surveyor	Architect/designers /CDM co-ordinator	Planning consultant	Land agents (LA)/ valuation surveyor (VS)	Quantity surveyor	Engineers, e.g. civil, structural, mechanical, electrical	Miscellaneous consultants
Phase 4 – Outline planning permission									
Pre-planning – Depending on the size and complexity of the development, developers will consider whether it is appropriate to approach the planning authority and statutory consultees for their initial view on the proposed development		•	•	•	•				
Consider if an outline or full application is appropriate for complex projects, particularly in urban areas. A planning authority may request similar information for either an outline or full application. Refer to 4.2.1 for further information in respect of master planning			•	•	•				
The developer will have to prepare the relevant documentation and supporting evidence to accompany the outline planning application	•	•	•	•	•			•	<ul style="list-style-type: none"> • Specialist surveys, e.g. archaeological, • sustainability, waste management, etc.

Phase 4 – comments

- The level of input from each member of the developer's professional team may change according to the developer's capacity and size and complexity of the proposed development.
- For the purposes of this example it is assumed that the project management surveyor will not appoint the consultants required to undertake the various reports, etc.
- It is envisaged that the architects and the planning consultant will take the lead role when consulting with the planning authorities.
- The extent of the information required to accompany the outline planning permission will vary in accordance with the type of development.
- The developer may have to commission various reports and surveys.
- It is envisaged that the developer or their representative will play the lead role on updating the development appraisal.
- It is assumed that the developer or their representative, architect, building services, quantity surveyor will contribute to the development's risk register and management plan to be prepared by the project management surveyor.
- Procurement strategy – Where organisations are subject to European public procurement law, depending on the anticipated cost of the proposed development, they may have to advertise in the *Official Journal of the European Union* for the services of the professional team and the construction works at a later date.

2.6 Phase 5 – Full planning permission

Main activities

- Planning (this phase assumes that the developer was successful in obtaining outline planning permission) – Review the outline planning consent and the outstanding conditions/reserved matters (if any) that the developer will be required to satisfy in applying for full planning permission.
- Design – Progress the design development of the proposed scheme so that it satisfies the developer's requirements, complies with building regulations and the applicable health and safety regulations.
- Procurement strategy – We recommend that this is implemented according to the strategy agreed in phase 4 or revised to reflect any changes that have arisen as a result of obtaining outline planning consent.
- Cost control – Update or undertake detailed cost planning as the design of the development is progressed.
- Programme review – Update or undertake a further review of the master programme which takes into consideration the progress of the project.
- Risk management – Update the plan to reflect any potential risks.
- Development appraisal – Update the development appraisal if applicable.
- Finalise proposals for arranging cost of finance with the relevant investors.
- Obtain approval from the developer's management board and submit the full planning application to planning authority.

2.6.1 Phase 5 – An example of the scope of services that may be undertaken by members of the developer’s professional team

Activity	Developer	Developer’s representative/development surveyor	Project management surveyor	Architect/designers/CDM co-ordinator	Planning consultant	Land agents (LA)/valuation surveyor (VS)	Quantity surveyor	Engineers, e.g. civil, structural, mechanical, electrical	Miscellaneous consultants
Phase 5 – Full planning permission									
Planning – Review the outline planning consent and the outstanding conditions/reserved matters (if any) that the developer will be required to satisfy in applying for full planning permission		●	●	●	●		●	●	
Design – Progress the design development of the proposed scheme so that it satisfies the developer’s requirements, complies with building regulations and the applicable health and safety regulations			●	●				●	● Liaison with third party rights holders, e.g. party wall surveyors
Procurement strategy – We recommend that this is implemented according to the strategy agreed in phase 4 or revised to reflect any changes that have arisen as a result of obtaining outline planning consent			●	●			●	●	
Cost control – Update or undertake detailed cost planning as the design of the development is progressed							●		

Phase 5 – comments

- This phase assumes the development is granted an outline planning permission.
- The level of input from each member of the developer's professional team may change according to the developer's capacity and size and complexity of the proposed development.
- It is assumed that the developer or their representative, architect, building services, quantity surveyor will contribute to the development's risk register and management plan to be prepared by the project management surveyor.
- It is assumed that the project management surveyor will assist the developer's representative in the presentation to the developer's management board.

3 Development appraisal

3.1 Introduction

Developers making a commitment to acquire land and develop a site are advised to consider a range of factors before incurring any liabilities associated with a development project. To achieve this, developers will undertake initial development option appraisals to verify the financial viability of the proposed development. The purposes of these appraisals will help determine the maximum price a developer should pay for the site. We recommend that the development appraisal is reviewed and updated throughout the lifetime of the development management process to address changes in circumstances. Continuous monitoring enables developers to adapt and react to outside factors and protect the value of their investment.

The ‘Red Book’ is a colloquial term used to describe the *RICS Valuation Standards* in accordance with which property valuations are usually prepared. The *Red Book* specifies the valuation standards to be followed when undertaking any instruction that requires an independent valuation.

It is important to note that development appraisals carried out in phases 1, 2 or 3 of the development management process are unlikely to be accepted as a valuation for the purposes of the *Red Book*. This is because the development appraisal is the developer’s internal document and is not relied upon by third parties. However, these initial development appraisals are often used as part of the basis of valuations carried out at a later date for different purposes, e.g. to obtain funding.

The *Red Book* encompasses a number of different valuation methods such as the comparison method and the residual method (refer to 3.2.1). The development surveyor in consultation with the valuation surveyor will determine the most appropriate valuation method in accordance with the *Red Book* (refer to 3.2.2 for further comments on the role of the independent valuation surveyor).

3.2 Valuation of development land

3.2.1 Valuation paper no. 12

The RICS publication, Valuation Information Paper No. 12: *Valuation of development land* aims to assist valuation surveyors in their ‘approach to development land valuations which are site specific and unique’.⁶ Project management surveyors may also find this paper useful when providing services to a developer or development surveyor. The paper provides guidance on the following matters:

- establishing the facts in relation to inspection and site-specific information and existing planning matters;
- assessing the development potential including drawing up a development programme and analysing the market;
- valuation by the comparison method;

- valuation by the residual method – including a detailed explanation of the residual method and development costs, assessing the land value; and
- reporting the valuation.

Valuation Information Paper No. 12 does not apply to redevelopments based on refurbishment of existing buildings. It may be necessary to use other valuation techniques, e.g. discounted cash flow technique.

3.2.2 Independent valuation surveyor

The buyer or seller of a development site may consider it appropriate to appoint a valuation surveyor to undertake an independent valuation of the site. This might, for example, arise where a public body wishes to demonstrate that it has sought to achieve best value for money. Valuation surveyors, rather than development or project management surveyors, are usually instructed in such cases because of their specialist experience and knowledge of the relevant property markets, their technical skills and understanding of the *Red Book*. Depending on the developer's instructions to the project management surveyor, they may not have to liaise with the independent valuation surveyor. Refer to 3.3.2 for further commentary on the appointment of the project management surveyor.

3.2.3 Valuation for secured lending

Most developers are likely to seek additional funding to complete a development. Developers will usually fund the costs of phases 1 and 3 of the development management process but not phase 2 (site acquisition). The timing of seeking funding is critical to the development. Generally speaking, funding institutions will aim to minimise their exposure to risks associated with any development. Accordingly, these institutions will need to be satisfied that the proposed development is financially viable. Whilst the developer may have to provide a valuation for secured lending purposes, the funding institution and or stakeholder will also want to verify key aspects of the development appraisal through undertaking its own due diligence. This is normally achieved through a due diligence process by the finance provider that seeks to independently verify key aspects of the development. A key area of this due diligence will be verification of the expected value of the development on completion. The RICS Valuation Standards Practice Statements stipulate the principles for the preparation of this type of valuation.

3.3 Development agreement

3.3.1 Overview of the development agreement

Developers not wishing to incur the substantial costs of acquiring a site for development may instead enter into an agreement with the landowner to develop the site. Development agreements vary in their form and complexity according to the nature of development proposed and objectives of the landowner. For example, a land-owning utility company might work in partnership with a government development agency and a planning authority to implement a local development framework. Agreements involving multiple parties are likely to be complex, require substantial negotiation and significant time and resources.

A typical development agreement will address the following areas:

- the development mix;
- quality of design;
- infrastructure requirements;
- agreements of sales;
- arrangements for risk management or transfer;
- funding arrangements for the development (particularly in large and complex developments); and
- profit sharing arrangements (also referred to as overage).

Development agreements may be entered into at different stages of the development process depending on the parties to the development agreement. In certain large and complex developments, the funding agreement may form part of the development agreement.

3.3.2 Project management surveyors and the development agreement

In the case of some developments, the project management surveyor may have worked closely with the development surveyor during phases 1, 2 and 3 of the development management process and be familiar with the development agreement. In other cases, the project management surveyor is appointed after the development agreement has been put in place. Thus, the project management surveyor's contribution to the development agreement may vary.

We recommend that the project management surveyor:

- requests sight of the relevant abstracts from the development agreement (or a copy of them) at the earliest opportunity;
- assesses and analyses the development agreement to determine the provisions which could impact on the proposed development;
- manages the relevant risks and ensures that the members of the professional team are consulted appropriately and in good time.

4 Planning

4.1 Introduction

The planning process in England and Wales is complex, wide ranging and a matter of importance to the development management process. This section of the guidance note highlights the important aspects of the pre-planning activity and planning application processes referred to in phases 3, 4 and 5 of the development management process.

4.1.1 Key planning legislation in England and Wales

The planning framework for England and Wales comprises primary legislation, regulations, national and regional planning policy statements, together with local planning policy as contained in local development documents. All development undertaken must comply with the requirements of these policies, plans and regulations. The principal planning act in England and Wales is the *Town and Country Planning Act 1990* and has been modified by the *Planning and Compulsory Purchase Act 2004* and by the *Planning Act 2008*. The *Planning and Compulsory Purchase Act 2004* changed the development plan system contained in the 1990 Act and introduced a new system of development plans for England and Wales. These are now referred to as Local Development Documents and must comply with the Regional Spatial Strategy to contribute to sustainable development. The *Planning Act 2008* introduced a variety of measures to enable large and nationally important infrastructure works to be approved more effectively.

It is important that project management surveyors are aware of the variety of government agencies and statutory consultees involved with town planning. The main point of contact with this planning system is through the local planning authority and the starting point will be the Local Development Documents. The term 'development plan' is widely used and consists of a Regional Spatial Strategy (RSS) and a portfolio of Development Plan Documents (DPDs) called a 'local development framework'. The nature and content of the DPDs will vary according to the needs of specific areas.

4.1.2 Development planning and development control

The system through which this was administered traditionally was separated into three parts:

- the 'development plan' process through which planning policies are agreed and gain their democratic legitimacy;
- 'development control' through which all developments are processed for their compliance with the objectives of the development plan; and
- 'enforcement' which ensures that all development taking place is carried out in compliance with the planning codes.

4.1.3 Planning inspectorate

The planning inspectorate is an executive agency of the Communities and Local Government Department. The main focus of the planning inspectorate is

to hold enquiries into local authority development plans, decide planning and enforcement appeals and report on planning applications which have been 'called in' by the Secretary of State. Other government agencies may also have to be consulted depending on the type of development in question, e.g. English Heritage or Sport England.

The government has established a planning portal website which allows professionals and members of the public to apply for planning permission electronically. The planning portal website also includes useful information on the planning system and building regulations that are applicable to England and Wales. Further information is available at www.planningportal.gov.uk

4.2 Planning applications

4.2.1 Overview of planning process and master planning

The planning authorities will receive planning applications for schemes of all types. Project management surveyors are advised to be aware that if a proposed development has implications for existing infrastructure or a development that will significantly contribute to physical, social and economical change in an area, the planning application may take a considerable amount of time (in excess of 12 months) especially if the application is 'called in' by the Secretary of State. The Secretary of State has the authority to refuse planning applications for decision as opposed to allowing the local planning authorities to decide themselves.

Some planning authorities and occasionally landowners may be developing or implementing a master plan for certain areas. A master plan is often used to control the form of development within a specific area, so that the area is regenerated and or continues to be economically viable and prosper in the long term. A master plan can be used on large sites where actual development can be brought forward in separate parcels to ensure each stage works appropriately to provide an overall cohesive site. This allows flexibility as master planning consent is not as onerous as full consent. The planning authorities will aim to ensure that any proposed new development complies with and contributes to the aims of the master plan. The Commission for Architecture and the Built Environment (CABE) paper, 'Creating successful master plans, a guide for clients', is a useful guide for project management surveyors about the process of creating master plans. This paper can be downloaded from CABE's website (www.cabe.org.uk).

The types of planning application that can be made are:

- outline application;
- full application;
- change of use;
- listed building consent (not allowable as an outline application); and
- conservation area consent to develop.

The planning authorities may refuse a planning application but the developer may appeal this decision. The grant of outline planning consent may include conditions which are referred to as 'reserved matters'. The reserved matters for the developer to satisfy will vary, e.g. one example of a reserved matter includes the developer having to construct a specified public infrastructure.

4.2.2 Submission of the outline planning application

Planning authorities are required to determine each planning application within eight weeks from when they have acknowledged receipt of the application for planning permission. The planning authority will need sufficient time to study the application before it can be officially accepted especially where the proposed development is large and complex.

Some or all of the following documents may be required when submitting a complex planning application;

- environmental impact assessment;
- design concept and access principles;
- sustainability report;
- transport assessment;
- travel plan and service management plan; and
- various architectural drawings or other visual aids to explain the concept of the proposed development.

4.2.3 Some additional planning matters

This section sets out a number of specific matters arising in relation to planning which are of particular relevance to project management surveyors.

- 1 Anyone may apply for planning consent in respect of a particular site. In circumstances where the applicant is not the owner, notice of the application must also be served:
 - (a) on the freeholder of the site;
 - (b) on any leaseholder of the site having at least seven remaining years on their lease;
 - (c) where the site is agricultural property, on the occupier of the site; and/or
 - (d) some applications will require a site or newspaper notice in addition.
- 2 The appointment of a planning consultant is often one of the key steps at the early stages of the development management process. Developers consider the engagement of a planning consultant to ensure that the site is utilised to the maximum extent allowed within the framework of the planning authority's requirements. Some developers may also seek specialist legal planning advice in complex and large projects. The planning consultant and the architect for a development will work closely together to achieve the objectives of the developer.
- 3 Developers will often work with stakeholders and interested parties to ensure that outline planning consent is obtained quickly and efficiently. Project management surveyors may be requested to assist a developer working with these groups and accordingly should allow sufficient time and resources in the development management programme for such work.
- 4 Pre-planning advice – Some planning authorities prefer to comment on the submitted outline planning application, rather than respond to informal enquiries in respect of a proposed development.
- 5 Some planning authorities will make a charge for pre-planning consultation. However, project management surveyors are advised to be aware that any pre-planning advice given is not binding.

- 6 Project management surveyors are also advised to be aware of potential delays and time constraints that may have an effect on the development programme including the following:
- (a) As previously noted the planning authorities are required to determine each planning application within an eight-week statutory period. However, if correct planning fees are not paid, the eight-week period will commence from the time when the correct fee is paid and the application validated.
 - (b) Planning applications will also be delayed if the relevant forms are not completed properly or if they require additional or amended information and the eight-week statutory period for consideration can re-commence from when the new information is submitted.
 - (c) Project management surveyors may wish to consider asking the planning authorities' planning officers to confirm that the application is complete and that no additional supporting information is required. A complete planning application will assist in minimising delays.
 - (d) Outline and full planning consents expire in three years from the date the permission was granted.
 - (e) Approvals often include reserved matters relating to elements of the proposed development which are not fully detailed on the planning drawings or cannot be determined until later.
 - (f) Timely submission of correctly supporting documentation to the planning authority will reduce the likelihood of increased cost and delays for the developer and can increase the efficiency of the overall development programme. Project management surveyors are advised to allow adequate time in the development programme to obtain quotations for specialist services, commission such work and to understand the implications of the specialist findings.
 - (g) The level of supporting documentation required to accompany a submission for planning application should not be underestimated in terms of time and cost. As a guide, most developers anticipate that they incur expenditure of a maximum 10% of the professional fees to submit an outline planning application.

4.3 Environmental considerations

As mentioned in 4.2.2, developers are advised to submit the appropriate supporting documentation to accompany their planning applications. A significant amount of supporting documentation will relate to environmental matters. The environmental impact assessment, sustainability statement and waste management are discussed in 4.3.1 to 4.3.3.

4.3.1 Environmental impact assessment

Developers will normally be required to prepare an environmental impact assessment (EIA) as part of a planning application. The EIA is intended to identify the social and environmental impact of proposed developments. Developers can find out from the planning authority if they have to provide an EIA before lodging their planning application. It is important to note that in circumstances where an EIA is required the planning authorities will increase

the period available to them to determine planning applications by 16 weeks. This extended period allows the planning authorities additional time to consider the additional information provided in the EIA in connection with the application.

4.3.2 Sustainability statement

The developer may also be required to provide a sustainability statement. The purpose of the sustainability statement is to indicate how the development will address sustainable development issues such as sustainable urban quality design, air quality control, sustainable water drainage, etc. Developers may also have to commission specialists to prepare certain aspects of these statements, e.g. traffic management experts, acoustic consultants, etc. The Building Research Establishment Environmental Assessment Method (BREEAM) is a widely used environmental assessment for buildings and is also viewed as a standard for a building's environmental performance. Further details are available on the BREEAM website (www.breem.org).

4.3.3 Waste management

The government also has stated policies to increase the recycling of materials and decrease waste. Accordingly, developers are required to demonstrate their commitment to recycling, e.g. prepare waste management plans. Further information about the reduction of waste is available from the Waste & Resources Action Programme website (www.wrap.org.uk/construction).

4.3.4 Topographical surveys, etc.

Topographical surveys and other investigative searches will assist in ascertaining whether the proposed site contains archaeological remains or other sensitive features such as trees that are subject to tree preservation orders. The result of such surveys may affect the costs and timetable for a development. For example, the *Ancient Monuments and Archaeological Areas Act 1979* requires developers of sites with potential significant archaeological remains to allow archaeological excavations to proceed on site before the development can proceed. Developments may also be subject to further planning restrictions if they are deemed to be on (or are adjacent to) sites of scientific interest (SSI) or national country parks.

4.4 Building control and regulations

Project management surveyors are advised to check that all the relevant members of the professional team are aware of new and pending legislation in respect of building control and regulations. This is especially important where it can be reasonably foreseen that the proposed measures would have a significant effect on the design or cost of developments the construction of which are not likely to start for 12 or more months after commissioning. The Communities and Local Government website refers to potentially new building regulations, such as energy efficiency requirements for new dwellings due to come in to force in 2010 and 2013. Further details are available on www.communities.gov.uk/corporate

4.5 Third party rights

Developers are advised to ensure that their development takes into consideration rights of third parties such as party wall rights, rights of light, restrictive covenants, wayleaves, etc. Party wall awards and rights of light are discussed in more detail below.

4.6 Party walls

4.6.1 The Party Wall etc. Act 1996

The *Party Wall etc. Act* 1996 came into force on 1 July 1997 and is applicable to England and Wales. This Act contains provisions obliging persons (referred to in the Act as ‘building owners’) wishing to undertake construction work of the types specified in the Act, to notify the owners of other nearby property (referred to in the Act as ‘adjoining owners’) that may be affected by the work. The types of construction work which fall within the ambit of the *Party Wall etc. Act* 1996 include the following:

- excavations within 3m or 6m of an adjacent structure (depending on the depth of the proposed foundations);
- new structures at or astride the boundary between structures;
- other works to a boundary wall or structure.

The Act provides that the building owner and the adjoining owner(s) can appoint their own surveyor to agree a party wall award. Such a party wall award should ensure that the adjoining owners do not suffer any unnecessary damage to their party wall or structure.

A party wall award will usually set out the following information:

- the details of the construction work to be undertaken;
- a condition survey of the party wall or structure which may be affected by the development; and
- access, inspection dates and other operational details necessary to execute the party wall award.

4.6.2 Additional party wall matters

This section addresses four specific issues which are of particular reference to project management surveyors.

- In most circumstances, where a building owner initiates construction works, such building owner will be responsible for paying the adjoining owner’s party wall surveyor’s fees. Such additional costs can add significantly to the overall development budget especially if multiple party wall awards are made. Project management surveyors are advised to be aware that for the purposes of the *Party Wall etc. Act* 1996, the term ‘adjoining owner’ may include leasehold owners and long-term tenants.
- It may not be possible to commence some or all of the construction works for a development if the relevant party wall awards have not been agreed. Adjoining owners may be able to halt construction work on site through a court injunction. For this reason, it is recommended that the project management surveyors endeavour to maintain a good working relationship with the adjoining owners and their surveyors.

- Building owners are advised not to cause unnecessary inconvenience to adjoining owners when undertaking the works set out in any party wall award. We recommend that project management surveyors carefully study party wall awards to ensure that any unusual requirements are taken into account and communicated to the rest of the professional team as appropriate. Failure to adhere to the terms of the party wall awards may in the worst case scenario result in the development being halted by an injunction order.
- The grant of outline or detailed planning permission does not negate the adjoining owner's rights included in the *Party Wall etc. Act 1996*.

4.7 Rights to light

In England and Wales, a right to light is usually acquired under the *Prescription Act 1832*. The right is to a certain amount of light for an uninterrupted period of 20 years. The right to light is very important to individuals living in high density urban areas. Project management surveyors are advised to be aware that right to light is a civil matter between neighbours. The grant of outline or detailed planning permission does not negate a neighbour's right to light.

5 Development finance

5.1 Introduction

Development finance will typically comprise either equity or debt (or both). The form of finance used to complete a development and the requirements of its providers will have significant implications for the parties to a development and the conduct of the development process. Property development requires finance for acquisition of the site (if not already owned by the developer), professional fees, construction costs, etc.

5.2 The development vehicle

Virtually all large developments (the principal exception being private developments by certain owner-occupiers) will be conducted through a legal entity formed for the purposes of completing and financing the project. Such entities are used for a variety of purposes, some of the most important of which are:

- isolating the interested parties from risks and liabilities which may arise in the course of the development;
- putting the project into a form which will receive well-established treatments as regards key legal issues such as entering into certain types of contract, the creation of certain types of mortgages and other security interests and insolvency; and
- achieving particular tax outcomes as regards the costs of and profits from the development for its sponsors and investors.

Complex developments are often conducted through entities which are specially created for the sole purpose of the project, which engage in no other activities and which are dissolved on completion of the development. Such entities are known as special purpose vehicles (SPVs) and are used to limit the exposure of investors and finance to activities other than the project itself such as the general business activities of the construction firm involved in the project.

Development vehicles formed in offshore jurisdictions (particularly the Channel Islands) are not uncommon in complex projects particularly where international investors are involved.

The most commonly used types of development vehicles are corporate vehicles and partnerships.

5.2.1 Corporate vehicles

Private limited companies formed under the *Companies Act 1985* and the *Companies Act 2006* provide a familiar and simple structure for carrying on businesses such as construction development. Such companies benefit from the long-established legal principle of 'separate legal personality' under which they are treated as entirely distinct for all legal purposes from their shareholders. At an extreme, a sole trader incorporating such a company and transferring his or

her business to it will not be liable for the debts of such company, even if the sole trader is the only director and shareholder in such company.

5.2.2 Partnerships

Partnerships are not legal persons but are structures created by private contract and which can benefit from specific legal frameworks such as the *Limited Partnerships Act 1907*. Partnerships involve at least two parties one of whom will act as general partner and manage the day-to-day activities of the partnership. The others will be limited partners, will be relatively passive participants in the partnership and (depending on how the partnership is constituted) can be protected from the general liabilities of the partnership under specific legislation. Partnership structures are relatively complex and are usually employed for tax or stamp duty land tax planning purposes.

5.3 Equity

'Equity' is a rather nebulous concept but at its most simple it means the net investment of the owners or shareholders in a business. Every business has equity and development is no different. Equity can take a wide variety of forms:

- contributions of assets (in the case of development, most likely to be the site);
- cash injections of capital contributions;
- subscriptions for shares of various types (or partnership interests); and
- high interest rate subordinated loans.

Well-advised investors are most likely to take shares in any project in which they may invest (subordinated loans add considerable complexity and may be viewed unfavourably by finance providers). Shares may be issued for cash or in return for contributions of assets.

Company law allows companies to issue different types of shares to different investors. For example, companies may issue preference shares, carrying preferential rights to receive fixed dividends, to particular investors and ordinary shares which will be paid dividends only after the preference shareholders have received amounts due to them but the dividends on which will be unlimited to other investors.

In certain cases the shareholders of a company may enter into shareholders agreements regulating their rights inter se and vis-à-vis the company. Such arrangements provide a convenient means of forming a joint venture. For example, a site owner and a construction firm may create a joint venture company to complete a development on the site. The site owner would contribute the site and receive a amount of shares in the company proportionate to the value of the site. The construction firm would agree to provide materials and staff for the construction and would also receive shares proportionate to the value of the same. The shareholders agreement between them would set out matters such as: the type of any debt finance they might want to obtain; arrangements for distributions of profits; dispute resolution procedures; and procedures for either party selling its interest in the project.

Shareholders will ultimately receive a pro rata share of all of the profits of the issuing company but are also subject to substantial risks, particularly on

insolvency of the company where they will receive only a share of what is left of the company's assets after all of its creditors have been paid in full.

5.4 Debt

The most important characteristics of debt finance are as follows:

- it has to be repaid before equity investors (although some debt finance may allow limited dividends to be paid);
- debt finance providers will usually require certainty as to the priority of their claim to those of other creditors particularly trade creditors such as suppliers;
- debt carries interest which will usually fluctuate with changes in base rates;
- debt finance providers will require substantial amounts of information on the project before lending and on an ongoing basis during the term of the financing;
- debt finance providers will want rights to take over the project if the developer is unable to complete the development for financial or operational reasons;
- debt finance providers will usually want to have a mortgage over the site and security over the other assets associated with the project.

Debt finance can take an almost infinite variety of forms. However, a number of fundamental distinctions can be drawn.

5.4.1 Secured v. unsecured

Virtually all debt finance is secured. Debt finance providers require security to ensure that if the developer (or the development vehicle) becomes insolvent, it will be repaid ahead of other interested parties such as trade creditors and the equity investors.

Security is usually taken over all of the project assets: the site, the materials, insurance policies, project bank accounts and important contracts such as contracts with suppliers. Legal rules associated with perfecting this security may result in restrictions being placed on the ability of the developer to do certain things such as replacing suppliers or withdrawing money from bank accounts without lender consent.

One of the aims of a debt finance provider in taking security over project assets is to ensure that on developer default, it can appoint a receiver to take control of the project assets and either sell them or use them to complete the development.

Unsecured debt finance is unusual and normally appears only as a form of quasi-equity for the equity investors.

5.4.2 Senior v. mezzanine v. junior/equity

Most projects involve a single form of debt finance (usually a loan) from a single provider (usually a bank). However, traditionally, banks limit the amount of debt finance that they will provide to a single project to a percentage of the value of the completed project (normally limited to a maximum of 60 per cent to 70 per cent). Large or complex developments may require higher levels of debt than banks would normally provide. Such debt may be available from non-bank sources but at higher interest rates.

Developers of such projects are likely to seek the maximum possible amount of relatively low cost bank debt and borrow the minimum amount of additional, more expensive, funds from non-banks. In such situations, the bank lender will require arrangements to be in place to preserve its first priority claim on the project and its assets and to subordinate the claim of the non-bank lender. Such subordinated loans are known as mezzanine debt, the term 'mezzanine' refers to such debt being positioned between the senior bank debt and ahead of any junior debt or equity.

Intercreditor agreements between senior lenders and mezzanine lenders will restrict payments to the mezzanine lenders and prevent the mezzanine lenders from exercising rights against the borrower (the project development vehicle) while the senior debt is outstanding.

5.4.3 Construction v. long term

Construction debt finance is seen as a specialised activity carrying complex risks for lenders. As such, a relatively narrow group of lenders are active in this area; principally the big four UK banks and a number of German banks. These lenders operate dedicated construction lending departments focusing exclusively on the area.

This level of specialisation has led to the development of a distinction between the finance for the construction phase of a project and the permanent finance for the completed project. The cost of funds for construction finance and the restrictions imposed on the project parties by the debt providers differ substantially (usually being more onerous) than those that would apply to a 'stabilised' income-producing completed development.

For this reason, construction finance is normally repayable on completion of the project either from the proceeds of sale of the completed project or via a refinancing from another finance provider.

5.4.4 Some more esoteric forms of finance

Debt finance is a constantly evolving technique and new forms of debt continue to emerge. A detailed discussion of these is beyond the scope of this guidance note. However, some forms of debt which may be encountered from time to time include:

- *PFI/PPP*: The UK Private Finance Initiative and Public Private Partnership structure continues to be a major source of finance for public sector infrastructure development. Such projects involve a complex array of contracts and agreements seeking to reconcile the diverging interests of the UK public sector (seeking objectives such as value for money and paying only for 'useable' facilities) with those of the developers and their finance providers.
- *Capital markets finance*: Although, traditionally, the complexity of construction finance has restricted the ability of developers to raise funds in the capital markets, recently some very large UK companies such as Land Securities, British Land and Canary Wharf have successfully placed securitisations and other capital markets instruments to finance their construction activities. Such instruments tend to be similar from the perspective of the parties to a project to other forms of debt finance but involve additional parties such as rating agencies and mono-line insurance

companies who will require additional information on the progress of the process and may have rights to take control of the project in particular circumstances.

- *Hedging*: Sophisticated developers may enter into derivative contracts with banks or specialised providers to protect themselves against increases in interest rates or decreases in property values.

5.5 Debt providers

A variety of types of lender provide debt finance for construction projects. The nature and identity of a debt finance provider will affect its requirements for the terms of the finance it provides and the way in which it will interact with the project parties:

- *Banks*: Banks have always been the principal source of finance for construction. Their requirements are well documented and are briefly discussed above.
- *Private funds*: Regulated funds such as undertakings for the collective investment in transferable securities (UCITS), e.g. pension funds, are prevented by law from investing in construction loans. However, private unregulated fund vehicles backed by sophisticated investors (often large institutions and wealthy individuals) may seek to fill the gap in the finance market left by banks which have been adversely affected by prevailing economic conditions. Such funds are actively managed by a professional manager whose objective is to seek a minimum return on its investment. Such funds are likely to be more flexible and innovative than banks have traditionally been.
- *Public sector*: Depending on the nature of a project, particular public sector entities (such as housing associations) may contribute to the financing of the development. Such entities will behave very differently to private sector lenders and will be more interested in achieving the social or other objectives which they are set up to achieve than seeking a commercial profit on the transaction.

5.6 Finance and the development management process

The process of arranging finance for a development and the involvement of finance providers with a project may have the following implications for project management surveyors:

- 1 Project management surveyors and other advisers are likely to be asked by developers to assist with finance providers' 'due diligence' in connection with the arrangement of the finance. This is likely to involve making reports, plans, documents and other information available to prospective finance providers and meeting with them to discuss the project. Project management surveyors are advised to ensure that allowance for this process is built into the project timetable and account is taken of it in all tenders and quotations submitted.
- 2 Finance providers are likely to require that all formal professional reports, opinions and surveys be made available to them and addressed to them. While the overall monetary liability of the providers of these should not increase under normal rules of negligence, the providers of this information may wish to consider the protective wording in the terms of their engagements and the cost implications of increased litigation risk.

Liability caps remain a controversial area and some finance providers will insist on their removal from any terms of engagement.

- 3 Finance providers will usually require extensive ongoing reporting of progress or project monitoring on the project. This may well include detailed financial and technical information and may be required as frequently as monthly. Project management surveyors should take account of developers' requirements in this regard when setting timetables and estimating costs. RICS has published a guidance note on project monitoring and it is available on the RICS website (www.rics.org).
- 4 Some finance providers may require project management surveyors and other key project parties to commit to co-operate with them if the developer defaults and the finance provider takes over completion of the project. Such 'step-in' rights are likely, if exercised, to place increased burdens on project management surveyors and other professionals to assist finance providers who may not be as expert as the original developer or as familiar with all aspects of the project. In periods of economic disturbance, step-ins by finance providers may become increasingly common.
- 5 In a 'worst case scenario' on a defaulted project, project management surveyors and other professionals may find that on the liquidation of a project or its developer, no funds remain to pay their costs and out-of-pocket expenses or those of other advisers to the project. Project management surveyors facing situations where significant costs and expenses remain outstanding for long periods over the life of projects may wish to monitor for themselves the financial viability of their projects and take steps to protect themselves if conditions deteriorate.

6 Procurement

6.1 Introduction

Several professional bodies and industry groups publish guidance and information on procurement of professional consultant's services and construction works. This section addresses four specific aspects:

- overall aim of the procurement strategy;
- composition of the developer's professional team;
- tendering and selection process; and
- forms of appointment available.

6.2 Procurement strategy

It is important that the procurement strategy for a development should be prepared as soon as practicable in the development management process. The overall aim of this strategy is to enable the development to be completed on time, to budget and to the specified quality. It should cover the following aspects of the development:

- procurement of the services of the professional team referred to below;
- procurement of all goods and services necessary to complete construction works;
- tendering process of the above services and goods whether negotiated or competitive;
- forms of contracts to be used, i.e. standard or bespoke; and
- arrangements for risk management.

6.2.1 European public procurement

Project management surveyors are advised to consider and, if necessary, take specialist advice, as to whether the European public procurement rules apply to the development. A variety of technical requirements and timeframes may have to be taken into account.

It is important for project management surveyors to be aware that where a development is fully or partially funded by the public sector, specific additional terms and conditions may be attached to the award of funding that could impact on the procurement strategy. For example, the Greater London Authority Group has published guidance for procuring the services of architects and urban designers with the objective of improving the standard of architecture and urban design across London. Further details are available on www.london.gov.uk

Government departments and non-departmental government bodies also provide advice on the procurement of professional services for major projects, e.g. CABE, Sport England, etc. In addition, the Office of Government and Commerce's website provides detailed guidance on public procurement (www.ogc.gov.uk/about_OGC.asp).

6.3 Composition of the developer's professional team

The composition of the developer's professional team will vary according to the nature of the proposed development. Also, the level of involvement of each team member will change as the development progresses. A typical development team for a large development would include the following:

- developer's representative;
- development surveyor;
- project management surveyor;
- valuation surveyor;
- planning surveyor/consultant;
- accountants;
- legal and tax advisers;
- land agents;
- architect;
- landscape architect;
- construction (design and management) (CDM) co-ordinator;
- interior designers;
- quantity surveyor;
- mechanical, electrical and public health services engineer;
- structural engineer;
- environmental consultants (including specialists in acoustics, traffic management and planning);
- information technology consultants;
- archaeologist;
- party wall surveyor;
- rights of light surveyor;
- marketing consultants;
- public relations consultants;
- insurance consultants; and
- facilities management.

6.4 Tendering and selection process

The developer's team can be selected in a variety of ways. Detailed guidance is already available, for example, the Construction Industry Council's (CIC) 'Selecting the Team' (see www.cic.org.uk/services/SelectingtheTeam.pdf), CABE's 'Creating excellent building: A guide for clients' (see www.cabe.org.uk/publications/creating-excellent-buildings). Developers in certain industries such as aviation, retail and health may have established framework agreements procured under European public procurement law under which they can select professional consultants to provide services. Alternatively, advertisements can be placed in the relevant magazines and journals to attract interest from professionals. Where a development is subject to European procurement law, it may be necessary to place an advertisement in the *Official Journal of the European Union* (OJEU) for the professional teams' services.

6.5 Forms of appointment available

6.5.1 Bespoke forms of appointment

Some developers may require the professional team to sign their form of contracts rather than a recognised industry standard form of contract. Project management surveyors are advised to check that unusual and or onerous terms and conditions of a bespoke contract do not infringe or negate in some way their existing professional indemnity insurance.

6.5.2 Standard forms of appointment

Several professional bodies including RICS, the Association for Project Management (APM), RIBA, CIOB, Institution of Civil Engineers (ICE), Royal Town Planning Institute (RTPI) and CIC publish information on the procurement of consultants and or provide further guidance on the various forms of contracts that may be used to engage consultants. Examples include, the *CIC's Scope of Services Handbook* which sets out services that may be required on major projects and is available at www.cic.org.uk/cicservices (refer to Appendix B for a list of useful websites).

The main standard forms of contract available for the appointment of project management surveyors or project managers are available from the following organisations:

- RICS;
- RIBA;
- APM; and
- ICE.

RICS publishes a standard form of contract for various types of surveyors, e.g. valuation, planning, quantity surveyors, party wall, etc. Further information about the different roles of each type of surveyor is available on the RICS website. RIBA also publishes standard forms of contract for the engagement of architects, master planners, CDM co-ordinators, archaeologists and interior designers.

6.5.3 Codes of conduct

Some professional bodies publish codes of conduct for their members rather than have standard forms of contract. Two examples of this are the Law Society and the Chartered Institute of Public Relations.

Appendix A

1 Stages of services

Different organisations within the property and construction industry have devised alternative ways of summarising the various stages of how services are provided.

A summary of the stages of RIBA's Plan of Work, CIOB's Code of Practice for Project Management for Construction and Development and CIC's Scope of Services (major projects) is below.

RIBA's Plan of Work	CIOB's Code of Practice for Project Management for Construction and Development	CIC's Scope of Services (major projects)
A Appraisal	1 Inception	1 Preparation
B Strategic brief	2 Feasibility	2 Concept
C Outline proposals	3 Strategy	3 Design development
D Detailed proposals	4 Pre-construction	4 Production information
E Final proposals	5 Construction	5 Manufacture, installation and construction information
F Production information	6 Engineering services commissioning	6 Post practical Completion
G Tender documents	7 Completion/handover, client occupation	
H Tender action	8 Post completion review	
J Mobilisation		
K Construction to practical completion		
L After practical completion		

2 Stages of services compared with development management

The guidance note sets out definitions of the development management and its various phases purely for the purposes of illustration and to provide some context for the numerous references to these terms throughout the guidance note. See below a comparison of the development management process (as defined by this guidance note), RIBA's Plan of Work and CIOB's Code of Practice for Project Management for Construction and Development and CIC's Scope of Services (major projects).

Development management process	RIBA's Plan of Work	CIOB's Code of Practice for Project Management for Construction and Development	CIC's Scope of Services (major projects)
Phase 1 – Developers initial concept	A Appraisal	1 Inception	1 Preparation
Phase 2 – Site acquisition strategy	A Appraisal	2 Feasibility(site selection and acquisition)	1 Preparation
Phase 3 – Outline appraisal	B Strategic brief and C Outline proposals	2 Feasibility	2 Concept
Phase 4 – Outline planning permission	C Outline proposals	3 Strategy	2 Concept and part of 3 Design development
Phase 5 – Full planning permission	D Detailed proposals	4 Pre-construction	3 Design development

Appendix B

General contacts

Association for Project Management

www.apm.org.uk

British Property Federation

www.bpf.org.uk

Chartered Institute of Building

www.ciob.org.uk/home

Commission for Architecture and the Built Environment

www.cabe.org.uk

Construction Industry Council

www.cic.org.uk/home/index.shtml

Institution of Civil Engineers

www.ice.org.uk/homepage

Institution of Structural Engineers

www.istructe.org/Pages/SeDefault.aspx

Royal Institute of British Architects

www.architecture.com/TheRIBA/Home.aspx

Royal Institution of Chartered Surveyors

www.rics.org

Royal Town Planning Institute

www.rtpi.org.uk

References

- 1 Stakeholder/end user = the person or entities with a vested interest in all or part of the development, e.g. a leisure operator operating and occupying a gymnasium within a mixed use development. A stakeholder/end user may also contribute to the costs of the development.
- 2 Developer's professional team = this term is a subset of the concept of 'professional team' as used in RICS's *Form of appointment for project manager services* and is equivalent to the term 'project team' as used in the CIOB's *Code of Practice for Project Management for Construction and Development*.
- 3 Investor = person, persons or institution that make a financial contribution to the cost of the development but is not directly responsible for the development management process. As well as private persons and companies, the investors may include central government departments, local authorities, funding institutions, etc.
- 4 Planning consultant = a professional with expertise in planning matters, such as an architect, chartered planning surveyor, town planner, etc.
- 5 Interested party/ies = the persons or entities which are not making a direct financial contribution to the cost of the proposed development but are affected by it in some way, e.g. residents living nearby.
- 6 Valuation Information Paper No. 12: *Valuation of development land* is available at www.rics.org.

Development management

1st edition, guidance note

The purpose of this guidance note is to give help and advice in key areas of best practice to property professionals involved in development management of construction projects from inception to commencement on site.

It covers the following key areas:

- Introduction
- Phases of development and management process
- Development appraisal
- Planning
- Development finance
- Procurement

Also included in the form of appendices are:

- Appendix A – stages of service
- Appendix B – general contacts



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