



WNDC Planning Obligation Strategy: Supporting Technical Document
October 2010

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POS Review Supporting Technical Document comprising:

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A: Policy Context and Statutory Context

1. Development Plan

- 1.1 Since the adoption of the original POS, the East Midlands Regional Plan (EMRP) was approved but then subsequently revoked following the government announcement in July. It thus no longer forms part of the development plan for the purposes of s38(6) of the Planning and Compulsory Purchase Act (2004). All current Planning Policy Statements (PPS's) remain in force, although any references to the RSS's within them are no longer valid. The government has confirmed however that the RSS evidence base may be a material consideration in planning decisions and where still valid and appropriate may be used in the continuing development of local policy and guidance.
- 1.2 The approval of the EMRP had the effect of superseding the Structure Plan with the exception of policy SDA1 relating to Strategic Development Areas (including mixed use urban extensions at Daventry and Towcester). The supporting text sets out that planning authorities will use planning obligations to secure necessary infrastructure, facilities and services to support the development, either through direct provision on-site or or-off site through developer contributions.
- 1.3 NBC Local Plan – policy E19 (Implementing Development) and Appendix 1 of the LP which sets out types of infrastructure which may need to be funded by development; SNDC IMPI (Developer Contributions) plus Developer Contributions SPG; DDC –Interim SPD.
- 1.4 The (Emergent) Joint Core Strategy – the publication version is due in October 2010, thereafter with the submission version published in March 2011. Following examination, it is intended to be adopted in December 2011. The Developer Contributions DPD – work has started and publication is due in November 2010. Thereafter the document will be submitted in November 2011, with a programme for adoption in August 2012.

2. Statute and National Policy / Guidance of Note

- 2.1 The following have been considered and taken into account as part of the Review:
 - S106 of the Town and Country Planning Act, 1990 (as amended)
 - S216 of The Planning Act, 2008.
 - The Community Infrastructure Levy Regulations, 2010 (CIL)
 - Circular 05/05, Planning Obligations, 2005.
 - Consultation Document - New Policy on Planning Obligations, March 2010.
 - National planning policy contained in relevant Planning Policy Statements and Guidance (PPS / PPG's) and their supporting supplementary documents and best practice guidance.

NB: A comprehensive list of policy / guidance is contained in the Evidence Schedule.

B: VIABILITY TOPIC PAPER

SEE SEPARATE DOCUMENT

C: Deferred Contributions Topic Paper

1. Introduction

- 1.1. The introduction of the Community Infrastructure Levy Regulations 2010 (CIL) has enshrined the tests in Circular 05/05 into a statutory requirement which planning obligations are now required to meet if they are to constitute a reason for granting planning permission (Regulation 122). Local planning authorities must apply Regulation 122 when determining planning applications, in particular the nature of the planning obligations sought from development.
- 1.2. With the downturn in the property market there has been a real tension between the level of contributions sought by local planning authorities (LPA) and decreased land values which affect the overall viability of schemes. The ability to obtain funding and more stringent conditions being imposed as a condition of funding, is also affecting development viability.
- 1.3. In order to try and address Developer concerns, whilst balancing the requirements of the LPA in terms of not stifling development which could bring forward valuable infrastructure and regenerative benefits, there has been a need to consider alternative means by which planning obligations can be secured. One such mechanism has been that of deferred planning obligations, whereby contributions ordinarily payable in respect of development can be linked to the viability of the development as it proceeds. The essential basis being to encourage development to start whilst being satisfied (to the extent it is possible to do so) that over the longer term the full scale of contributions will be recoverable as development progresses.
- 1.4. It is important to stress that the use of deferred contributions should only be used in exceptional circumstances, this is the approach which most local authorities have taken. It is not a mechanism which is used simply to assist a developer where viability is an issue; there needs to be tangible planning benefits which the local planning authority consider acceptable for the purposes of delaying the realisation of contributions properly payable, for example the provision of infrastructure, regenerative benefits or where development is needed to meet the aims of the development plan for the area.
- 1.5. The Planning Obligations Strategy (POS) has acknowledged use of the deferred contribution method may be appropriate in certain circumstances and will consider its application on a case by case basis. This note deals particularly with deferred contributions, different options available to deal with deferred contributions and how they are dealt with in the POS.

2. Deferred contributions

- 2.1. While LPAs are willing to accommodate developers requests for lower upfront section 106 payments there is the need to be mindful that this should not be at the expense of being able to fund and bring forward infrastructure for their areas. With this in mind it should be explicitly clear that the use of deferred contributions will only be used in exceptional circumstances. It will be important to consider why an unviable development should be assisted to come forward through the use of the deferred mechanism

- 2.2. The general principles which should be considered before an LPA considers adopting a deferred mechanism structure to any particular case include:
- 2.3. What are the exceptional circumstances applicable to the development which would justify a deferred contributions approach being taken? This can only be considered on a case by case basis. Ideally, LPA's should set out the sort of principles which would enable it to make a decision as to whether any particular development would meet this "exceptionality" test.
- 2.4. Is viability of the scheme genuinely an issue having regard to the nature of the planning obligations which should be properly secured and satisfy Regulation 122 requirements? This can be established through the carrying out of an independent audit. Again it is recommended that an LPA should identify the process through which a developer is required to establish whether viability is an issue. In most instances the developer is expected to meet the costs of the LPA in verifying the underlying viability position.
- 2.5. Where viability is an issue what is the likelihood of the full amount or an acceptable proportion of contributions ordinarily due, being recovered over the length of the development process? If a development is unlikely to ever achieve viability then the LPA is unlikely to recover the full amount of contributions payable and in this instance should consider whether planning permission be refused,
- 2.6. In general the deferred contribution mechanism allows a developer to pay a reduced amount now while a deferred element (the difference between what the actual contribution should have been and what the developer paid) may, subject to certain viability criteria being met, be repayable at some defined time in the future.
- 2.7. This mechanism is based on the important principle that the developer knows their maximum liability for section 106 contributions at the start of the development (through the section 106 agreement) but may pay less if market conditions (and scheme viability) do not facilitate payment of the full set of obligations.
- 2.8. Deferred contribution mechanisms are generally more applicable to larger developments where build out is over a longer period of time and where circumstances are likely to change as time elapses after planning permission was granted but where viability is an issue for the purposes of development getting underway.
- 2.9. It is important to bear in mind however, that a local planning authority, when considering whether a deferred mechanism is appropriate should always be satisfied that when determining the application the application meets with the requirements of the relevant Development Plan. It should also bear in mind whether a reduced planning obligations package affects the extent to which the application is genuinely in compliance. It may be there are other non-financial benefits which can be secured by allowing the development to proceed which would make the reduced/deferred package acceptable.

3. Deferred contributions: Options

- 3.1. There are a number of local planning authorities which have formalised their approach to the use of the deferred mechanism. Indeed earlier this year, Atlas, in light of the

more structured approach being adopted by LPAs to the deferred mechanism approach, issued the paper "Contingent Deferred Obligations" (January 2010). The topic paper essentially sets out the main principles of the deferred mechanism approach, and offers guidance on how other LPAs should go about adopting their own policies for the use of deferred mechanisms.

- 3.2. Both London Thames Gateway Development Corporation (LTGDC) and Ashford Borough Council (Ashford) have successfully introduced deferred payment mechanisms. For more detail the base documents themselves can be found at:

Ashford:

<https://secure.ashford.gov.uk/cgi-in/committee/index.cfm?fuseaction=DocTrack.getPlanningDoc&PlanningID=842>

LTGDC:

standard legal agreement –

<http://www.ltgdc.org.uk/PDF/LTGDC - Standard Legal Agreement.pdf>

Planning Obligations Community Benefit Strategy -

http://www.ltgdc.org.uk/planning_information/planning_obligations_community.aspx

3.3. Options

- 3.4. The deferred element will vary on a site by site basis having regard to the viability of the development. Once the deferred element has been calculated a mechanism will need to be secured in the planning agreement to secure the future payment of this part of the contribution. In all cases, an initial payment of the total contribution payable will be secured earlier on in the development process, this can vary from pre-commencement to first occupation; the remaining part being payable at a later stage, the amount of which depends on the particular option chosen.
- 3.5. LTGDC sets out three options in their Planning Obligations Community Benefit Strategy (POCBS) although only one option, based on scheme viability, has been taken up by developers. This approach is the same one adopted by WNDC in the POS (i.e. option 1)
- 3.6. **Option 1:** Average sales linked to repayment of deferred charge
- a) The first option links the deferred element to scheme viability by calculating the average value obtained for sales of market housing within a particular period. A base line can be set in a policy document but it is likely that this will be negotiated on an individual basis. If the sales values, on a per square metre basis, exceed the base line figure then the deferred charge will become payable. This is usually in steps up to the standard charge, being the charge at the time the agreement was entered into plus indexation.
 - b) However, the amount of the deferred charge repayable after the initial payment has been made is capped at the difference between the standard

charge and the discounted standard charge. In other words the sums reclaimed will never be more than the standard charge (total contribution) payable at the time the agreement was signed plus any indexation. As the deferred charge is only payable on market housing a proportion of the deferred charge is lost on any affordable housing units within the development.

- c) The POCBS then suggests that only around 35% of the additional receipts arising from the development will be captured in this way. Having reviewed the model agreement, there is no such explicit clause dealing with this, but the 35% figure is implicit in the model table of values and may act as a baseline figure for individual negotiations.

3.7. Option 2: The prevailing discounted standard charge

- a) The deferred charge would be the Discounted Standard Charge applicable at the time the contribution was payable.
- b) This option provides an element of risk to developers as it is arguable that the standard charge could rise depending on the number of developments taking place and/or the level of discount could decrease if market conditions improve. It is arguably that for this reason alone developers are unlikely to adopt this option in their section 106 agreements even though there is a chance that the level of standard charge could go down. However, a key drawback of this approach for developers is that it gives them no certainty as to the level of contribution payable from the outset.

3.8. Option 3: Fixing the levels of deferred charge payable at particular dates

- a) The level of the deferred charge is fixed and payable on all completions regardless of whether they are market units or affordable housing. The charge is repayable as and when a certain number of units are completed.
- b) Again this is unlikely to be acceptable to developers as together with option 2 it is not based on development viability. Furthermore, if the charge is capped from the outset and then decreases over time the developer is unlikely to accept that he will be paying more than the going rate.
- c) There is a fourth option, which is to tie the amount of deferred contribution to the reappraisal of later phases of a scheme at the time of commencement of those phases. This allows viability to be reassessed in "present" time rather than predicting the future viability of the project as Options 1, 2 and 3 require.

4. The POS and the deferred charge

- 4.1. Paragraphs 4.17 to 4.19 of the POS set out how WNDC will deal with deferred charges. The option set out here broadly follows the 'option 1' type of approach adopted by LTGDC and Ashford Borough Council (albeit with some differences). It is our advice that while including option 2 and 3 in the POS would give developers greater flexibility on how they chose to deal with the payment of the tariff these options are not likely to prove popular. The benefit of including them is therefore likely to be marginal. As mentioned above, it should be explicitly clear in the POS that the developer should pay the discounted standard charge and only if he is able to show on an open book basis that he is unable to meet the discounted charge should the deferred mechanism be used.

- 4.2. The POS does provide an incentive to developers to accept the discounted charge. If the developer pays the discounted standard charge from the outset then the rate for the site will be fixed at the discount. However, if the deferred charge approach is agreed then the developer will, subject to the scheme meeting viability criteria, be liable up to the standard charge.
- 4.3. The POS however differs from both LTGDC and Ashford Borough Council in that any recovery of the deferred charge will be limited to the amount of the full standard charge applicable at the time that the additional contribution becomes payable. Normally, it would be the standard charge at the time the section 106 was signed plus any indexation. WNDC are likely to face intense objection to this approach if that is carried through into specific agreements. The biggest drawback with this approach is that the developer will be unable to calculate the exact liability for the development from the outset. Arguably, this approach also creates a tension with the requirements of Regulation 122 of CIL as the relationship between the impact of the development and measures secured by the planning obligations will not be fixed from the outset.
- 4.4. Paragraph 5.2 deals with the timing of payments. The POS currently requires 25% of the "total contribution for the application site" to be payable on commencement. However, this will need to vary on a case by case basis having regard to the viability of the development.

5. Refining the Deferred Mechanism Approach

- 5.1. The increased use of deferred mechanisms does mean that there has been the opportunity to refine its operation. There are a number of issues which should be considered when adopting the deferred approach to the application of WNDC's standard charge having regard to the following:
 - a) Be clear whether the charge is payable in relation to all units completed including affordable housing. Although in reality this is mainly presentational since the thresholds/payments will reflect what is viable for the market to bear.
 - b) Be clear if all affordable housing is to be treated the same. If the unit is cascaded then should any exemption apply.
 - c) Identify whether receipts from RSL enter the calculation, for example if there is a greater receipt than the expected level of grant then consider whether the payment thresholds for the payment of the standard charges will be raised.
 - d) Assuming that deferred charge payments are calculated yearly, be clear about whether charges relate to that year or, whether (if profits are high enough) there is the ability to recover deferred charges from earlier years. It is generally considered that calculating on a yearly basis is simpler.
 - e) When calculating the amount to be recovered note that it can only relate to units sold but that it will be paid on all units completed. There is a danger that expensive units will be left to the end of the year. The reason it is tied to completed units is to avoid the LPA having to wait until there is a sale if, for any reason there is any delay.

- f) Consider when the longstop payment gets triggered. It is potentially onerous for there to be an automatic longstop on all units at the end of 10 years following commencement if only one phase has been completed. Consider applying the longstop on a phase by phase basis or that it only kicks in after a specific percentage of units have been commenced.
- g) Be clear whether there is a long stop deferred charge payment and if so at what rate it is to be calculated at, for example is the thresholds set at the final year average or the average of all units built on the site (with appropriate indexation being applied).
- h) Cater for the possibility of new consents post development. If more expensive parts of development are carved out and subject to a further consent consider how this will affect the deferred charge payment; for this reason consider building in a protective clause to allow for a good faith rebasing.

6. Setting the Benchmark for Viability

- 6.1. Assessing development viability can take various forms. There are a number of toolkits available for assessing this, developers have also created their own in-house models. In very crude terms there needs to be a consensus between the parties as to what can genuinely be considered to be "costs" of the development as this will set the foundation for assessing scheme viability.
- 6.2. It would seem prudent from WNDC's perspective to try and minimise the amount of time and costs which inevitably get utilised in agreeing the viability benchmark for each scheme. We would advocate, if possible, that WNDC formulate its own minimum criteria (and form) of what a viability assessment should entail. As well and cutting costs and time, this should also be promoted on the basis that it sets a level playing field for all developers seeking to reduce their overall standard charge liability.

Denton Wilde Sapte
June 2010

D: Guidelines for Viability Assessments

1.0 Background

- 1.1 As set out in the main POS document in section 3, where issues of viability become apparent, the Corporation will engage proactively with developers to secure the delivery of appropriate forms of development. A consistent approach across differing scales of development will be followed by adopting common approaches towards developing and assessing viability assessment by the Corporation.
- 1.2 It is recognised that developers are best placed to assess the viability and feasibility of delivering viable schemes and it is not for the Corporation to specify one particular viability model above all others. However, it is critical that a common understanding and language is used to develop and assess viability assessments in an open and transparent way.
- 1.3 Therefore, to facilitate consideration of such cases and in order to standardise submissions as far as possible, the Corporation have drawn up these guidelines setting out the minimum requirements / standards to be provided as part of any assessment. It is acknowledged that additional financial circumstances may well arise in individual cases, evidence of which should also be detailed in the supporting statement.
- 1.4 For simplicity, the template is based on a summary Residual Valuation but where necessary, especially on larger phased schemes, additional more detailed Discounted Cash-flow Analysis will be required. Further, in line with recent Court of Appeal decisions, development appraisals relating to large scale developments and/or developments with lengthy implementation programmes will have to consider both current and improved market conditions.

2.0 Principles

- 2.1 Development Appraisal models are in essence simple, and can be summarised via the following equation;

$$CDV - TCC - DP = \text{Residual Land Value}$$

Where:

CDV = Completed Development Value

TCC = Total Construction Costs

DP = Developers Profit

- 2.2 Residual Value – what the landowner receives – will normally be the critical variable. If a proposal generates sufficient positive land value, it may be capable of implementation; if not, unless, there are alternative funding sources to bridge the ‘gap’, the proposal will not go ahead.

- 2.3 A major proviso to this simple approach, is of course that the Residual Land Value – ie. the value of the land in question arising from the development proposal – must exceed (significantly) Existing Use Value (EUV) – ie. the value of the land in its current use and also, Alternate Use Value (AUV) – ie. the value of the land if used for another purpose for which planning permission exists. Clearly, if the Residual Land Value is lower than either EUV or AUV, then it is unlikely that the landowner will pursue the development proposal.
- 2.4 More particular problems with Development Appraisals all stem from the requirement to identify the key variables – values, costs etc. - with some degree of accuracy in advance of implementation. Even on the basis of the standard convention, namely that current values and costs are adopted (not values and costs on completion), the Corporation accept that this can be difficult.
- 2.5 Problems with key variables can be summarised as follows:
- Values attached to Completed Development Value are largely dependent on comparable evidence which requires sufficient new development in the locality of a similar size and type, to provide a realistic value base. If more general transactional evidence is necessary, an adjustment to reflect the premium on new build will be expected.
 - Development costs are subject to extensive national and local monitoring and can be reasonably accurately assessed in ‘normal’ circumstances. Where development proposals arise on brownfield sites, the Corporation accepts that ‘exceptional’ costs such as decontamination may arise which will require detailed assessment.
 - Costs are further being driven by changes in terms of Sustainability requirements currently emerging, though these may potentially increase sales value.
 - Development value and costs will also be significantly affected by assumptions about the nature and type of affordable housing provision and other Planning Obligations and on major projects, assumptions about development phasing and infrastructure triggers.
 - While Developer’s Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the greater the profit level, in part as a contingency against the unexpected.
 - Ultimately, the landowner holds the key and will make a decision on implementing the project or not on the basis of return and the potential for market change and thus alternative developments.

3.0 Development Appraisal Details

- 3.1 In the light of these basic principles, this section considers each key financial variable and identifies the issues likely to arise and thus the questions which may need to be addressed in the applicant’s financial appraisal and the supporting evidence. While appraisals and supporting evidence should be based on metric measures, the Corporation notes that elements of the development industry continue to use imperial measures. Where necessary, both metric and imperial units may be included.

Gross Development Value (GDV)

3.2 GDV, that is the capital value of the development proposal on completion but at today's values will comprise some or all of the following:

- The value of residential sales;
- The capitalised value of commercial elements and any other non-residential elements;
- The value of the affordable housing units
- The capitalised value of ground rents;
- The capital value of parking spaces.

3.2.1 **Residential Sales.** Freehold and/or long leasehold (in flatted schemes) sales will require comparable evidence based on actual values achieved (via the Land Registry or an alternative dataset such as Hometrack). Local agents' advice may be helpful but will not be adequate in itself. Sales values should not be projected to the point of completion. The appraisal must include a breakdown of house and flat types and their average floorspace based on gross internal area, tenure, bedrooms, and average unit value per m2.

3.2.2 **Commercial Values.** While in some cases, freehold evidence of, for example, free standing business units may be available, most commercial space will be valued on the basis of rents being achieved, capitalised by an appropriate yield. Both rental and yield evidence will therefore be required to substantiate value, with particular attention paid to local variations reflecting precise location, quality of build and potential tenant covenants. Where pre-lets are achieved, appropriate supporting evidence should be included. The Corporation is well aware of the sensitive nature of these variables and will review the submitted evidence carefully.

3.2.3 **Affordable Housing.** In terms of the provision of affordable housing, applicants will be required to provide supporting evidence with particular regard to the values which RSL are prepared to pay for social rented units and any form intermediate tenures including shared ownership. The Corporation will require a statement of the assumptions made regarding target rents and likely levels of Social Housing Grant where appropriate. Applicants should provide an unconditional or conditional offer in writing from at least one RSL. The appraisal must include a breakdown of affordable house and flat types and their average floorspace based on gross internal area, tenure, bedrooms, and average unit value per m2.

3.2.4 **Ground Rents.** In flatted schemes, applicants should include capitalised ground rents as a separate income item in Gross Development Value.

3.2.5 **Car Parking.** Similarly, capitalised income from car parking spaces should also be identified where appropriate.

Density

- 2.1 The appraisal and supporting evidence should include the overall gross site area (in hectares), the net developable area, the dwelling and non-residential density per net hectare and the floorspace per net hectare.

Basic Build Costs

- 2.2 The appraisal should specify standard build costs for market housing, for affordable housing, for non-residential uses and any ancillary facilities including car parking, landscaping and infrastructure works as separate items. While base build costs can be a composite figure per m² for each item, including external works, drainage, utilities, fees, preliminaries and contingencies, the supporting evidence must also provide a breakdown of these factors by cost and/or percentage on cost where appropriate. Average standard build cost as well overall total build cost must be included. A professionally prepared cost plan may be required including a written justification for any costs which are markedly different from standard industry indices such as BCIS.

Code for Sustainable Homes

- 2.3 The appraisal and supporting evidence must specify the level of CfSH to be attained in both residential and affordable housing units, the measures being included to achieve that standard and the costs associated. It should be noted that WNDC expects that all housing development should be built to Code 3 as a minimum and the level will increase depending on build out timing (refer to section 2.3, page 12 of WNDC's Planning Principles). It is not expected that development built to this standard would have any significant effect on build costs. The HCA also expects all affordable housing to be built to Code 4 to qualify for Social Housing Grant.

Abnormal Costs

- 2.4 Any abnormal build costs over and above basic build costs must be itemised in the appraisal and fully explained in the supporting evidence. Thus for example, decontamination and remediation works must be specified and costed by appropriate contractors. The Corporation will consider carefully any costed items presented as 'abnormal', not least those items which should have been identified prior to acquisition and reflected in the land price and/or option to purchase agreement.

Planning Obligations

- 2.5 The development appraisal calculation must include a detailed breakdown of planning obligations in line with published policy documentation and reflecting pre-application negotiations with the Corporation, County Council and any external provider. The nature, extent and timing of contributions should be specified, including any justification for the deferment of payments or provision of infrastructure (see the Deferred Contribution Topic Paper for further information).

Finance Costs

- 2.6 Finance costs, the borrowing rate and period of borrowing must be specified in the development appraisal calculation.

Profit Margin

- 2.7 The appraisal must specify total projected profit, profit margin on gross development value and return on cost.

Land Acquisition Cost

- 2.8 Where the site in question has been acquired by the applicant in advance of planning permission, the basis of the acquisition cost must be fully explained in the supporting evidence. If the land cost is based on EUV, then the Corporation will require evidence of an appropriate existing use valuation in the form of an RICS 'Red Book' or bank valuation. Similarly, if acquisition cost is based on an extant planning permission and it can be demonstrated that the consent is capable of implementation, then an appropriate development appraisal calculation will be required in the supporting evidence.
- 2.9 Applicants should be aware that while the Corporation will exceptionally consider cases where bona fide land purchases have been undermined by unexpected site specific circumstances, the arguments that site acquisition costs were such that policy compliant development proposals cannot be delivered will not be entertained. Planning policy requirements must be fully reflected in land acquisition valuations.

Confidentially

- 2.10 Applicants should note that where information submitted as part of any appraisal is commercially sensitive, this should be marked as confidential and for internal use only. Further, that any variation in the DSC, either through discounting or reducing the level payable, will have to be considered as part of the determination process and made available for public inspection. This will require the production of a summary report on viability, the contents of which will be discussed and agreed between parties prior to publication.

4.0 Conclusion

- 4.1 In pursuit of implementing planning policy and the Growth Strategy, WNDC is acutely aware of the need to take account of development viability. Nevertheless, the Corporation will expect development proposals to be policy compliant unless a robust and fully justified financial argument can be presented. In all cases development will need to satisfy objectives in respect of the creation of sustainable communities.

E: Construction Futures

1. Introduction

- 1.1. It is accepted that there is a need to maximise social integration and community cohesion arising from increased capital expenditure programmes within the Public Sector and to utilise the well being powers of Public bodies in the procurement process. These opportunities are increased through the application of development control powers by Planning Authorities in seeking to ensure new development successfully mitigates its potential social and economic impacts and contributes toward the creation of sustainable communities.
- 1.2. At WNDC this agenda is being driven through both its procurement and planning powers to generate employment and training opportunities.

2. The Approach

- 2.1. In order to deliver these requirements in a structured approach WNDC have established Construction Futures as the main delivery vehicle and point of contact for advice and guidance on how Developers and Contractors can meet the requirements contained within the formal planning requirements for Training and Employment.
- 2.2. The role of Construction Futures is to act as the interface, and therefore provide a structured resource to WNDC (Planning), Developer, Contractor and Training Provider to facilitate the delivery of agreed employee targets. This approach has been successfully piloted on a cross section of applications and the latest approach adopted reflects the requirements of all parties.
- 2.3. The structure of the approach is designed to minimise time input requirements from developers and contractors with the Construction Futures team having agreed parameters for decision making on targets and methods of delivery.
- 2.4. Construction Futures works with the developers and contractors to determine how best targets can be met through two key strands, apprenticeships and placements. The agreed option is formalised into a Construction Futures Strategy Document that is forwarded to WNDC Planning to be part of the Section 106 Agreement. In addition the Agreement will include an obligation requiring the developer to provide details of an 'opportunities schedule', once known, in the form of a programme to be forwarded to Construction Futures detailing the opportunities to be provided and the dates these will be available on site. Construction Futures then link approved training providers with developer to source either apprenticeships or placements.
- 2.5. Historically the main route into the construction industry has been through formal apprenticeships; whilst this is the Corporation's preferred model it is recognised that in the current economic climate some developments may not be able to deliver these. To offset this and maximise potential Apprenticeships, it is proposed to

introduce a group apprenticeship scheme to be delivered in partnership with a nationally recognised provider of construction training.

- 2.6. The attached tables (Tables 1-3) seek to highlight the cost effectiveness of placing an apprentice. These consider the grant rate available, apprentice salary costs and an apprentice verse skilled worker productivity assessment.
- 2.7. Table 4 also highlights the threshold, below which it would not be effective nor cost efficient to provide placements for Construction Futures on development sites. This has been developed by identifying the minimum level of effective training weeks.

3. The Mechanics

- 3.1. In order to achieve a structured, cohesive and transparent methodology for this process the Corporation has developed a series of enabling documents and an electronic model that are transparent and provide a consistent approach in application.
- 3.2. The component parts of the approach have been developed with the assistance of specialist legal advice, leading cost management consultants for the construction industry and an IT specialist provider to create an electronic model that is consistent with good practice. The following make up the central elements of the approach:
- Legal and enabling documentation for use as components of the Section 106 process.
 - An electronic labour forecasting and cost model for construction that translates construction activity and spend into target training and employment requirements consistent with industry labour modelling.
 - A skills and client tracking database linked to formal monitoring and reporting functions
- 3.3. The above functions complement one another in a structured way focusing on the implementation process to secure benefits for the applicant, the individual and provide the documentation to facilitate the integration of the regional employment supply chain. Further information on the process and example views of the model can be viewed on the Construction Futures website, www.wndc.org.uk/wp-content/uploads/2010/10/Construction-futures-Summary-Process.pdf.

4. Section 106 Requirements

- 4.1. The scale of financial contribution has been developed that reflect both the running, management and facilitation costs of the Construction Futures programme. Contributions secured fund office and staff running costs, funding for non-mainstream training and a bursary to enable sponsorship of trainees to remain on site during the holiday periods of training provider i.e. college holidays. The sum sought is £97 per residential dwelling and £1 per square metre for non-residential development.

	Year	Cost (gross)	Grant	Cost (net)	Comments
Cost of a Community Apprentice		£25	£0		per day worked (at no lost time)
Recoverable from Construction Skills Grants		£0	£0		
Total Cost		£6,525			£125 per week

	Year	Annual Salary	Grant Available	Residual Employer Salary Liability	Notes
Basic cost of an employed apprentice		£10,400			£200 per week
Recoverable from Construction Skills Grants	1		£1,890	£8,510	£163 per week
	2		£3,810	£6,590	Assumes Level 2 NVQ achieved at £126 per week
	3		£4,120	£6,280	Assumes Level 3 NVQ achieved at £120 per week
Total Employee Cost over 3 years				£7,126	£137 per week average per year over three years

	Quantum	Measurement	Notes
A Community apprentice bricklayer costs	£125	per week	
An agency bricklayer costs	£500	per week	
A good bricklayer lays an average of	500	bricks per day	65 bricks per hour
An apprentice bricklayer needs to be able to lay	125	bricks per day	16 bricks per hour to be value for money

Class Use	Area (Square Metres)	Construction Cost	Comments
Housing		500K	6 units (Based on £80k per unit average construction cost)
A2	1,000		
A3	1,200		
A4	1,000		
A5	1,500		
B1	1,000		Business Park
B2	1,800		
B8	4,000		
C1	1,200		
C2	2,000		Student Accommodation
C2a	2,000		
D1	1,000		Community Centre
D2	1,200		
Civils		1.5m	
Re-furb		1m	Non Residential

F: Community Cohesion

1. Background

- 1.1 West Northamptonshire Development Corporation (WNDC) is committed to the provision of Sustainable Communities and the wider regeneration of West Northamptonshire. In recognition of the need to begin to support and stimulate the process of addressing wider community investment in West Northamptonshire, the WNDC Board set up the Stronger Communities Fund in June 2008.
- 1.2 In September 2008 WNDC Board approved the Stronger Communities Fund project and allocated capital funding (Growth Area Funding 3) of £804,375 to cover a three year period up to March 2011. This secured a dedicated funding stream to support engagement of community and voluntary groups in sports and culture across West Northamptonshire.
- 1.3 The fund has been incredibly successful, benefiting over 388 groups and over 230,000 people across West Northamptonshire over the funding period to date. WNDC's funding has also levered an additional £1,296,434 match funding from third parties (including developers) in support of the successful voluntary and community organisations.
- 1.4 WNDC now wish to extend this programmed approach to developing sustainable and cohesive communities, by seeking to replace the voluntary sector infrastructure item identified in the original POS. This obligation will be altered to seek S106 monies to mitigate the impacts associated with social cohesion and inclusiveness arising from new development. This approach will seek to ensure that existing and new communities evolve and integrate successfully together during the course of construction and the initial occupation of new developments. Reasonable contributions will be sought, relative to the scale and longevity of development projects.

2. Creating Sustainable and Cohesive Communities

- 2.1 WNDC was established to promote and deliver sustainable growth and regeneration in Northampton, Daventry and Towcester. The Corporation has authority to make decisions on strategic planning applications which are important to the future of the three towns.
- 2.2 As part of the planning function, WNDC negotiate S106 contributions with applicants which may include funding towards community infrastructure. There is a clear policy context in PPS1 and PPS3 in terms of the impact of development and the way in which it should contribute to the creation of cohesive communities. These impacts are wide ranging and need to be effectively managed.
- 2.3 During WNDC's lifetime it will seek to collect £260 per dwelling in S106 contributions to deliver and support the creation of sustainable and cohesive communities. This is considered to be a reasonable sum relative to the average scale of development which the Corporation determines and following a review of the effectiveness of the sums already secured and spent assisting in the creation of cohesive communities through SCF.

3. Delivery Arrangements

- 3.1 WNDC will continue to follow the SCF programme delivery model. Northamptonshire Community Foundation will be engaged as WNDC's delivery agent for the Community Cohesion Fund. The Foundation is a local, independent grant making organisation, which provides a professional service to a wide range of funding donors. More information on the Foundation can be found on the following web-link www.ncf.com
- 3.2 NCF will allocate funding at set times throughout the year through a formal application procedure. NCF will also support and provide independent advice to potential applicants. Applications from bone fide community and voluntary sector groups/organisations will be considered against key criteria (see below). That said, successful applications must meet the overarching objective of delivering and supporting sustainable and cohesive communities with community capacity building at the heart of their activity.
- 3.3 Applications will be assessed against their impact across West Northamptonshire using the following criteria:-
- Support the promotion of the area as a place to live, work and visit
 - Promote the delivery of sustainable communities, especially capacity building
 - Help integrate new communities; families and individuals within existing communities
 - Promote community cohesion and mitigate social exclusion
 - Add value to other funding programmes and fundraising activities already underway
 - Raise the profile of WNDC, contributing developers and securing a commitment to the delivery of regeneration and sustainable communities within the sub region
 - Add value to other WNDC funded and/or managed activities (e.g. communication activities, the cultural offer, the delivery/management of green/ open spaces)
- 3.4 The boundaries for the funding submissions will relate to the area in which the contributing planning application is located. Applications will be assessed and grant funding released by an Area Panel in which the proposal relates i.e. one Panel in each local authority area. Panel members will be made up of representatives of the NCF, WNDC and the local area (including local residents, local business member, an appropriate local authority officer and a local young person).
- 3.5 All panel members will need to be fully trained by NCF before being eligible to become a panel member. Clear governance structures will be developed and agreed for the Panels.
- 3.6 The fund will be monitored on a day to day basis by NCF who will report into WNDC on a monthly basis to ensure propriety of expenditure. Expenditure reports will be summarised and included within WNDC bi-annual Section 106 reporting and monitoring procedures.

G: Triggers for On-site Community Infrastructure Provision

1. The POS states that WNDC will encourage applicants to provide directly community facilities or infrastructure listed in the infrastructure costs schedule. In any case they may be required to provide land for provision of such facilities by the relevant authority. It would therefore be helpful to be able to indicate under what circumstances it would be appropriate to require or encourage provision of infrastructure on-site. The attached table is intended as a guide to suggest when on-site provision of a community facility would normally be justified.
2. In principle, provision of facilities on-site would be clearly justifiable whenever the number of dwellings in the development is sufficient to support a complete unit of the facility, e.g. a school or sports hall. This approach is feasible only in the case of those facilities that are normally provided in the form of standard units which have clearly definable support populations, offering a clear threshold for the need for provision. The POS set out support populations in terms of dwellings per unit for a number of such facilities. These are shown in column three of the attached table.
3. The current review of the POS has indicated that for four of these facilities (community hall and various types of play area), the unit sizes used to derive support populations ought to be modified. The revised sizes and their sources are listed in columns four and five, and the resulting revised support populations in column six. In three other cases (district park, dental surgery, and playing pitch) it is concluded that no particular unit size should be treated as standard so there is no justifiable support population. (This does not preclude the WNDC from requiring provision of such facilities where the relevant providing authorities can justify the requirement.)
4. There is still an issue about what percentage trigger to use to indicate whether on-site provision should normally be required. While it is clear that an item of community infrastructure will normally be fully justified where sufficient net additional dwellings are being developed to require the whole facility (i.e. 100% trigger), it may also be justifiable to require provision of a facility where the number of dwellings is somewhat below the threshold. If a new facility is going to be required it would normally be more conveniently located on the site which will contain the greater part of its support population rather than elsewhere, suggesting that the trigger could be set as low as 50%. However, much new development is likely to be inserted into an existing development context, where either some capacity (or some shortfall in capacity) may already exist nearby. A trigger can thus only be a guide, not provide a rule. The table suggests that a trigger of 75% would be appropriate as an initial guide as to whether on-site provision would be likely to be strongly justified. In each case, however, the actual requirement needs to be determined taking into account a wide range of matters affecting the most efficient pattern of provision.

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Facility	Unit size as given in POS	Dwellings per unit as given in POS	Unit size if modified	Source of modified unit size	Dwellings per unit if modified	Trigger as % of requirement	Trigger as dwelling number
Primary and early years school	Two form entry school	1,750				75%	1313
Secondary school	Eight form entry school	11,473				75%	8605
Sports hall	Four courts (683m ²)	5747				75%	4310
Swimming pool	5 lane 25m pool	10,516				75%	7887
Fire station	Fire station equivalent (FSE)	12,476					
GP surgery/health centre	4 GP health centre	3,000				75%	2250
Community facility	530m ² centre	3,620	220m ² centre	Milton Keynes SPG on Planning Obligations 2004	1,503	75%	1127
Locally Equipped Area of Play	0..148 ha unit	556	0.04 ha unit min	Fields in Trust minimum standard	139	75%	104
Neighbourhood Equipped Area of Play	0.238 ha unit	1069	0.1 ha unit min	Fields in Trust minimum standard	347	75%	260
Non-equipped Play Area	No standard unit	744	0.01 ha unit min	Fields in Trust minimum standard	7	100%	7
Parks & Gardens	1.3 ha park	682	No standard unit				
Dental surgery	1 dentist surgery	2,250	No standard unit				
Playing pitches	No standard unit	1551	No standard unit				
Library	No standard unit		No standard unit				
Archive	No standard unit		No standard unit				
Police station	No standard unit		No standard unit				
Intermediate healthcare provision	No standard unit		No standard unit				
Acute hospital	No standard unit		No standard unit				

	no change
	modified
	modified to no standard unit

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H(i): Community Centres - Example Specification

1.0 Background

- 1.1 WNDC see the role of community centres as crucial to the achievement of strong, vibrant and sustainable communities and to assist in the promotion of well-being, social cohesion and inclusion, creating equal opportunities for all citizens (PPS1, para. 14).
- 1.2 In order to make best use of land and resources it is also important to enable such centres to provide a full range of necessary and appropriate facilities to serve the local community.
- 1.3 WNDC wishes to encourage the provision of multi-function centres wherever possible / appropriate – for instance the centre might include function hall / indoor sports facilities, a range of smaller function rooms, community safety office, IT / library / local information centre, travel centre, young and older persons day facilities, local residents management company office base, etc.

2.0 An example Specification

- 2.1 The following example specification is based on a development of approx. 1,000 dwellings - including fit out details & sports hall provision.
- 2.2 Community Building to be provided on 1 (one) floor and comprising a gross floor area of no less than 1020 sqm (one thousand and twenty square metres) and no more than 1250 sqm (one thousand, two hundred and fifty square metres).
- 2.3 The Community Building shall comprise the following uses and facilities:
 - i) Kitchen and toilet facilities (such facilities to be shared between users of the Community Building) of not less than 40 sqm (forty square metres)
 - ii) Community hall (capable of sub-division by moveable partitions) of not less than 545 sqm (five hundred and forty five square metres) and to be marked out for indoor sports activities
 - iii) Changing rooms (segregated into male and female together with showers and toilets) of not less than 200 sqm (two hundred square metres)
 - iv) Reception office and circulation area of not less than 145 sqm (one hundred and forty five square metres)
 - v) Neighbourhood emergency services / community safety centre (to have shared use of item 1 kitchen and toilets) of not less than 115 sq.m. (one hundred and fifteen square metres)
- 2.4 Materials to be used in the construction of the Community Building should reflect the local vernacular locally sourced as far as possible and built to the highest energy efficiency & sustainability standards as can reasonably be achieved.
- 2.5 The building should be constructed and completed including fit out to a stage where a certificate of completion can be issued and shall comply with Disability Discrimination Act standards.

- 2.6 All mains services should be provided or alternative on-site renewable sources used. The following incoming services should be made available:
- i) Electricity
 - ii) Gas
 - iii) Cold Water Supply
 - iv) Ducts for incoming Telecom Cables
- 2.7 Wherever possible use should be made of (on-site) renewable energy resources eg. Ground source heat pumps, air source heat pumps, solar & wind, or the availability of district wide facilities should be investigated (eg. Biomass, district heating system).
- 2.8 Internal partitions, ceilings, decorations and floor finishes will be provided.
- 2.9 Lighting, heating and internal wiring will be provided (all to meet minimum required standard of energy efficiency or preferably to exceed).
- 2.10 The First Owner shall provide the following equipment for use as part of the Community Building facility:
- i) Telephone line with answer phone
 - ii) No.2 'Five-a-side' football goal posts, No.2 nets and No.1 ball
 - iii) No.4 badminton posts and net
 - iv) No.2 computers (manager and receptionist) and computerised till and booking system (linked to the local council database system)
 - v) Access control
 - vi) Reception desk
 - vii) Signage
 - viii) No.2 filing cabinets
 - ix) Basketball rings suspended from the ceiling or walls
 - x) Hall dividing nets
 - xi) No.4 tennis tables and tennis table balls, and No.8 tennis table bats
 - xii) Short tennis equipment
 - xiii) No.72 judo mats (to provide a 12 (twelve) metre x 12 (twelve) metre area)
 - xiv) Staging unit (5 (five) m x 5 (five) m) of modular design including ramp and step access blocks (main stage blocks must be no lower than 600 (six hundred mm))
 - xv) PA system
 - xvi) No.10 sports benches
 - xvii) Such equipment as is reasonable and agreed with the Second Owner (acting reasonably) to fit out the kitchen compromised in the Community Centre facility provided that the cost of the equipment shall not exceed £3000 (three thousand pounds) (Index Linked).
- 2.11 Prior to the commencement of the construction of the Community Building the First Owner shall provide details of car park landscaping, cycle parking facilities, recycling and lighting to the District Council for its written approval.
- 2.12 The First Owner shall procure a warranty from its contractor in respect of the construction and fittings of the Community Building.

H (ii): Local Development Trusts (LDT)

- 1.0 The provision of various items of community infrastructure is likely to have ongoing maintenance implications. This can include such facilities as open space, including association play space, playing pitches and footpaths / cycle ways and community centres.
- 1.1 Whilst it has in the past been usual practice to agree the transfer and future running and maintenance of such facilities to the relevant local authority, more recently it has become apparent that a more appropriate method will be to secure the setting up of a company which is in effect owned and managed by the local community which it serves. In appropriate circumstances, WNDC's preference is to negotiate and agree the setting up of a Local Development Trusts or similar.
- 1.2 The intention will be to ensure that the whole costs of operation and maintenance will be recoverable through a rent charge to be applied to all residential and commercial elements of the proposed development. The planning obligation agreement should provide for the setting up of the Trust as soon as practical during the construction of the development and the transfer of the community facilities (which may include additional elements such as play space / areas, sports pitches, incidental open space etc) once fully laid out and maintained for an agreed period to an appropriate standard.
- 1.3 The developer will be required to provide a lump sum to 'pump prime' the set up of the company and to provide for initial expenditure of the company.
- 1.4 Alternatively and with their agreement such facilities may be transferred to the relevant local authority. Such an arrangement will require the separate negotiation with regard to the provision of appropriate commuted sums for future maintenance.
- 1.5 Further guidance is provided in the Planning Obligations Practice Guidance, DCLG, (2006).

I: Police Contributions Topic Paper

1. Background

- 1.1 Northamptonshire Police has utilised a growth 'toolkit' produced nationally by the Association of Chief Police Officers (ACPO) and the Association of Police Authorities (APA). This provides a standardised approach for forces across the country to assess the impact of planned growth and engage with the local planning authorities, while enabling local circumstances to be reflected within the calculations for developer contributions.
- 1.2 Historically, police involvement in the planning system has been focused on providing advice on designing out crime to prevent future crime and anti-social behaviour. This remains vital. However, new development will also increase the population of the area, placing additional pressure on resources and infrastructure for the police. These pressures need to be mitigated.
- 1.3 Police forces receive funding from the Home Office and the Council Tax precept. However these sources are for revenue expenditure and do not provide for the costs associated with a new development. Accordingly, developer's contributing a proportionate amount is appropriate.
- 1.4 Safety and security are fundamental aspects of a sustainable community. Without a safe environment, many of the other factors that contribute to sustainable communities such as high quality education and health and well being are not able to flourish.

2. The Formula

- 2.1 The formula applied (see accompanying spreadsheet) takes into account a range of factors including current crime levels, anticipated population growth and officer and staff requirement.
- 2.2 The approach applies a cost per dwelling and unit of business floorspace to all development. The methodology proposes that any increase in population within the county will have an impact on the ability of Northamptonshire Police to deliver an efficient and effective police service. Accordingly it is appropriate to require a proportionate contribution from each new unit of development that has an impact on service delivery.
- 2.3 All development will contribute towards a cumulative impact on the police service. Delivering development to Secured by Design standards helps to mitigate some of this effect and would mean that contributions could be reduced or waived for many developments. However, there will always be some requirement for police infrastructure. Typically this would be a facility for a Safer Community Team (the neighbourhood policing element of the police force) to either be based in any proposed community centre or within any associated drop-in centre. This would, in the

main, be provided on site on the larger developments in the area, although in some cases pooling may be appropriate. These bases should not be standalone facilities but instead a part of other community facilities such as the community centre, school or local shops or local centre.

3. The Methodology Adopted

- 3.1 Set out below are the steps adopted within the attached spreadsheet extracts (Tables 1 and 2) and flow diagram to assess and set the level of contribution sought.
- 3.2 Step 1 – Based on current crime levels and current population, an incident ratio per head of population is derived.
- 3.3 Step 2 – Using current staffing levels and considering future requirements for officers (ie whether establishment will be needed to go up or down anyway) to establish an acceptable ration of incidents to police officers.
- 3.4 Step 3 – Based on the predicted increase in population as a result of development, derive the additional infrastructure requirement from the additional staff quotient numbers required to provide effective policing.
- 3.5 Step 4 – Divide the projected infrastructure costs by the planned number of new dwellings to give a standard charge per dwelling. This is adjusted to reflect new resident occupancy rate (ie reflects that some people in the new development will have moved from within the local area).
- 3.6 Step 5 – Apportion the total cost per dwelling between residential and non-residential development based on the proportion of crime in each category.
- 3.7 Step 6 – Adjust the standard charge per dwelling to reflect occupancy rates of new residents.
- 3.8 The non-residential element is apportioned to use type using a conversion from cost per employee to cost per square metre. This is from a study conducted for RDAs and English Partnership in 2001.

4. Section 106 Contributions Sought

- 4.1 The Section 106 figure sought is set at an average figure of £251 per residential unit (subject to the caveats above on Secured by Design) and an average figure of £76 per employee for non-residential apportioned by square metres.
- 4.2 The attached spreadsheets provide a summary extract from the model calculator and also a breakdown of the sum sought per resident and non-residential unit type.

Table 1: Sum Sought by Unit Type

Residential Cost	£104	Per resident
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Dwelling size	Ave Household size (persons)	Cost per unit (£)	
1 bed	1.5	157	
2 bed	2.5	261	
3 bed	3.5	366	
4+ beds	4.5	470	
Active elderly persons (1 bed)	1	104	TBC
Active elderly persons (2 bed)	1.2	125	TBC

Employment Cost	£76	Per employee
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Employee Densities By Type	GEA per employee	Cost per sqm GEA	
Retail (A1-A5)	20 sqm	£3.82	
Leisure/recreation	45-90 sqm	1.699393	0.849697
Hotels	1 employee per 2 beds	38.23635	per bed (varies by type)
B1(a) Offices	19 sqm	4.024879	
B1(b) R&D/High Tech	32 sqm	2.389772	
B1/B2 Industrial	34 sqm	2.249197	
B8 Warehousing	50 sqm	£1.53	
C2 (Care Institutions)	TBA		

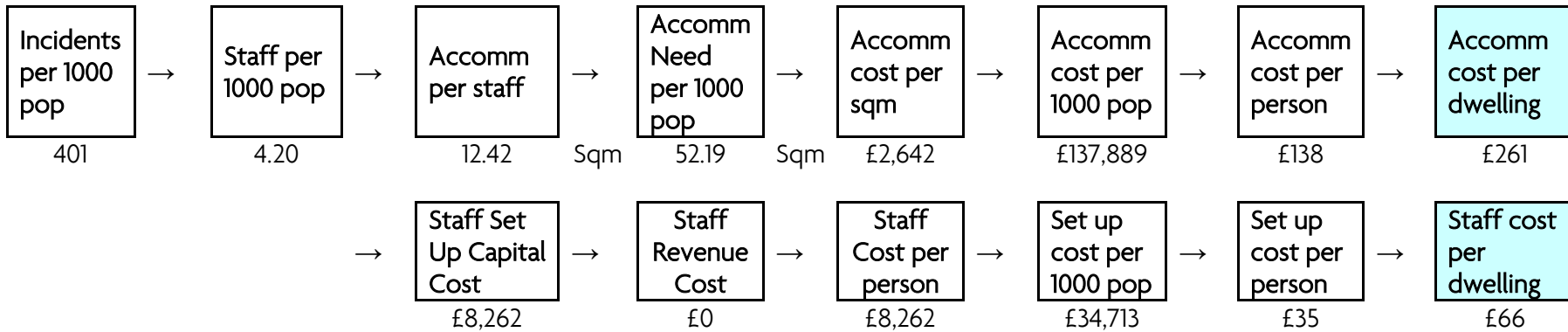
(Arup 2001 report for EP & RDA's: Employment Densities: A full guide)

Table 2: Infrastructure Summary Table

Total New Population	208,700	208.70	000's
Total Dwellings planned	110,123		
Population per new dwelling	1.90		
Total new incidents projected	83,735		
Total New Police Officers needed	401.7	1.92	/000 pop
Total New Police Staff needed	475.2	2.28	/000 pop
Total New Staff needed	876.9	4.20	/000 pop
Total New Accom needed	10,892	12.42	sqm/staff
Total New Accom cost	£28,777,460	£2,642	£/sqm
Total New Staff Cap Set Up cost	£7,244,666	£8,262	£/staff
Total New Staff 3 yr Rev cost	£0	£0.00	ave
Total Staff cost	£7,244,666	£8,262	ave
Total overall cost	£36,022,126	£3,307	£/sqm ave

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Police Contributions: Financial Model Flow Diagram



Total Cost	Per Person	Per Dwelling
	£173	£327

	% Crimes	Split Dwelling cost	Ave Household Size 2.40	
Business related	23%	£76	£76	£ per new employee
non Business related	77%	£251	£251	£ per new dwelling
Total	100%	£327	£104	(£ per dwelling person)

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J: Monitoring Contributions

1. Background

- 1.1. The requirement for a systematic and thorough method for the monitoring of planning obligations is generally a well accepted and sensible approach adopted by most local planning authorities. Such a system gives confidence to the developer and the public that in bringing forward development proposals they are properly supported by the provision of timely infrastructure so as to ensure that such development is sustainable.
- 1.2. The principle was supported in principle by the appeal Inspector at the Daventry appeals in agreeing the contribution put forward as part of the Monksmoor planning obligations. This was based on the number of houses permitted related to the costs of a Monitoring Officer as put forward by WNDC and was found to be a reasonable and proportionate approach in the light of his identified lack of evidence for any other approach.
- 1.3. WNDC have assessed a number of approaches of other LPA's as set out in adopted Supplementary Planning Documents and note that there appears generally to be 2 methods - one based on % contributions and one setting out a cost per obligation / item. It is noted that the CIL regulations allow for an administration charge of 5% to be levied, however, it is noted that the monitoring of CIL is more simply related to the costs of setting up a system of receiving and recording monetary contributions.
- 1.4. However, WNDC consider that given the more complex range of obligations that may need to be monitored, there is a need to establish a more robust approach based on the actual work likely to be involved and likely staff and other costs associated with that.
- 1.5. Given the differing approaches that have been adopted by other LPA's, comments are sought via this consultation on either approach.

2. Approach 1 - based on costs / complexity of agreement

- 2.1. WNDC's preferred method would involve considering the costs of the individual elements of any monitoring system and the associated costs.
- 2.2. Staff time may be looked at in terms of:
 - 2.2.1. Inputting of all relevant application information on database
 - 2.2.2. sending out letters at pre-determined trigger times / dates
 - 2.2.3. ensuring any relevant submitted documentation is circulated / passed on to relevant officer / authority for checking
 - 2.2.4. Chasing for confirmation that documentation / contribution submitted is correct / satisfactory
 - 2.2.5. Liaising / contacting developer to seek further information as necessary

- 2.2.6. carrying out 'physical' monitoring checks
 - 2.2.7. Updating database throughout process
 - 2.2.8. Recording where / when monies spent and providing regular monitoring reports
 - 2.2.9. Identifying where obligations outstanding and liaising with officers to agree what if any action necessary
 - 2.2.10. Providing developer with 'approval' or other letters as necessary
- 2.3. Other costs which would need to be considered include a proportional contribution towards the cost of maintaining the electronic database system and a possible annual charge particularly in respect of the large sites where build out periods would be over several years.
- 2.4. Essentially the above could be summarised as 3 main elements:
- 2.4.1. Average cost of inputting information on database (based on cost of S106 monitoring officer post (time taken) and related to number of agreements that could be monitored by one officer and / or length and complexity of agreement). To avoid this becoming over complex, there could be 3 standard levels based on the length / complexity of the individual agreement and the nature / type of obligations involved.
 - 2.4.2. Annual charge – in respect of annual costs of IT maintenance and ongoing monitoring costs & provision of monitoring reports, etc. related to anticipated build out period.
 - 2.4.3. Specific costs related to complexity of agreement
 - £X per financial contribution (including phased payments) – based on simple cost per contribution (eg. £150 Cambridge) - to cover average costs of reminder letters, recording receipt, etc.
 - £Y per obligation requiring submission / approval of details (eg Cambridge charge £300) - to cover costs of recording / acknowledging receipt, consultation, further negotiation or approval as appropriate, recording of any further need for physical monitoring on database.
 - £Z per obligation requiring completion of physical works on site (to include costs of site inspections) (eg Colchester charge £390 per year based on assumption that would involve 10 visits in that year)
- 2.5. It is noted that in this respect, at the Daventry inquiry it was generally accepted that the three schemes (comprising a total of 10,150 dwellings with the associated planning obligations) would occupy the time of a full time monitoring officer. Thus the annual costs associated with employing such an officer (given as £30,000 at the inquiry) may be used as a benchmark in assessing the relevant element of the above costs.

3. Approach 2 - a simple percentage of value of total contributions

3.1. As indicated above a number of LPA's follow a simple approach based on a percentage of the value or a set charge based on the level of contributions involved. This approach would require a method to assess the 'value' of physical infrastructure provision.

3.2. Examples of the following have been identified:

3.2.1. Oxford City Council

Based on value of contributions:

- Up to £10000 - £100
- <25000k - £250
- <50000 - £500
- <150000 - £1500
- <500000 - £3750
- <1 m - £5000
- <2m - £10000
- >2m - £10000 + 0.5% of any element of contribution over 2m.
- Separate payments to County and City

3.2.2. Elmbridge Borough Council - 5% of the value of planning obligations

3.2.3. Plymouth City Council - 5% of planning obligations subject to £60,000 max.

3.3. Such an approach may be justified where it can be shown to be related to the average costs associated with the monitoring of agreements but should be subject to a maximum reasonable level.

4. General Points / Conclusions.

4.1. WNDC are aware that further monitoring contributions may be sought by other LA's but would expect these to be negotiated separately where justified / appropriate.

4.2. Comments on the above approaches are sought or in respect of any other comments / approaches which may be relevant.