



## Writing a Viability Study Brief

### Summary

This advice note provides advice on items to be taken into consideration when compiling a viability study brief. It also provides some outline examples for specific areas of the brief.

This is one of a series of advice notes – others can be found on our website at [theatrust.org.uk/how-we-help/advice/advice-notes](http://theatrust.org.uk/how-we-help/advice/advice-notes) and we'll be adding more to this over the coming months.

### Who is this note for?

This advice note is intended for community / volunteer groups who are working to save or revive a theatre in their area.

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### Thanks to our funders

These advice notes are part funded by Historic England, The Pilgrim Trust and Swire Charitable Trust, and individual donors.



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## **Purpose of a viability study**

A viability study is often the first stage in the process of saving or reviving a theatre building and an important stepping stone to the next stages of a capital project. It will evidence that your ambitions for a building are feasible and the business plan supporting your ideas is sustainable. It will be an important tool in garnering local and political support for your project and when applying for funding.

The study comprises an in-depth report that will explore options for the preferred use of your venue – in the case of an historic building, it will look to determine the best outcome for the building in terms of its conservation and one which will provide the optimum viable use consistent with the heritage significance of the building. It will also look at the potential markets for the various options explored, and review financial modelling to determine whether the end use can be self-sustaining. The end report should provide sufficient information to help you decide whether your plans and ambitions can be taken forward and you are able to commit to further cost, risk and effort in developing the project.

Most public funders will want to see that you have evidenced the viability of your project before committing to funding towards a capital works project. The decrease in local authority funding also makes this an important document for local councils who will require evidence that later council subsidy will not be required before providing support / non-financial backing to a project.

Before embarking on your project you should decide whether the work is to be commissioned by your organisation or by a stakeholder group i.e. a group of individuals / organisations who have a vested interest in the building. For example, this could include the building owner (if different than your organisation), your local council, local educational establishment, other arts buildings in the area, the local civic trust, amenity societies etc. Theatres Trust can also be involved. It can be useful to invite other organisations to form a stakeholder group for the viability study. It can help establish a high level of engagement with all parties at an early stage in the works, ensure satisfaction that all required options for the building have been explored and provide a level of surety surrounding the final outcomes of the report.

If setting up a stakeholder group it will be necessary to ensure that you have a memorandum of understanding in place – there is a separate advice note regarding this. If there is a stakeholder group involved, they will need to agree the viability study briefing document as a shared narrative.

For cultural projects, Theatres Trust would recommend that you seek the advice of an arts consultant to undertake your viability study. Theatres Trust can provide a list of experts who have worked on similar, recent projects if required.

## **Viability study brief – general information / scene setting**

When writing a brief for a viability study it is first important to set the scene – to explain more about both you as an organisation and the building, and why you are carrying out a viability study. Information that will be required will include:

1. Document heading – to outline:
  - Name of the organisation
  - Title of the document [Invitation to Tender]

- Consultancy: viability study for [name of theatre]
2. Contract details - this is to provide a summary of areas that the study is to cover, for example:
 

Invitation to tender for the provision of a viability study, which will include *[add significant documents that are required, for example an options analysis, marketing analysis etc]* to identify a preferred optimum and beneficial viable use for *[name of theatre]*.
  3. Background – this should include the following areas:
    - Information about you / your organisation / the stakeholder group
    - A summary of the history of the theatre including the historic significance of the building (if relevant) and its context.
    - Condition of building – including current ownership, current use and general condition of the fabric. Cross reference to any relevant survey / reports if available.
    - Recent events – the events that have led to the need for a viability study at this point in time. Include any relevant and recent planning applications, local planning policy information etc.
    - Cross reference to any other information relating to the theatre that may be relevant – e.g. previous reports / studies etc.
    - Information as to what the viability study will be used for – e.g. as part of a business case for future funding etc.

## Consultancy brief

Once the scene has been set it is important to concisely outline the consultancy brief. This is to explain not only the documentation/reports that you require (e.g. the deliverables) but also the **outcomes** of those reports.

A viability study can be done as a single stage report or split into phases. The consultancy brief should also describe the route that you will be taking.

Other considerations: The more open a brief is to any outcome, the more likely it is that its outcomes will be trusted by all stakeholders and potential funders. As a result, you should consider making it clear as part of the brief if you want consultants to consider that there is **no** potential use for the building.

Briefs can also be adjusted as the process continues, through mutual agreement between consultant and clients – this may be because the consultant's experience is such that they suggest different outcomes, or it may be because findings in an early phase of the project makes it sensible to adjust the scope of the remainder of the project.

Below are two examples of outline briefs, the first for a single phase viability study and the second for a two-phase approach. It can be useful to split a viability study into two phases, particularly if the works are time critical and funding is limited. This will allow you to fundraise for the second stage of works while the first is being carried out.

## Example consultancy brief: single phase viability study

**Outline brief:** The *[add group name / stakeholders group]* is seeking a consultant to deliver a viability study for *[add theatre name]*, which includes the following pieces of work:

**An options analysis:** which will explore options to determine a preferred optimum and beneficial viable use of the theatre that will do least harm to the significance of the building.

**A market analysis:** which will explore potential markets for the various options.

**A final report:** which recommends a preferred option, summarises all the options considered and develops in detail the operational and financial modelling, market analysis and project programme and cost information and sources of potential funding of the preferred option.

### Options analysis

The consultant is required to prepare and develop an options report for the stakeholders group which explores options to help determine a preferred optimum and beneficial viable use of the theatre that will do least harm to the significance of the building. Options for consideration are to include (but are not exclusive to):

- performance use
- education use
- social/community use
- commercial use

We would also expect the consultant to be open to the possibility that there is no viable use for the building.

In the case of each option (where appropriate) to:

- provide examples of a potential programme of activity, building on the experience of comparator venues/facilities throughout the UK, and taking into account the context within which *[name of theatre]* would operate
- explore other potential ancillary income generating uses of the venue and the associated spaces which would support the main activity
- demonstrate its viability through robust financial modelling
- explore possible governance and management models which would support the option
- broadly model the project programme and cost information implications required to reopen the building and restore the building for that option
- identify potential funding sources for the capital redevelopment of the building

Any option for the building must take into account the requirements of the National Planning Policy Framework as it relates to heritage, i.e. it must not cause substantial harm to the building or to the conservation area in which it sits. *[Highlight specific areas of significance of the building if relevant]*

### Market analysis

The consultant is required to evaluate the current local and regional competitive position for each option, taking into account in particular *[add name of local council]*'s proposals for the

regeneration of *[add name of town / city area / centre]* and the provision of comparator venues and activities.

This is likely to include analysis of potential markets for each activity, through exploring the demographics of the catchment area, and other potential markets (including but not limited to tourism and business).

### **Final report**

We would expect the final report to:

1. **Summarise each option** with (where appropriate) programmes of activity, target audiences/markets/visitors, and ancillary uses; operational and financial models, to cover pre-opening/capital project periods and the first five years of operation; an analysis of the potential risks, issues, assumptions, dependencies, and strengths and weaknesses; estimated costs of any structural and design work required; project programme and cost information implications; and potential funding sources for the work (attaching the options analysis and market analysis as appendices);
2. **Provide a fully worked up recommendation for a preferred option**, with activity, target audiences/markets/visitors, and ancillary uses; the operational and financial model to cover pre-opening/capital project periods and the first five years of operation; the potential risks, issues, assumptions, dependencies, and strengths and weaknesses and how these will be mitigated; estimated costs of structural and design work; and project programme and cost information;
3. **Provide recommendations for potential funding sources** for the preferred option.
4. **Provide recommendations for the next steps** required to pursue the preferred option – i.e. to include governance and management advice and recommendations as to other future development work.

## **Example consultancy brief – two phase viability study**

If you want the work to be done in phases, with one leading onto another, it is essential to describe how this is going to work, and whether there are likely to be any break-points in the consultancy. If these are going to be dependent on the success of funding bids, then make it clear whether the consultant will be appointed for both phases of work, or whether there will be another tendering process for the second phase.

### **Outline brief**

The *[add group name / stakeholders group]* is seeking a consultant to deliver the first phase of a viability study for *[add theatre name]*.

The overall aim of the viability study will be to identify an optimum beneficial use for *[add theatre name]* which takes account of the heritage of this *[add listing if relevant]* building, but is also achievable within the resources that are likely to be available for its potential renovation and operation.

The first phase of the viability study will specifically address issues around potential markets for a viable reuse of the building. This is required due to *[add reason why the viability study is to be split, for example, threat of imminent demolition and the need to identify the viability at the earliest opportunity]*.

As well as identifying potential markets within the catchment area for any potential use, the viability study will need to address:

- potential for external funding (both revenue and capital)
- context within *[add town / city name]*: location, regeneration opportunities, local authority financial challenges

The output of the viability study is to be a final report that recommends a preferred option to take forward to the second stage and summarises all options considered together with the market analysis information and details of sources of potential funding.

It is also expected that the consultant present the outcomes of the viability study to the *[add group name / stakeholder group]* at a final meeting.

### **Options analysis**

The consultant is required to prepare and develop an options analysis for the stakeholders group that explores options to help determine a preferred optimum and beneficial viable use of the theatre that will do least harm to the historic significance of the building. However, given the overall condition of the building and the context within which it is operating *[delete if not relevant]*, we would also expect the consultant to be open to the possibility that there is no viable use for the building. Options for consideration are to include (but are not exclusive to):

- performance use
- education use
- social/community use
- commercial use

For each option the consultant is required to:

- provide an example of a potential programme of activity, building on the experience of comparator organisations throughout the UK, and taking into account the context within which *[add theatre name]* would operate
- explore any other potential ancillary income generating uses of the venue which would support the main activity
- explore the viability of the option through robust financial modelling
- identify possible governance and management models which would support the option
- identify potential audiences/markets, taking into account:
  - the provision of other comparator venues and activities
  - demographics of the catchment area
- provide an assessment of overall viability through a risk analysis and analysis of strengths and weaknesses

It is expected that the viability study conclude with a recommendation as to which option (if any) to progress to the second phase.

### **Second phase**

Should the *[add group name / stakeholder group]* decide to go ahead with the second phase of the viability study, then this would be offered as a separate contract, and would cover the following areas:

- historical analysis of the building;
- condition of the building;
- land/property ownership issues.

Information from the above together with that from the first phase is then to be used to develop a model that will deliver a final recommended option. This will require the following:

- to broadly model the project programme and cost information implications required to reopen the building and restore the building for that option [*add: to include any requirements to purchase other land/buildings, Compulsory Purchase Order (CPO) etc if relevant*]
- outline architectural plans – ideally a couple of options
- identify potential funding sources for the capital redevelopment of the building.

### **Final report**

Providing a fully worked up recommendation for the preferred option or options.

The final report would include within it the findings of both the first and second stage, as follows:

1. Research and analysis
  - the condition of the building
  - historical analysis of the building
  - land/property ownership issues

Further detail on all aspects outlined at first stage, to be summarised as the following documents:

2. Building restoration proposals
  - outline architectural plans
  - estimated costs for structural and design work, and summary timescale for these
  - outline funding strategy for achieving this, including summary timescale.
3. Business plan for the first five years of operation, including details of:
  - audiences/markets/visitors, and an outline strategy for reaching these
  - operational and financial models
  - recommendations for governance and management
  - proposals to address ownership issues for the site

Both documents to outline potential risks, issues, assumptions, dependencies, and strengths and weaknesses and how these will be mitigated.

## **Terms and conditions and confidentiality**

It is important to outline terms and conditions and confidentiality within your viability study tender documentation. Timeline is crucial here (together with any key dates within the timeline – e.g. meetings, end of particular phases – and also proposed dates for tender interviews). It is also essential to add who the consultant is reporting to, and how the fee is paid.

It will also be important to outline what you are expecting from the tender proposal. Do not ask for anything too complicated – it should be made very clear that consultants should not try to answer the brief within the tender proposal – they should be explaining the process they will be going through to fulfil the brief.

It is very helpful to formally evaluate the tender returns received from the consultants and to set out the criteria for evaluation within the briefing documentation – i.e. the areas of consideration and the points awarded to each. This is particularly useful if there is a stakeholder group involved.

This section of the documentation will also explain the rules around the tender submission and application procedure including any additional documentation requirements relating to the tendering consultant / organisation (e.g. information regarding financial security of company, references etc).

An example of items to be included in a terms and conditions and confidentiality section of the document is given below:

### **Example terms and conditions and confidentiality for a viability study**

**Timescale:** We require the work to be done in the period *[add date]* to *[add date]* and to be completed no later than *[add date]*.

**Steering group:** The consultant will report to *[add group name or add details organisational bodies forming project steering group]*.

**Cost:** *[Note: this can either be an open tender or can be for a fixed sum. If asking for the tenderers to propose a fee it might be useful to provide a ballpark]*.

The client will pay a fee in the region of *[add cost]* (inclusive of expenses) +VAT *[if applicable]*, for this work.

Or

Tenders are invited for this work, however it is expected that this will be in the region of *[add cost]* +VAT *[if applicable]*, for this work. Expenses are to be included.

**Payment:** Payments will be made in *[add number of]* instalments following the receipt of invoices, with the final payment being made after the provision of the final report.

See Appendix A for a full list of terms and conditions and confidentiality.

**Proposals:** Applications are invited from suitably qualified consultants

Consultants should supply a letter of not more than five pages which outlines:

- The process that the consultant would go through in order to achieve the deliverables detailed above;
- Relevant experience of comparator projects undertaken in the last five years;
- Contact details for two referees;
- In addition a CV or company information including CVs may be attached;
- This should be sent to: *[add name of contact and address; note, if a stakeholder group, nominate one representative]* no later than *[add time and date for tender return]*.

**Evaluation criteria:** Tenderers responses and interviews will be assessed against the following criteria:

- Comprehensive proposal
- Understanding of the specific needs of the stakeholder group
- Proven relevant previous experience working with charities and commercial organisations demonstrating quality of work
- Value for money
- Strategic approach with clearly written and presented proposal.

**Timescales:** Set out below is the proposed procurement timetable. This is intended as a guide and whilst the client does not intend to depart from the timetable it reserves the right to do so at any stage. *[The below is to be taken only as a rough guide to the amount of time needed at each stage – it could easily take a few more weeks, especially if advertising for consultants rather than approaching a list]*

<b>Date</b>	<b>Stage</b>
Wk 1	Invitation to tender to be issued to tenderers by the client
Wk 3	Closing date and time for receipt by the client of tenderer responses to the invitation to tender (by 12 noon)
Wk 4	Interviews
Wk 4	Appointment of consultant and commencement date of contract

**Tender submission and application procedure:** Tenderers are solely responsible for the costs and expenses incurred in connection with the preparation and submission of their tender and all other stages of the selection and evaluation process. Under no circumstances will the client, or any of their advisers, be liable for any costs or expenses borne by tenderers, sub-contractors, suppliers or advisers in this process.

The proposal submitted should clearly address each of requests points in the consultancy brief giving particular attention to the evaluation criteria.

Proposals should be no more than five pages in length in Arial 11pt (not including financial information). Proposals should also include availability for interview on *[add date]*.

Candidates should also provide information with their proposals that they are not bankrupt, the subject of an administration order, are not being wound up, are not the subject of a petition presented for the sequestration of their estate, have not had a receiver, manager, or administrator appointed and are not otherwise apparently insolvent. They should also produce a declaration that no person engaged will have been convicted of conspiracy, corruption, bribery, or money laundering; that they have not been convicted of a criminal offence, committed an act of grave misconduct, related to the conduct of their business or profession, and that they have fulfilled obligations relating to the payment of taxes.

Proposals should be emailed and sent to *[add email address of person named above]*.

Late submissions will not be considered.

Tenderers must provide names of the staff who would be assigned to handling the account and the key contact/s who will work with *[add group name / the stakeholder group]*.

Following receipt of tenders, shortlisted companies will be asked to attend a meeting at *[add location for meeting]*. This process is currently scheduled for *[add date for meeting]*.

## **Appendix A – Terms and conditions and confidentiality**

The client requires the work to be done in the period *[add date]* to *[add date]*, and to be completed no later than *[add date]*.

The consultant will report to *[add group name or add details organisational bodies forming project steering group]*.

The client will pay a fee in the region of £xxx inclusive of expenses +VAT if applicable, for this work *[delete if not relevant]*. Payments will be made in three instalments following the receipt of invoices, with the final payment being made after the provision of the final report.

All material issued in connection with this invitation to tender shall remain the property of the client or other stakeholders and shall be used only for the purpose of this procurement exercise. Where such discussions result in additional information or clarification being provided, all companies on the tender list will be provided with the same information.

The tenderer shall not make contact with any other employee, agent or consultant of the client who is in any way connected with this procurement exercise during the period of this procurement exercise, unless instructed otherwise by the client.

Any tenderer who directly or indirectly canvasses any trustee, officer, member, employee, or agent of the client concerning this contract or who directly or indirectly obtains or attempts to obtain information from any such trustee, officer, member, employee or agent or concerning any other tenderer, tender or proposed tender will be disqualified.

This invitation to tender is issued on the basis that nothing contained in it shall constitute an inducement or incentive nor shall have in any other way persuaded a tenderer to submit a tender or enter into the contract.

The client shall not be committed to any course of action as a result of:

- issuing this invitation to tender or any invitation to participate in this procurement exercise
- an invitation to submit any response in respect of this procurement exercise;
- communicating with a tenderer or a tenderer's representatives or agents in respect of this procurement exercise or
- any other communication between the client (whether directly or by its agents or representatives) and any other party.

Tenderers shall accept and acknowledge that by issuing this Invitation to tender, the client shall not be bound to accept any tender, and reserves the right not to conclude a contract for some or all of the services for which tenders are invited.

The client reserves the right to amend, add to or withdraw all, or any part of this invitation to tender at any time during the procurement exercise.

The client requires all the tenderer's costs to be defined in the tender proposal.

### **Confidentiality**

The contents of this invitation to tender are being made available by the client on condition that:

- Tenderers shall at all times treat the contents of the invitation to tender and any related documents (together called the “Information”) as confidential, save in so far as they are already in the public domain;
- Tenderers shall not disclose, copy, reproduce, distribute or pass any of the Information to any other person at any time or allow any of these things to happen;
- Tenderers shall not use any of the Information for any purpose other than for the purposes of submitting (or deciding whether to submit) a tender; and
- Tenderers shall not undertake any publicity activity within any section of the media.

Tenderers may disclose, distribute or pass any of the Information to the tenderer’s advisers, sub-contractors or to another person provided that either:

This is done for the sole purpose of enabling a tender to be submitted and the person receiving the Information undertakes in writing to keep the Information confidential on the same terms as if that person were the tenderer; or

The tenderer obtains the prior written consent of *[add group name or add details organisational bodies forming project steering group]* in relation to such disclosure, distribution or passing of Information; or

The disclosure is made for the sole purpose of obtaining legal advice from external lawyers in relation to the procurement or to any contract arising from it; or

The tenderer is legally required to make such a disclosure.

In the above paragraphs the definition of ‘person’ includes but is not limited to any person, firm, body or association, corporate or incorporate.

The client may disclose detailed information relating to tenders to its trustees, officers, employees, agents or advisers and the client may make any of the contract documents available for private inspection by its trustees, officers, employees, agents or advisers. The client also reserves the right to disseminate information that is materially relevant to the procurement to all tenderers, even if the information has only been requested by one Tenderer, subject to the duty to protect each tenderer’s commercial confidentiality in relation to its tender.

## **The role of the Theatres Trust**

Theatres Trust is the national advisory public body for theatres and are a statutory consultee on theatres in the planning system. We provide a free advice service for anyone looking to save, restore or revive theatres. We campaign for great protection for theatres and raise the profile of those most under threat through our Theatres at Risk Register.

Contact us at [advice@theatrust.org.uk](mailto:advice@theatrust.org.uk) with information about your theatre and how we can help.