

## SCRUTINY COMMITTEE

**MONDAY 10 NOVEMBER 2008**  
**7.00 PM**

**Bourges/Viersen Room - Town Hall**

### AGENDA

Page No

**1. Apologies for Absence**

**2. Declarations of Interest and Whipping Declarations**

*At this point Members must declare whether they have an interest, whether personal or prejudicial, in any of the items on the agenda. Members must also declare if they are subject to their party group whip in relation to any items under consideration.*

**3. Minutes of the Meeting held 29 September 2008**

**1 - 10**

(i) 29 September 2008

(ii) 15 October 2008

**4. Call In of any Cabinet, Cabinet Member or Key Officer Decisions**

*The decision notice for each decision will bear the date on which it is published and will specify that the decision may then be implemented on the expiry of 3 working days after the publication of the decision (not including the date of publication), unless a request for call-in of the decision is received from any two Members of the Scrutiny Committee or Scrutiny Panels. If a request for call-in of a decision is received, implementation of the decision remains suspended for consideration by the Scrutiny Committee.*

### STRATEGIC REPORTS

**5. S106 Planning Obligations Implementation Scheme**

**11 - 76**

*To consider and comment on the S106 Planning Obligations Implementation Scheme.*

**6. Corn Exchange**

**77 - 88**

*To consider and comment on the process of consultation with the tenants of the Corn Exchange.*

**7. Council Investments**

**89 - 104**

*To consider the Council's investments, especially the £3million in Icelandic banks.*

**8. Impact of the Credit Crunch on the Council 105 - 108**

*To consider the impact of the credit crunch on the Council's finances.*

**9. Establishment Of A Task And Finish Group - Local Development Framework Development Plan Documents 109 - 110**

*To establish a task and finish group to scrutinise the development of the Local Development Framework Development Plan Documents*

**MONITORING REPORTS**

**10. Feedback and Update Report 111 - 114**

*To receive a standard report providing feedback on any issues or questions raised at previous meetings.*

**11. Forward Plan of Key Decisions 115 - 126**

*To consider the latest version of the Forward Plan*

**12. Agenda Plan 2008-09 127 - 130**

*To review the agenda plan for 2008-09.*

**13. Date of Next Meeting**

*Monday 15 December 2008 at 7pm*



There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Alex Daynes on 01733 452447 as soon as possible.

**Committee Members:**

Councillors: J Holdich (Chairman), J Goodwin (Vice-Chairman), M Fazal, S Lane, Y Lowndes, N North, N Sandford, D Seaton, M Todd and I Walsh

Substitutes: Councillors: C Day, D Fower and J R Fox

Further information about this meeting can be obtained from Alex Daynes on telephone 01733 452447 or by email – [alexander.daynes@peterborough.gov.uk](mailto:alexander.daynes@peterborough.gov.uk)

**MINUTES OF A MEETING OF THE SCRUTINY COMMITTEE HELD ON  
MONDAY 29 SEPTEMBER 2008 AT THE TOWN HALL, PETERBOROUGH**

**Present:** Councillors Holdich (Chairman), C Day, Lane, Lowndes, North, Sandford, Todd and Walsh

**Also Present:** Maggie Kirkbride, Parent Governor Representative

**Officers Present:** Richard Astle, Director, Greater Peterborough Partnership  
Sue Bennett, Financial Planning & Business Manager  
John Blair, Head of Strategic Finance  
Helen Edwards, Solicitor to the Council  
Pippa Gardner, LAA Manager, Greater Peterborough Partnership  
Mike George, Senior HR Consultant - HR Analyst  
Liz Lacey, HR Manager - Organisational Development  
Ruth Lea, Lawyer – Legal Representative  
Jacquie McGeachie, Acting Head of Human Resources  
Jo Proud, Strategic Improvement Manager  
Ben Ticehurst, Deputy Chief Executive  
Louise Tyers, Performance Scrutiny Manager  
Alex Daynes, Cabinet Officer

**1. Apologies for Absence**

Apologies were received from Councillors Goodwin, Seaton and Fazal.

**2. Declaration of Interests and Whipping Declarations**

There were no declarations of interest or whipping declarations.

**3. Minutes of the Meeting held on 23 June 2008**

The minutes of the meeting held on 23 June 2008 were approved as a correct record.

**4. Consideration of the Cabinet Agendas for 7 July and 15 September 2008 and Call-In of any Cabinet, Cabinet Member or Officer Key Decisions**

There were no call-in requests.

Councillor Sandford brought to the attention of the Committee the appointment process for appointments to the Greater Peterborough Partnership boards. Members were informed that the appointments to non-executive positions had all been allocated to Conservative Members and therefore was not representative of the Council. Councillor Sandford advised members that the issue had been raised earlier in the year at both Group Representatives meeting and also at Council and that the constitution required agreement between political groups before appointments were confirmed. Therefore, if the appointment process had not been followed properly, the validity of those appointed was in doubt. The Cabinet Officer advised that a Cabinet Member Decision Notice was being written to address this issue.

## **ACTION AGREED:**

To express the Committee's concerns that the Constitution appears not to have been complied with in this case and that councillors were acting on behalf of the Council when they had not been properly appointed.

### **5. Medium Term Financial Plan 2009/10 to 2011/12**

The Committee received a report from the Head of Strategic Finance on the current financial performance for revenue and capital as at 31 July 2008 and the performance information on treasury management activities, the payment of creditors in services and collection performance for debtors, local taxation and benefit overpayments. Input from members of the committee was sought before the final submission of the report in early 2009.

Councillor Sandford requested that earlier and greater involvement with members was desirable especially considering the current global financial situation. The Head of Strategic Finance recommended that training sessions were held to increase Members' understanding of the financial issues within the budget information. Members of the committee requested that input to the plan would be desirable too, not just greater understanding of the process.

Observations and questions were raised and responses given including:

- Regarding spending plans and the sale of sites and generation of capital affected by the credit crunch, work was still ongoing to investigate the impact of this on available capital.
- A 1.4% council tax rise is an achievable level to continue to provide services. Business Transformation has already identified up to £10million savings for this year.

Councillor Sandford raised a concern that the 1.4% Council Tax rise would not always be feasible as efficiency savings were limited.

## **ACTION AGREED:**

1. To establish a training session/workshop to address training and feedback issues arising from the Financial Plan.
2. To receive and note the report.

### **6. Local Area Agreement**

The Committee received a presentation and report from the Director of the Greater Peterborough Partnership (GPP) to provide members with a six month progress update on the management of the Local Area Agreement (LAA) 2008/11 and to provide an opportunity for comment.

Members were advised that quarterly feedback would provide information on the four key priorities and the sixteen outcomes of the Community Strategy; information could now be compared to other partners due to improved reporting mechanisms. An update on the development of a Solution Centre was also included in the presentation and this would be further developed over the next few months. The Director of the GPP further advised the Committee of key dates for the LAA delivery action plan sign off: 15 October to the GPP Executive and 23 October to the regional partners.

Observations and questions were raised and responses given including:

- monthly performance reports are available for the Council's performance in achieving the 35 performance indicators however, quarterly reports would better show the progression and trends in achieving these.
- Monthly meetings with Group Leaders could be established to provide a greater level of communication with all groups in the council. More communication channels were advocated to ensure best practise.
- To determine the phrasing of the city's work towards Environment Capital status, a discussion would need to be held with the Chairman of the Environment Capital board to determine if Peterborough was 'aspiring', 'creating', or 'achieving' etc, the Environment Capital.
- Efforts to reduce the level of teenage pregnancy were taking place and the approach being taken was to improve the coordination of community and voluntary groups working in this area in order to provide a focused response to the issue. Work to improve social conditions was also underway to tackle this problem.

#### **ACTION AGREED:**

To receive and note the report.

#### **7. Criminal Records Bureau (CRB) Checks for Elected Members**

The Committee received a report from the Solicitor to the Council for members to consider and make recommendations in respect of proposals for a draft policy relating to Criminal Records Bureau (CRB) Checks for elected members. The Committee was advised that there was currently no formal policy for Members to undergo a CRB check however, one approach for Members could be to adopt aspects of the policy currently in place for Officers. Members were advised that the draft proposals would be presented to the Standards Committee and then could come back to this committee for further scrutiny.

Observations and questions were raised and responses given including:

- Risk assessments for the various Councillor posts would be conducted at the end of the 2008/2009 municipal year giving plenty of time for appointments to be made for the 2009/10 municipal year.
- We would work with Human Resources and the CRB to determine the risk involved with the various roles undertaken. The criteria is not yet set.
- There would not be a CRB check for every Councillor as this would not be necessary or permitted under the Police Act.
- The checks would also apply to work that involved debating issues relating to children and vulnerable people or people at risk, not just for time spent with these groups.
- Members would not be forced to undergo a CRB check.
- Existing CRB checks from other organisations e.g. a school, cannot be transferred to the Council. A separate CRB check would be required.
- Checks would only be carried out for positions deemed to have a risk for children or vulnerable adults, not financial risks.

#### **ACTION AGREED**

- 1) To note the draft report.
- 2) To agree with the introduction of CRB checks for Councillors in Line with the report.

## 8. Improving Local Accountability Consultation

The Committee received a report from the Performance Scrutiny Manager to consider a consultation document which had been issued by the Department of Communities and Local Government (DCLG) on improving local accountability. Members were asked to consider and comment on the consultation document issued by the Department of Communities and Local Government.

Councillor Lane advised that his only concern was with Consultation Question 10 of the report, *“Do you agree with our proposals to require the local authority with its strategic partners to agree a local scheme for petitions to hold officers to account? What practical issues might arise?”*, as only Officers with delegated responsibilities should be held to account instead of all Officers. The Performance Scrutiny Manager advised the Committee that Question 10 did only relate to senior Officers.

Councillor Sandford advised the Committee that the Council already had the authority to carry out many of the tasks proposed in the document and this existing authority should be identified in relation to the document’s proposals. It was further recommended that more involvement with the public was sought concerning decisions made and call in procedures. The proposals within the consultation document should be considered during the review of scrutiny arrangements early in 2009.

### **ACTION AGREED**

To note the report.

## 9. Human Resources Key Performance Indicators

The Committee received a report from the Acting Head of Human Resources (HR) to provide performance information relating to workforce indicators and summary updates on key HR initiatives and projects. The Committee was advised that all the management information from HR was now available to see in one place. Cllr Holdich requested that the format of the report be altered for future feedback to provide a simpler reading format for the Committee.

The Committee discussed the data in the report with members of the HR representatives. Observations and questions were raised and responses given including:

- Changes have been made to address the number of staff on long term sick leave including the appointment of AXA to provide the occupational health function for staff.
- The percentage of staff on sick leave due to stress related illness was misleading as smaller departments with staff on sick leave pushes up the overall percentage. Actual numbers of staff on sick leave due to stress related illnesses can be provided.
- There is no data to show if the stress contributing to illness was emanating from work or domestic situations. More emphasis was being put on managers to address issues with staff before sick leave is required.
- There is data available to show the most common days taken for uncertified leave that is not followed up i.e. one or two days at a time. This can be detailed to individuals and days that they have taken as sick leave.
- The AXA Employee Assistance Programme was being considered to be incorporated in the future.
- There is currently no data available to show whether increased levels of stress related sick leave were seen in areas following Business Transformation programmes. This should be considered in the future.

- Staff numbers were only reduced if the same productivity would be achieved with fewer staff and more efficient methods of working.
- No data is currently available to link sick days to career progression. The establishment of a Learning Academy will assist in the developing of skills for staff.
- Unions do have an obligation to respond to disciplinary cases. Progress will be seen over the next six months as the longer more complex cases are resolved. A new disciplinary policy is currently under consultation with senior managers and Trade Unions and due to be implemented in 2009.
- More work needed to be done to address the numbers of people with disabilities employed by the council and the jobs available to them.

#### **ACTION AGREED**

- 1) To receive and note the report.
- 2) To receive simpler reports in the future.
- 3) To receive information on the number of people on sick leave with stress related illnesses.

### **10. Budget Monitoring 2008/09**

The Committee received a report from the Head of Strategic Finance on the current financial performance for revenue and capital as at 31 July 2008 and the performance information on treasury management activities, the payment of creditors in services and collection performance for debtors, local taxation and benefit overpayments. The Committee was advised that an under-spend of around £930,000 was projected for this year.

Observations and questions were raised and responses given including:

- Funding received from central government for bus travel initiatives looks to be insufficient and this trend has been seen across the country. More funding will need to be bid for.
- A full analysis of Environment and Community services to project spending to the year end was needed to ensure sufficient grants for national policies would be received.

Councillor Sandford advised the Committee that a report was being written to provide information concerning the concessionary bus fare scheme to be presented to the Environment Scrutiny Panel.

#### **ACTION AGREED**

To note the report.

### **11. Performance Monitoring 2008/09 – Quarter 1**

The Committee received a report from the Strategic Improvement Manager on the performance of the council between 1 April 2008 and 30 June 2008 against the three key areas stated below:

- Corporate Plan
- Local Area Agreement (LAA)
- Comprehensive Area Assessment (CAA) - to be adopted from April 2009.

The Committee was advised that work was ahead of schedule for the April 2009 start for the CAA and, as new indicators were being used, there was little data to provide comparisons and trends.

Following a query from Councillor Sandford regarding waste collections, the Deputy Chief Executive advised the Committee that the amount of waste collected from households seemed high due to the large quantity of recyclable materials collected compared to other authorities. The Strategic Improvement Manager added that the organic waste being collected attributed to these figures but there was a trend showing other authorities now increasing their kg/head population as they also started collecting organic waste from households. The National Indicators would now be showing Peterborough as one of the best performing authorities as the monitoring method eliminated the perverse impression that was being reflected through the old best value performance indicators for waste.

The Deputy Chief Executive advised the Committee that Peterborough's waste and recycling targets were not affected by city based contractors taking on waste from other authorities. This actually provided extra revenue for the Council.

#### **ACTION AGREED**

To note the report.

### **12. Outstanding Scrutiny Reviews**

The Committee received a report from the Performance Scrutiny Manager on whether to continue with the outstanding reviews which have been established by the Committee in previous years. The report contained a list of reviews and the date that they were agreed by the Scrutiny Committee along with the Member responsible. Members discussed the reviews and requested that a time limit be established for progress and updates.

The legal representative advised the Committee that the definition of exempt information was included in the constitution along with public information obligations. The Performance Scrutiny Manager advised that the Exempt Information review was not progressed as no volunteers were forthcoming to form a review group. Councillor Sandford proposed to review current and future Decisions that contained exempt information to ensure appropriate information was provided.

Members discussed the communication standards that existed between officers and Councillors. Members were not always satisfied with the service that they received and found that the speed of responses to queries was erratic and unreliable. The Deputy Chief Executive advised the Committee that this issue had been included in management review proposals but also advised that Councillors should report instances where responses from Officers were not quick enough.

The Chairman recommended removing Communications with Members from the review list as the issue had already been picked up by Officers and requested that a working group be established to investigate ways to simplify the reports received by the Scrutiny Committee: Councillors Holdich, Walsh, Lane and the Head of Strategic Finance to form a working group to review the format of reports received by the Scrutiny Committee.

Councillor Sandford expressed concern that it appeared that a number of decisions and recommendations made by the Committee had not been taken forward. The Performance Scrutiny Manager would undertake a review of all decisions made over the last few years and report back on what had happened in progressing them.

#### **ACTION AGREED**

- 1) To form a working group to review the format and amend reports sent to the Scrutiny Committee.
- 2) To remove Communications with Members from the review list.



- 3) To review the decisions and recommendations made by the Committee and what had happened in progressing them.
- 4) To establish a time limit for the reviews to take place.

### **13. Feedback and Update Report**

The Committee received a report from the Performance Scrutiny Manager to provide feedback on items considered or questions asked at previous meetings of Scrutiny Committee. The report also provided an update on matters which are of interest to the Committee or where the Committee have asked to be kept informed of progress.

The report contained information about scrutiny workshop sessions examining the Growth agenda for the city. Members who attended the workshops confirmed that the sessions were beneficial and useful to their understanding.

#### **ACTION AGREED**

To note the report.

### **14. Forward Plan of Key Decisions**

The latest version of the Forward Plan, showing details of the key decisions that the Leader of the Council believed the Cabinet or individual Cabinet Members would be making over the next four months, was received.

The Chairman of the Committee commented that there was no item concerning the budget on the Forward Plan.

#### **ACTION AGREED**

- 1) To note the Forward Plan.
- 2) To have the Financial Plan inserted on the Forward Plan.

### **15. Agenda Plan 2008-09**

Councillor Sandford requested that an item on the progress of the Committee's previous recommendations on the access arrangements to the Voyager School be included on the Agenda Plan for a future meeting.

#### **ACTION AGREED**

To note the Agenda Plan.

### **16. Date of Next Meeting**

The date of the next meeting to be Monday 10 November 2008, 7pm.

The meeting began at 7pm and ended at 9.10pm.

CHAIRMAN

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**MINUTES OF A MEETING OF THE SCRUTINY COMMITTEE HELD ON  
WEDNESDAY 15 OCTOBER 2008 AT THE TOWN HALL, PETERBOROUGH**

**Present:** Councillors Holdich (Chairman), C Burton, Fazal, Goodwin, Lane, Lowndes, North, Sandford and Walsh

**Also Present:** Councillor Kreling

**Officers Present:** Shahin Ismail, Head of Legal Services  
Jo Proud, Strategic Improvement Manager  
Louise Tyers, Performance Scrutiny Manager  
Alex Daynes, Cabinet Officer

**1. Apologies for Absence**

Apologies were received from Councillors Seaton and Todd.

**2. Declaration of Interests and Whipping Declarations**

Councillors Holdich and Walsh declared a personal interest as they were named as non-executive appointees in the Decision Notice.

**3. Request for call-in of an Executive Decision – Appointments to the Greater Peterborough Partnership for the municipal year 2008/09**

A letter from The Leader was circulated to the Committee that addressed the issues contained in the call-in notice.

Councillor Sandford introduced the call-in notice and, with consideration to the letter from The Leader, raised the main issues behind the call-in decision:

1. Of the fourteen councillors appointed to the GPP, none are from opposition groups. Opposition councillors should be able to represent the Council on the GPP as this would enhance the views put forward to the GPP from the Council and the Council representation would more accurately reflect the political make up of the Council.
2. The appointment of opposition councillors was not included in the 'alternative options considered' section of the Decision Notice.
3. Because of the length of time for the Decision notice to be produced following the meeting of the Group Secretaries, the attendance of any councillors in the interim period went against the terms of the constitution.

Councillor Sandford agreed that by withdrawing Councillor Elsey from the GPP Board to reconsider that appointment, as proposed in The Leader's letter, that would address one of the main reasons for the call-in. However, Councillor Sanford also raised the issue that the procedure of appointing Councillors to the GPP had not been followed correctly as no opposition Member was considered and nearly four months had passed since the appointments meeting.

The Head of Legal Services replied to Councillor Sandford's points:

1. The GPP reduced the numbers of non-executive seats available to the Council to ensure that the attendees were more able to take actions away from meetings and realise them.
2. No opposition Member was considered as no opposition Member was nominated at the appointments meeting to be considered.
3. The call-in meeting was not to consider who had been attending the meetings in the interim period and the constitutionality of this.

Following a request from a Committee Member, the head of Legal Services was to investigate why it had taken nearly four months to publish the Decision Notice. Councillor Sandford raised a concern that if all group secretaries were able to nominate someone to fill the vacancy left by Councillor Elsey, a conservative group member could be considered and appointed again. Councillor Holdich advised the Committee that the intention of The Leader was to appoint a non-conservative group member to the position. The Head of Legal Services confirmed this intention.

Councillor Lane suggested that, should a consensus not be reached again, the Leader could be able to appoint an opposition Member. Councillor Holdich reminded the Committee that whichever Councillors were nominated, they would have to be available to attend the meetings that were held during the day and would be expected to offer a corporate view from the Council, not a party political view.

Councillor Holdich proposed that the Decision be called-in and referred back to the decision taker for further consideration regarding the appointment of an opposition Member to the GPP. Councillor Sandford seconded this proposal.

#### **ACTION AGREED**

To call-in the Decision and refer it back to the decision taker for reconsideration, including recommendations for him to appoint a non-Conservative Member to the GPP Board.

The meeting began at 7pm and ended at 7.20pm.

CHAIRMAN

<b>SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 5</b>
<b>10 November 2008</b>	<b>Public Report</b>

## Report of the Director of Operations

### Report Authors

- **BARRY FAGG – Interim Head of Planning Services**
- **GRAEME LAW – Strategic Planning Executive**
- **SHAHIN ISMAIL – Head of Legal Services**

Contact Details - **01733 453475**

## REPORT TITLE - S106 Planning Obligations Implementation Scheme

### 1. PURPOSE

The purpose of this report is to update the committee on the progress of the S106 Obligations Implementation Scheme in light of the withdrawal of the report that was submitted to the Joint Scrutiny Committee meeting on the 28 July 2008.

This report is for the Committee to consider under their Terms of Reference 4.1.7: *To initiate, develop and review relevant policies and advise the Executive about the proposed Policy Framework.*

### 2. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

The S106 Scheme has been devised as a corporate framework which is intended to be acceptable to landowners and developers and meet the needs of service departments and the council's partners in its growth strategy. The current and proposed arrangements are integral to providing funding to the Corporate Plan, Sustainable Community Strategy and Local Area Agreement (LAA) priorities and outcomes. The document helps to deliver Local Plan Policy IMP1 and is consistent with the emerging policy CS11 of the draft Core Strategy.

### 3. BACKGROUND

The council agreed in 2007 that it needed to adopt a more detailed S106 framework and consultants working jointly for PCC & Opportunity Peterborough (OP) developed proposals. A report on the Planning Obligations Implementation Scheme was submitted to the Joint Scrutiny Committee on 28 July 2008. In the light of comments made, it was agreed to reflect further on the concerns raised and subsequent discussions have been held with house builders, developers' representatives and others. The council has also looked to revise the document due to economic changes in the development industry and the document before you reflects all of these changes.

The council has a Planning Obligations Policy (IMP1). As part of that policy the council confirmed that separate guidance would be produced to outline priorities for the provision of infrastructure and facilities within the city. This Planning Obligations Implementation Scheme delivers on that commitment.

The council has plans to grow Peterborough, which requires new infrastructure and replacement infrastructure to ensure that the city's growth is sustainably achieved. The council has worked with partners to capture the infrastructure requirements which are set out in the Integrated Growth Study (IGS) and the Integrated Development Programme (IDP).

#### **4. KEY ISSUES**

The council has relied on policy IMP1 for its current s106 policy framework since 2005 with the adoption of the current Local Plan. This is proving unsatisfactory in that it is: -

- insufficiently detailed
- open to different interpretations
- open to challenge and less defensible than it could be
- not a reliable framework on which service departments can depend in planning capital programmes
- unreliable as a framework for assessing developer contributions

For these reasons, the current scheme weakens the council's negotiating position with developers.

#### **The Scheme seeks to provide: -**

- a costed social and physical infrastructure programme which has to be funded for the growth strategy to succeed, and to which new development needs to make a proportionate contribution
- the principle that all significant developments including minor residential but not house extensions make a contribution to infrastructure growth because of their impact on the use of social and physical infrastructure like schools and public transport
- on-site infrastructure and contributions to neighbourhood and city-wide provision, on a phased basis in some cases and by negotiation on larger sites
- standard contribution figures for a range of different developments which will be used to assess the S106 Obligation. This includes a range of softer

community, social and environmental projects which would not necessarily have attracted a contribution under the current Scheme

- a requirement that contributions are paid on all housing – including affordable
- pooled arrangements for taking funds from a series of relevant developments and banking them over a period, adding other funding until the project is fully funded and can commence implementation
- scenarios showing the impact on new development, and a separate report which assesses this. The report's conclusion is that the new scheme's impact will vary case by case, but that it enhances transparency and consistency for developers
- the scheme will be carefully monitored and reviewed at least annually and modified to ensure it meets its objectives. Its infrastructure costs and contributions will be indexed
- the scheme will collect contributions for PCC and partner services
- there will be a charge on development towards the costs of running the S106 activity which will be administered within the Planning Service and be accounted for to the Planning Committee
- there has been extensive consultation with developers and other parties who have contributed to the development of the scheme

#### **Changes made in response to submissions are:**

- Confirmation of legality – The scheme has been changed to minimise both the risks of legal challenge and consequences of legal challenge, if any
- Simplification and shortening of the report, with the inclusion of a 'flow chart' that visually describes the process flow
- Raising the thresholds of contributions from non-residential uses – this will mean that smaller developments (often involving small and start-up companies) will not contribute
- In response to the 'Credit Crunch', the introduction of discount of 30% for new applications approved over a period of a year, and developed before the end of the subsequent year – this will not apply retrospectively, but may be extended or amended during the annual review
- partial suspension of 'affordable housing' requirements from 35% down to 25% - for new applications approved over a period of a year, and which can be built before the end of the subsequent year – this could improve the

viability of schemes, but may involve loss of Housing Corporation support in some cases

- A 'Ready Reckoner' has been created, suitable for use in large majority of cases, allowing an early and clear statement of the obligation, and how it will be spent
- The council agrees that it should be more flexible in accepting Unilateral Undertakings – this will save some developers substantial time and cost

**Changes not made despite submissions are:**

- Details of proposed infrastructure have been criticized for giving inadequate detail – 'Opportunity Peterborough' are currently updating the Integrated Development Programme from last year which will address this issue
- Some developers are of the view that the 'Credit Crunch' is so drastic that contributions should be discounted by 100% - the view of officers is that without contributions from developers, there will be greater difficulty drawing in contributions from other sources, and a serious risk that development will be deprived of infrastructure and therefore be unsustainable
- A number of people have suggested that the Neighbourhood Investment Areas are too large – our consultants suggested two (Urban and Rural) – the view of officers is that the current areas reflect the common investment areas agreed with partners and the planned pattern of development. While other neighbourhood areas can be considered in future, at the moment they are the only coherent proposal made. In addition, the Scheme quite clearly indicates the intention to ensure that facilities are provided locally where this is feasible
- Defer a decision until after the Credit Crunch, the recession, the Community Infrastructure Levy etc – deferring a decision will not only continue major delay to applications, unfairness and misunderstandings, but would fail consistently to address a number of key applications due in the coming year, and risk failure to deliver key items of infrastructure

**Key issues are:**

- Will the Scheme raise sufficient funds?
- Will it be acceptable to the development industry and leave Peterborough in a neutral or more competitive position to attract investment?
- Will it be simple, economic and transparent to administer at minimum cost to PCC, its partners and the developers
- Will it speed up the award of planning permission?



- Will it be legally compliant in all respects?
- Are there any unintended and undesirable consequences?
- Does the scheme remain sufficiently flexible to permit negotiations?

## 5. IMPLICATIONS

The proposed S106 Scheme has the following implications;

- It will ensure more widely dispersed contributions from more developments towards a wider range of social and physical capital programmes of PCC and partner services providers
- Developers' contributions towards off-site physical infrastructure may be reduced in some cases
- In current market conditions the council would consider a discount for developers as long as they started and finished their development within two years
- Because of current market conditions and the proposed discount of contributions, there will be a potential 'gap' in the funding for infrastructure, and therefore an increased risk that infrastructure will be delayed or under-provided
- Development projects will need to be transparently presented along with the planning application
- Unspent earmarked balances will be returned to contributing developers if not used within ten years of receipt
- The current S106 database needs to be updated and linked to the Infrastructure Development Plan and PCC's financial planning
- Service departments need training and guidance on how to work with the new scheme
- The Scheme will be administered corporately by the Planning Obligations Officer supported by Planning case officers, and relevant staff in services and partner organisations
- New process and procedures will need to be introduced to operate and maintain the new arrangements which will need to be fully monitored and audited

## 6. CONSULTATION

Extensive discussion and structured consultation over a period of months with several draft proposals have been carried out by PCC, OP and others. Members

have had periodic reports and a formal report in July 2008. If adopted and taken forward as a Supplementary Planning Document a Sustainability Appraisal will be carried out and there would be a further formal consultation period before recommending adoption.

## **7. EXPECTED OUTCOMES**

The council will adopt a Planning Obligations Implementation Scheme that is markedly clearer, faster and fairer than at present and with a reduced risk of misunderstanding, delay and complaint. It will have a clear 'stepping stone' to the finalisation of a Supplementary Planning Document following the approval of its Core Strategy.

The council needs robustly to test the proposals and then approve them subject to review in April to ensure a scheme is in place as soon as practical.

## **8. NEXT STEPS**

The Report will go to CMT and Cabinet for approval as a draft Supplementary Planning Document in December and if approved:

- the Scheme will undergo a Sustainability Appraisal and will be publicised and consulted on prior to adoption as a Supplementary Planning Document
- training will be provided for relevant staff and agents
- relevant internal procedures will be introduced and tested in advance
- it will operate from 1 February 2009 for those applications validated on or from then
- there will be transitional arrangements for developments 'in the system'

Monitoring will take place throughout and will be reported as part of the business planning cycle.

## **9. BACKGROUND DOCUMENTS**

- i. July S106 Planning Obligation Implementation Scheme Report to Planning Committee
- ii. Letters from GVA Grimley dated 21 December 2007, 11th January 2008 to the S106 Officer
- iii. Impact report Geoff Sutton
- iv. Chelmsford BC S106 SPD 2007

## **10. APPENDICES**

See report.



# **PETERBOROUGH CITY COUNCIL**

## **PLANNING OBLIGATIONS IMPLEMENTATION SCHEME 2008**

Barry Fagg Interim Head of Planning Services

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# Planning Obligations Implementation Scheme

## Peterborough City Council

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## 1. Summary

- 1.1. Peterborough has a Local Plan Policy IMP1 on which the current s106 policy is based. This is a proposal to update this to an SPD. This scheme guides contributions by developers to Peterborough's infrastructure, as the City and its surroundings grow in line with agreed expansion objectives.
- 1.2. Peterborough has an exciting and wide ranging agenda for growth. Delivering growth that is sustainable and benefits existing and new residents of the city is the objective of the Council and its partners and is reflected in the Sustainable Community Strategy, the statutory Development Plan and the Local Area Agreement.
- 1.3. Substantial infrastructure is required to support and enhance the growth of Peterborough. Together with its partners, the Council has produced an Integrated Development Programme (IDP) that sets out the infrastructure that will be required to support the growth of the city. Appendix 3 is a summary of the IDP, showing infrastructure that S106 contributions can part fund. Only some of the infrastructure cost can be funded through new development.
- 1.4. Development in the City Council area will need and benefit from the required infrastructure. It is fair that residential and commercial development makes a contribution to the cost of this infrastructure.
- 1.5. The City Council, its partners, stakeholders and the community will need to explore the widest possible range of further funding sources to be able to deliver the required infrastructure. The City Council will seek such infrastructure funding, as appropriate, on a European, national, regional and local level from both the public and private sector.
- 1.6. **Site Related, Neighbourhood and Strategic Infrastructure Costs :**

Three types of required infrastructure are defined in this Scheme - Site Related, Neighbourhood and Strategic Infrastructure. The City Council expects all developments to self fund their own site related infrastructure and in residential development provide affordable housing and here there is no change from current practice.

New development also contributes to the need for additional neighbourhood and strategic infrastructure proportionate to its scale and impact.

The City Council has five Neighbourhood Investment Areas and the element of the contribution paid towards neighbourhood infrastructure will be spent on neighbourhood infrastructure projects in that area, reasonably related to the development.

Further infrastructure is required to service the whole of the Peterborough area and beyond, whether located within the City Centre or otherwise. Such infrastructure is defined as strategic infrastructure and every new development should contribute to such infrastructure proportionate to its scale and impact. This will reduce the risk of individual developments being held back by having to bear the cost of major infrastructure alone.

### **1.7. Standard Contribution :**

The City Council has set standard levels of contribution towards neighbourhood and strategic infrastructure for most common forms of development. The figures have been informed by local development finance studies and advice from property consultants GVA Grimley and Drivers Jonas. The figures are summarised in Appendix 2. For those types of development without a standard contribution figure the City Council will continue to seek an appropriate contribution towards neighbourhood and strategic infrastructure.

- 1.8.** For consistency and fairness, the City Council is not expecting to accept variation from the standard contributions. If there are exceptional circumstances for a particular development then following evaluation of a full social, economic and environmental appraisal on an “open book” basis the City Council may agree to vary the standard contribution for that development. For example, if a developer elects to provide neighbourhood or strategic infrastructure then their development’s standard contribution may be reduced by the value of the neighbourhood or strategic infrastructure provided.

### **1.9. How will the Contributions be spent?**

The contributions received will be pooled together and kept in separate funds for strategic infrastructure and each neighbourhood. The City Council, with partners, has produced a list of infrastructure projects as set out in Appendix 3 and these funds will be used to contribute to the cost of delivering the identified projects.

### **1.10. Division of Neighbourhood and Strategic Infrastructure Funds :**

The estimated cost of the strategic infrastructure projects exceeds the cost of the identified neighbourhood infrastructure. Many factors can be considered when seeking to decide how to divide the funds generated between the identified strategic and neighbourhood projects. Initially it is proposed to divide the standard contributions received with 70% for strategic and 30% for neighbourhood infrastructure projects. These percentages will be reviewed each year.

### **1.11. Ten Year Return :**

These growth plans are ambitious for our community and depend upon the receipt of funds to promote the delivery of the required neighbourhood and strategic infrastructure. Nevertheless it is reasonable to expect to see the benefit of a development contribution within a reasonable period and so if funds provided by a developer have not been spent or committed upon neighbourhood projects in their area or strategic infrastructure within ten years from payment then the relevant part of the payment will be returned (except those contributions that are collected on behalf of third parties).

### **1.12. Monitoring and Review**

The City Council will keep this Implementation Scheme under review. An annual report upon the effect and outputs of the Scheme will be presented to the City Council. The scheme will be commented on as a draft SPD and adopted as Local Plan Policy IMP1 Informative. A simplified guide to S106 contributions will be produced to aid current and future development in the city.

### 1.13. Impact Assessment:

The charges on which this strategy is based were drawn up by GVA Grimley in 2007 / 2008 they reflected the changing land values prevailing in Peterborough at the time. The Council is concerned that in the time of difficult market conditions for the development industry that this Scheme does not place too great a burden on development in the City. It has therefore assessed the likely impact in the report at Appendix 4 by Geoff Sutton. This shows that the impact for development, which would have attracted S106 contributions under the current procedures, will not be worse off under this Scheme's Impact Assessment although the incident of the changes impact on alternative land uses differently.

## 2. Introduction

- 2.1. This revised Planning Obligations Implementation Scheme sets out PCC's approach to the negotiation of planning obligations for new planning permissions. A planning obligation is a legal agreement made under Section 106 of the Town & Country Planning Act 1990 (as amended by Section 12(1) of the Planning and Compensation Act 1991) and usually relates to an aspect of the proposed development that cannot be secured by imposing a planning condition or by statutory controls.
- 2.2. Circular 05/2005 paragraph B3 states that "Planning obligations are intended to make acceptable development which otherwise be unacceptable in planning terms". Obligations can be secured by unilateral undertakings by developers. The reasons for planning obligations are that most developments have an impact beyond the boundary of the site, some times across the whole City, with social, economic and physical impacts which need to be controlled.
- 2.3. This Section 106 Scheme contains policy guidance by which the Council will assess the impact of development in order to secure planning contributions for the City's Growth Strategy to 2021, and to mitigate the impact of new development upon existing infrastructure.
- 2.4. **Recognising that Planning Obligations will only provide a proportion of the funds necessary for new city infrastructure, the City Council will seek to use a range of other approaches such as 'prudential borrowing', or contributions from other private or public bodies or funds, to ensure delivery of the infrastructure.**
  - 2.4.1. The aim of Planning Obligations is to enable development by solving planning problems or dealing with any pressures associated with development which might otherwise make it unacceptable in planning terms. The Council does however recognise development viability issues and will seek to draw in and co-ordinate funding from other sources to deliver its infrastructure programme.
  - 2.4.2. The Scheme provides land owners, developers and inward investors with clarity on the level of neighbourhood and strategic infrastructure contribution required from developments while recognising that such combined funds need substantial other funds to deliver the required infrastructure.

2.4.3. The proportion of infrastructure costs borne by the developer will vary from time to time and place to place. Evidence suggests that a significant proportion of infrastructure costs have been, and will continue to be, borne by public bodies.

2.4.4. The City Council, its partners, stakeholders and the community will need to explore the widest possible range of further funding sources at European, national, regional and local level, from both the public and private sector.

**2.5. For Peterborough to develop in a balanced and sustainable way, the Council must ensure that developments provide adequate infrastructure, including housing, education, community facilities and transport.**

2.5.1. Peterborough forms part of the London-Stansted-Cambridge Peterborough Growth Area, which is defined by the government's Sustainable Communities Plan. A key part of this plan is to ensure that this growth is supported by investment in economic, social and environmental infrastructure, to create sustainable and balanced communities.

2.5.2. This theme is repeated in the statutory Regional Spatial Strategy, which envisages at least 25,000 new homes and 20,000 net additional jobs in Peterborough over the twenty-year period 2001 – 2021, along with economic, environmental and community developments to support these.

2.5.3. To create successful communities, new housing and employment space will need to be supported by investment in local facilities – from schools and healthcare to community, leisure and cultural facilities, waste disposal and open space. It will also be necessary to invest in existing city-wide and city centre infrastructure, which is currently not sufficient or suitable to support the scale of further growth required.

2.5.4. Some existing infrastructure in Peterborough is near to its capacity or the end of its current lifespan. Investment to renew this will help to create the conditions for the City's continued expansion and prosperity

2.5.5. The Scheme aims to address these planning challenges, by contributing to and promoting the provision of new infrastructure and the improvement of existing facilities.

2.5.6. This will be achieved in a fair and proportional way by requiring those who develop in Peterborough to pay a share towards the real costs of development. The Council's approach will create a transparent, efficient and streamlined framework for planning obligations and will give developers and landowners clarity as to the level and scope of contributions for any type of development and the infrastructure that will result from their own and other's contributions. This will allow them to advance their plans with confidence.

2.5.7. Peterborough's Sustainable Community Strategy 2008-2021 sets out a vision for:

- A bigger and better Peterborough that grows the right way and through truly sustainable development and growth.



- Improves the quality of life of all its people and communities and ensures that all communities benefit from growth and the opportunities it brings.
  - Creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environment capital of the UK.
- 2.5.8. The Council's current Local Plan, taken with the new Regional Spatial Strategy, sets out the current spatial framework for delivering this vision. The Council, together with Opportunity Peterborough, commissioned an Integrated Growth Study which considered the future growth of Peterborough. This Study has influenced Peterborough's Local Development Framework Core Strategy, which will eventually supersede the current Local Plan.
- 2.5.9. This document has been developed as a guide to policy IMP1 of the Local Plan (First Replacement) 2005. It is the Council's intention that this Scheme will be adopted as a Supplementary Planning Document after the Council has undertaken a Sustainability Appraisal and formal public consultation.

## 2.6. Planning Policy Framework

The authority for this Planning Obligations Implementation Scheme is derived from the Adopted Local Plan 2005 and the provisions of Circular 05/2005.

- 2.6.1. Government advice as set out in Circular 05/2005<sup>1</sup>, and case law, gives further guidance as to how planning agreements are to be used.
- 2.6.2. Obligations are used to:
- prescribe the nature of development (such as in the requirement for delivery of affordable housing)
  - mitigate the impact of development (such as through supporting provision of necessary infrastructure and facilities or improved public transport provision)
  - Compensate for loss or damage (such as of open space or rights of way).

### 2.6.3. East of England Regional Economic Strategy

The East of England Regional Economic Strategy (RES) was adopted in 2008 and identifies Greater Peterborough as an engine of growth. This provides the preconditions for growth and regeneration of the City which informs the Local Plan process, the Opportunity Peterborough Business Plan and the Council Corporate Plan 2007-2010. This Scheme seeks to support that vision.

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<sup>1</sup> ODM (July 2005) *Circular 05/2005: Planning Obligations*

#### 2.6.4. **Adopted Local Plan**

Peterborough City Council's (First Replacement) Local Plan, adopted in July 2005, provides the policy basis to this Planning Obligations Strategy. Policy IMP1, dealing with Planning Obligations states that:

*“Planning permission will not be granted for any development unless provision is secured for all additional infrastructure, services, community facilities, and environmental protection measures, which are necessary as a direct consequence of the development and fairly and reasonably related to the proposal in scale and in kind.*

*The provision of such requirements shall be secured as part of development proposals or through the use of conditions attached to planning permissions, or sought through planning obligations.*

*Where provision on an application site is not appropriate or feasible, provision elsewhere, or a contribution towards provision, will be sought where necessary.*

*Where a planning application is for part of a larger area planned for development, a pro rata provision of any necessary facilities, services or infrastructure, or a contribution towards them, will be sought”.*

2.6.5. The Local Plan states that Peterborough City Council will provide separate guidance (this Scheme) which will outline priorities for the provision of infrastructure and facilities through Section 106 Agreements. It explains that this will specify the size of development for which provision may be sought and explain how commuted payments will be calculated. Also that it will act as a basis for negotiation of planning obligations, but the specific details of each site and the viability of development will also be taken into account in preparing agreements. It confirms that the scheme is to be reviewed periodically to take account of changing circumstances.

Details of the Local Plan can be found at  
[www.peterborough.gov.uk/page-289](http://www.peterborough.gov.uk/page-289)

2.6.6. Under the Planning and Compulsory Purchase Act 2004, Peterborough City Council is preparing a Local Development Framework (LDF) which will supersede the (First Replacement) Local Plan. Policies on Planning Obligations are contained in the draft Core Strategy. However the (first Replacement) Local Plan, which is “saved” until it is replaced by the LDF Core Strategy DPD, currently provides the local policy basis for this Scheme.

2.6.7. Other strategies and policy statements produced by Peterborough City Council and partner organisations will be material considerations in determining planning applications and will inform Section 106 negotiations.

2.6.8. A developer's preparedness to pay the infrastructure contribution indicated by this Scheme does not replace or relax the need for each development to conform to the Development Plan policies and other material considerations.

## **Affordable Housing**

- 2.6.9. The specific requirements for securing affordable housing are in addition to and outside the scope of this Scheme. However affordable housing is a cost to development and reduces the land value. Therefore, this cost has been taken account of the impact assessment and the applied charges. All information regarding the provision of affordable housing is set out in Policy H21 of the Local Plan. However, the Council's S106 policies regarding affordable housing are applied in the same way as they are to market housing.

## **2.7. Peterborough Core Strategy**

The Council are preparing a Local Development Framework (LDF) under a new plan making system and the Core Strategy – Preferred Options was published for consultation in May 2008 but may not be fully adopted until 2010. This Scheme will be a “material consideration” in the grant of a planning permission when it is adopted as SPD.

## **2.8. Consultation on the Scheme**

- 2.8.1. The Implementation Scheme is the end result of a lengthy consultation process on a draft Document, involving stakeholders and the public and elected members of the Council. This document was first reported to the City Council's Cabinet on 31 October 2005. The City Council then published the draft Planning Obligations Strategy for public consultation, which took place between July and October 2006. Considerable responses were received. The City Council's consultants engaged widely with those involved in development and held a workshop on the 12<sup>th</sup> April 2007. The outcome of the consultation and the work of the Council's consultants have informed the formulation of the Planning Obligations Implementation Scheme.

- 2.8.2. The Scheme will be subject to further consultation prior to formal adoption as SPD.

## **3. Infrastructure Development Programme**

- 3.1. Peterborough City Council, together with Opportunity Peterborough, has produced its Integrated Growth Study which recognises the need for new and the replacement of existing infrastructure as an essential part of the sustainable growth of the City. The City Council is in the process of considering for adoption the Integrated Development Programme to identify the range of infrastructure projects which it seeks to co-ordinate and ensure for their delivery to a stated timetable.

- 3.2. Appendix 3 sets out the strategic and neighbourhood infrastructure projects delivered last year, this year, for the next 3 years and the period beyond. The scale and expense of the infrastructure projects shows the extent of the challenge faced by the City, emphasising that new development must make a contribution towards the overall cost of the expansion of Peterborough in accordance with Government advice and the law:

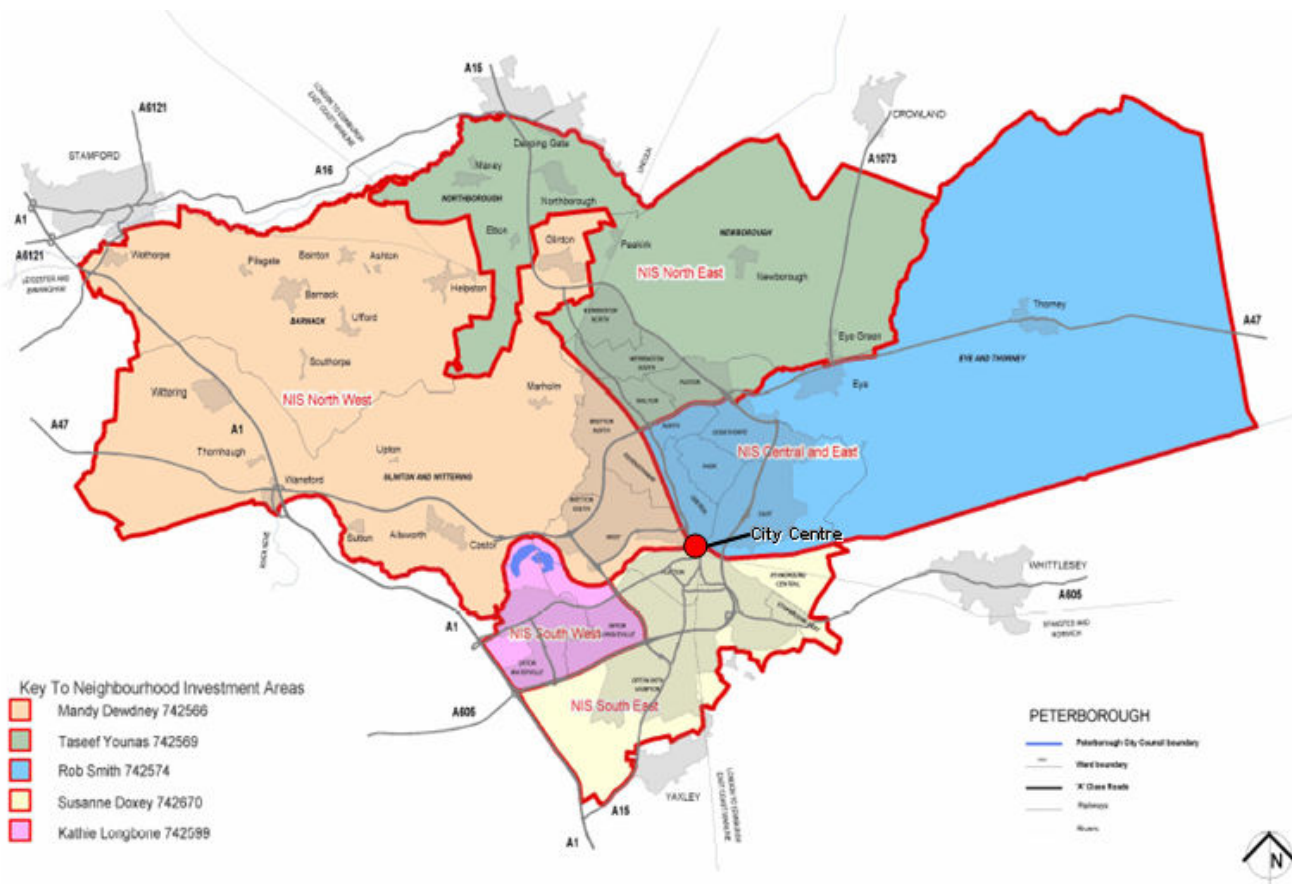
<http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/planningobligations/modelplanningobligation/>

3.3. These tables are a summary of the information in the Integrated Development Programme. This infrastructure requirement will be reviewed and reported annually and modified as the Growth Strategy develops.

### 3.4. Site related, Neighbourhood and Strategic Infrastructure

3.4.1. Three types of required infrastructure are defined in this Scheme - Site Related, Neighbourhood and Strategic Infrastructure. The City Council expects all developments to self fund their own site related infrastructure and, in addition, residential developments should provide affordable housing. This is no change from current practice. Therefore, none of the infrastructure identified in Appendix 4 is site related infrastructure.

3.4.2. New development creates the need for both neighbourhood and strategic infrastructure. This Planning Obligations Implementation Scheme ensures fair contributions by all new development towards the cost of providing neighbourhood and strategic infrastructure. This is based on Neighbourhood Investment Areas shown below. Some contributions will be in-kind and others a financial contribution. Appendix 4 summarises neighbourhood and strategic infrastructure.



3.4.3. PLAN SHOWING NEIGHBOURHOODS AND CITY CENTRE

### 3.4.4. Definitions of each type of infrastructure:

<b>Infrastructure</b>	<b>Means of Delivery</b>
<i>Site Related Infrastructure and other inclusions (e.g. Affordable Housing) required as a direct result of the impact which a development scheme places on its site and surroundings.</i>	<i>Provided by the developer as part of the development proposal, although the scale is subject to negotiation.</i>
<i>Neighbourhood Infrastructure arising from the impact of development on the surrounding neighbourhood facilities</i>	<i>Pooled Standard Charges / Direct Provision by the developer as commuted payments</i>
<i>Strategic Infrastructure required by the impact of development across the City as a whole.</i>	<i>Pooled Standard Charges/ Direct Provision by the developer</i>

### 3.5. Site Related Infrastructure

3.5.1. These are defined as land/development, works or facilities which are required as part of the development proposal either on-site or within its immediate vicinity normally on land controlled by the promoter, which will vary depending on the type, scale and location of proposal and can include, but is not limited to:

- Affordable housing, including Lifetime Homes & Wheelchair Housing
- Standards of construction to meet specified requirements under the Sustainable Homes Code
- Local open space & landscaping (including maintenance contributions as appropriate)
- Sustainable transport and travel plans, enhanced transport contributions footpath, cycleway provision, highway / roads
- Provision of land or works for new schools to be provided as part of the development
- Environmental Improvements and/or enhancements
- Securing restoration or enhancement of historic buildings/ spaces
- Sustainable drainage systems
- Health provision and promotion and public safety e.g. CCTV
- Protection and/or enhancement of biodiversity
- Site-related flood mitigation

3.5.2. Developers will be expected to provide directly all necessary site-related infrastructures associated with their development. Planning

obligation requirements will vary according to the type and scale of the development proposed and the costs of the site development.

- 3.5.3. Provision of affordable housing on site by residential developers will generally be as stipulated by Council policy (currently 35% of all dwellings) and form part of section 106 requirements. Enabling people who cannot buy their own homes on the open market to acquire decent, “normal” homes as tenants or co-owners or both is important to create sustainable, mixed communities. This will often be achieved through the provision of affordable homes on site by developers, but the council recognises that a wider repertoire of affordability solutions needs to become available and accepted, and welcomes developers’ suggestions in this regard.
- 3.5.4. In appropriate cases, the Council will be prepared to negotiate on the level of contributions to neighbourhood and strategic infrastructure on sites where a proportion of affordable housing above the Council’s minimum requirement is proposed, or an equivalent financial contribution to an affordability scheme is made.
- 3.5.5. When financial contributions towards an affordability scheme are accepted, the Council considers that such a financial contribution should be based on an amount per unit equal to the cost of providing the land that would be required for the equivalent amount of affordable housing as set out in its Housing Strategies and Policies. This principle will also apply where on-site open space is less than the Council’s expected standards.

### **3.6. Neighbourhood Infrastructure**

- 3.6.1. These are works or facilities which are required to deal with the wider movement, social, recreational, leisure and cultural impacts arising from development within a neighbourhood. The City Council area is divided into five Neighbourhood Investment Areas, for every development the element of the contribution paid towards neighbourhood infrastructure will be spent on neighbourhood infrastructure projects in that development’s Neighbourhood Investment Area. The intention will be to ensure that these projects benefit the occupiers of the development.
- 3.6.2. Neighbourhood projects are summarised in Appendix 3. Within each neighbourhood area there is a presumption that contributions in respect of development in a particular community or settlement will be spent on infrastructure serving that community or settlement.
- 3.6.3. Appropriate neighbourhood infrastructure includes, but is not limited to:
  - Transport & Communications – Walking and cycling network, public transport enhancement, Local Highway Schemes and Area Traffic Management
  - Education, Learning and Children’s Services public place provision – early years, childcare, primary and secondary schools, youth provision for the local area
  - Major Cultural Facilities – For example arts, heritage, libraries, play, sport and open space serving the neighbourhood
  - Primary Health and adult social care facilities for the local area

- Police, libraries, fire and other public service facilities
- Environmental improvements serving the neighbourhood
- Neighbourhood facilities and Village Halls
- Public open space and recreation facilities

3.6.4. Pooled contributions will be expected to partly fund provision of neighbourhood infrastructure where direct provision on site is not made.

### 3.7. Strategic Infrastructure (City Centre and City Wide)

3.7.1. These are major land/development, works or facilities which are required to enable development to proceed and are defined in the draft Core Strategy and associated LDD up to 2021. Such infrastructure includes but is not limited to:

- Transport & Communications - (e.g. major road and/or public transport improvements)
- Education, Learning and Children's Services (e.g. university and skills, new primary and secondary schools provision) serving the city
- Cultural Facilities (e.g. strategic arts, heritage, theatres, libraries, play, sport and open space serving the city)
- Environmental Facilities (e.g. central waste management facility)
- Flood mitigation and alleviation to protect the city
- Emergency Services (e.g. police facilities serving the city as a whole)

### 3.8. Development Baseline for Growth

For the purposes of quantifying the impact of development in the period 2001-2021 the Infrastructure Development Programme will define the baseline cost plan at 2007 / 08 costs for the interpretation of the Scheme which justifies PCC requiring contributions in line with the Local Plan and emerging Core Strategy.

### 3.9. Key Service Providers

The scope of infrastructure provision set out in this Scheme is led by a number of service providers which are acting in unison to ensure timely comprehensive provision. These are shown in the Infrastructure Matrix summarised here:

Service Provider	Infrastructure Element
PCC	Education
	Highways and Transportation
	Leisure, Recreation and Cultural facilities
	Environment & Public Realm Improvements
	Local and Strategic Open space
	Public art
Peterborough Housing RSL	Affordable Housing
Greater Peterborough Partnership	Other services
Opportunity Peterborough	Growth Strategy

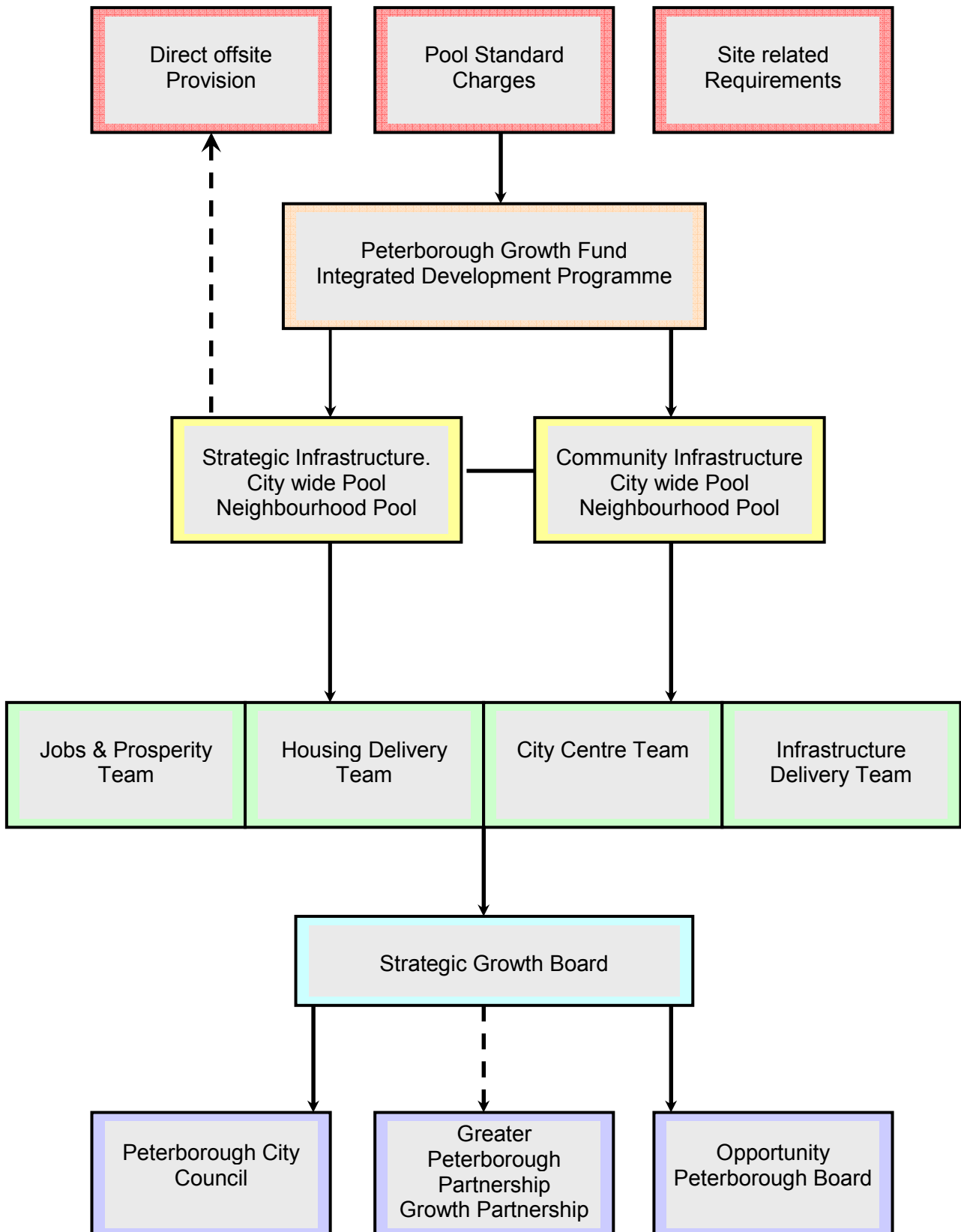




### 3.10. Delivery Mechanism

3.10.1. The Scheme sets out a comprehensive structure for collecting planning contributions for delivering infrastructure. This can be diagrammatically shown as set out below:

**Diagram showing Delivery Framework and connection with S106**



## 4. Determination of Contributions

- 4.1 Site related infrastructure, including affordable housing, will be funded directly by development. In addition, developments will make standard contributions to neighbourhood and strategic infrastructure. However, in calculating and agreeing the overall S106 contribution the development will be expected to demonstrate viability, taking account of extra ordinary site and development costs and planning restrictions
- 4.2 The impact of this scheme is universal in that all residential and commercial development is expected to contribute to the Scheme where it has impacts on the City. For single houses and smaller developments this is measured as a standard contribution to make it simple and fair. For larger sites, where completely new infrastructure is essential before a development starts, the responsibility lies with the developer to provide the heads of terms for a S106 preferably as part of the pre application discussions which includes the mitigations as measured under this Scheme. Where there is some existing infrastructure available, or for smaller developments, the Planning Obligation will seek a fair contribution to the cost of additional infrastructure or upgrading existing infrastructure.
- 4.3 Planning obligation contributions received in place of on-site provision will generally be pooled with other similar contributions in order to fund timely delivery of new infrastructure. Equally, contributions may be used to upgrade existing facilities to increase capacity to accommodate growth. Contributions can also be received from subsequent developers where the infrastructure has already been provided by the Local Authority or a third party in advance of development.
- 4.4 Council staff have prepared a simple “Ready Reckoner”, which will give an immediate guide to your Planning Obligation in all but the largest or most complex cases
- 4.5 Standard Contributions**
- 4.5.1 Individual development proposal can only make a partial contribution, to the strategic and neighbourhood infrastructure required. In determining the standard contribution figures rather than looking at the overall infrastructure costs, emphasis has been placed upon the capacity of different types of development in Peterborough to viably make the standard financial outlay set by this Scheme. The contribution under this scheme should leave a development viable and therefore should not be a deterrent to undertaking development in Peterborough. The detailed standard contribution figures are set out in Appendix 2.
- 4.5.2 Standard contributions for non-residential development are calculated per square metre (Gross External Area). Different rates per square metre will apply to each category of non-residential development to reflect the wide variation in the viability of such schemes. Less common forms of development will continue to be negotiated ‘case by case’.
- 4.5.3 The standard contribution for houses and flats is based on size measured by the number of bedrooms, to broadly reflect the impact on infrastructure.

- 4.5.4 To avoid discouraging larger houses, for which there is a certain level of acknowledged need in the city, there will be no additional contribution after the fifth bedroom.
- 4.6 Where a developer provides neighbourhood or strategic infrastructure beyond the needs of their development, subject to agreement with the Council, it may be set against the standard contribution for neighbourhood and strategic infrastructure.**
- 4.7 For “major” residential development applications which would result in the creation of at **least 10 residential units or residential development of a site of 0.5 hectares or more**, the Council recognises that some neighbourhood infrastructure might be provided on-site, that a level of affordable housing might be provided which is above the Council’s minimum policy requirement, and that in some exceptional circumstances, strategic infrastructure may be provided by developers. As the Council wishes to encourage direct infrastructure provision, in these circumstances it may negotiate a reduced standard contribution.
- 4.8 The Council will treat all developments fairly and equitably; exceptions to the standard contribution will require compelling evidence on an “open book” basis.**
- 4.8.1 The Council’s presumption is that the standard contributions will apply. Where applicants wish to seek to negotiate lower amounts to reflect direct provision of additional infrastructure, or difficulties with the viability of the proposal, the Council will expect applicants to submit a statement of their proposed obligations, providing a detailed justification for this, alongside the planning application. Normally a full development appraisal on an “open book” basis, for audit by the Council, will be required to substantiate the position. This will be treated as commercially confidential by PCC. The submission of an open book appraisal does not guarantee that the City Council will approve a development with an inadequate contribution to infrastructure.
- 4.8.2 Only where exceptional and objective social, environmental or economic factors or on site costs justify reduced infrastructure provision will part or all of the standard contribution for a development be waived, such decision being in the sole discretion of the City Council. Failure to accept the standard contribution figures in the absence of such exceptional factors will lead to refusal of the application on the basis of contravention of Policy IMP 1
- 4.9 The Council will monitor and resist proposals deliberately designed to avoid contributing to common infrastructure.**
- 4.9.1 The Council seeks to capture a proportionate contribution from both residential and non-residential development schemes. This includes some types of smaller schemes which have previously made little or no contribution to infrastructure provision. These still make use of and benefit from infrastructure and services provided, adding cumulative pressures to existing infrastructure.
- 4.9.2 For development below the ‘trigger points’ set out in Appendix 2, generally no contribution will be sought. At or above the trigger point, a contribution will be sought for the total development.

### 4.9.3 Residential Development

At this stage, the Council will not seek a contribution from minor extensions to homes, where the Planning Obligation would be small and where it is satisfied that there is no likelihood that the resultant dwelling could be subdivided or extended immediately after practical completion. For this Scheme, a bedroom is defined as any room within a dwelling that may be primarily used for sleeping and consists of the following elements:

- Provides privacy to the occupants
- Provides one or more windows or doors suitable for emergency escape
- Provides one or more interior methods of entry or exit

### 4.9.4 Non-residential development

The Council will not seek a contribution from minor non-residential extensions, where it is satisfied that the scale of development has not been specifically designed to avoid a contribution. (For example the addition of a small front reception area to an industrial property).

## 4.10 Phasing and Indexing Payments

Urban extensions and large developments may incorporate phased completion, in which case the infrastructure contributions may also be phased if forward provision is not appropriate. As development can take place over several years, inflation can eat into any agreed payment. Financial obligations therefore will be increased in line with an agreed 'index'.

- 4.10.1 Contribution figures will be reviewed every April to take into account development viability (capturing land values and construction costs) and the dynamics of the local property market, together with the evolving infrastructure requirements set out in the Council's Integrated Development Programme.
- 4.10.2 Financial contributions negotiated as part of Section 106 agreements with developers will normally be linked to the Royal Institute of Chartered Surveyors (RICS) Building Cost Information Service (BCIS) indices. This will reflect the inflation costs between the negotiation of a S106 agreement and payment.
- 4.10.3 Financial contributions arising from agreements will generally be payable upon commencement of development.
- 4.10.4 For large commercial schemes, or phased residential schemes of 15 dwellings or more, the Council will consider requests from developers for phased payments made at the start of each phase.
- 4.10.5 In circumstances where the developers agree to pay any cost immediately prior to the grant of planning permission a unilateral undertaking may be used as evidence of such payment. This does not of course preclude the use of unilateral undertakings in other circumstances but the Council strongly encourages the use of agreements for the benefit of both sides.

**4.11 While the City Council plans and expects to use all contributions for the agreed infrastructure, where it fails to deliver, the money will be repaid.**

4.11.1 In some cases it will be necessary to accumulate financial contributions over a number of years before infrastructure is delivered. However it is not reasonable for developers' money to be held indefinitely and so, where appropriate, agreements will include a provision for the Council only to retain financial contributions for a period of 10 years from the date of the last payment of the money in respect of any particular contribution. After this time, any contributions that have not been spent or committed will be repayable to the developer, with interest using the formula in the scheme.

4.11.2 Contributions collected on behalf of third parties, including Cambridgeshire Constabulary and Peterborough Primary Care Trust are not normally subject to these 'claw-back' arrangements as these involve decisions and resources beyond the council's control.

## **5 Pooling and Allocation of Contributions**

### **5.1 Division between Neighbourhood and Strategic 'Pools'**

5.1.1 Pooled contributions, augmented by other funding, will be expected to fund provision of strategic and neighbourhood infrastructure where direct provision is not made. As per Government guidance there will be a clear audit trail between the contribution made and the infrastructure provided. Officers will ensure that that allocation of a particular contribution is made to appropriate schemes that relate to the development, to ensure legitimacy.

5.1.2 On the basis of the known and predicted infrastructure requirements summarised in Appendix 4 above, and known and assumed infrastructure provision/funding from other sources, it is proposed to divide contributions received as to 70% for strategic infrastructure and 30% for neighbourhood infrastructure

### **5.2 Division between Delivery Services**

5.2.1 A proportion of each 'pool' will go to agreed schemes from infrastructure delivery services under the headings – Transport & Communications, Community and Leisure, Education and Learning, Emergency Services, Environment, Health and Adult Social Care.

An allocation of funding between these broad themes is shown within this Scheme. This will be used as a basis for planning expenditure within pools during the first annual cycle.

5.2.3 The proposed expenditure breakdown for each pool is :

<b>Infrastructure Type</b>	<b>Strategic 'Pool'</b>	<b>Neighbourhood 'Pools'</b>
Transport & Communications	30%	
Community & Leisure	7%	7%
Education & Learning	10%	10%
Emergency Services	8%	
Environment	15%	5%
Health & Adult Social Care		8%
<b>Total</b>	<b>70%</b>	<b>30%</b>

5.2.4 Recognising the critical need to provide school places in step with development, and the lead role that Children's Services are currently playing in developing sustainable school buildings and extensions, in addition to contributions identified for Education & Learning, they will have first call on 10% of all contributions in the Planning Obligation pools identified for Environment.

#### 5.2.5 **Response to exceptional Market Conditions**

To make the scheme attractive and to encourage development in Peterborough it is recommended that for any planning application approved and Planning Obligation issued between September 2008 Cabinet and until April 2009, there will be a 30% reduction in all standard financial planning obligations for developments begun before April 2009 and completed before April 2010.'

There will be an apparent "cost" for this in terms of a loss of contributions towards infrastructure but if we can make Peterborough more attractive within this period then it can be argued we can generate more development that would otherwise be the case and make up for any apparent loss of income

## **6 Monitoring and Annual Review**

### **Fund Management**

- 6.1** All financial contributions made under the Scheme will be managed by PCC, which will also be responsible for their distribution as agreed. This Scheme will be monitored by PCC to ensure that it achieves its objectives and is transparent and accountable to all parties.

### **Audit and Annual Review**

- 6.2** The Scheme will be internally audited and reviewed at least annually:
- 6.3** The Planning & Environmental Protection Committee will ensure the scheme complies with the requirements for entering into planning agreements and will propose modifications where necessary.
- 6.4** The Cabinet will consider the overall working of the Scheme in its contributions to real costs incurred by those delivering infrastructure for

the Growth Strategy. Recommendations will be made on changes to the Scheme by the City Council.

**6.5** Such review will be informed by the following:-

- The City Council's Corporate Planning Obligations Database – which details all Planning Obligations and the relevant commitments made. It is accessible to officers of the City Council and its partners. This Database is the mechanism through which individual Obligations are recorded, invoiced and the funds allocated to spending heads for each service. These are monitored for compliance. Such monitoring includes physical site checks and checks against deposited project plans as necessary and appropriate.
- The value of Planning Obligation receipts and the respective pools into which such funds have been allocated.
- The extent of expenditure made by services and projects. Any funds which are within a specific pool and which are due to be returned to the contributor(s) as a result of one or more infrastructure projects having been delayed, or abandoned or otherwise not being delivered in the stated time.
- The delivery of strategic and neighbourhood infrastructure.
- The plans for, costs of and timescales for delivery of strategic and neighbourhood infrastructure and in particular Peterborough's Integrated Development Programme and the Council's Medium Term Financial Strategy.
- Experience of the effect of meeting the standard contributions upon Peterborough's development and property market.
- Relevant changes in policy and legislation
- Public, developer and stakeholder views upon the Scheme.

**Review of the Scheme**

The review may but not exclusively consider:-

- The impact of the scheme upon development and the market in Peterborough and its relative performance based on comparable Growth Centres
- Whether the percentage allocation between strategic and neighbourhood infrastructure pools should be changed;
- Whether the percentage allocation between the specific themes within both the strategic and neighbourhood infrastructure pools should be changed;
- The scope of standard contributions and whether any revisions are required;
- The level of standard contributions
- Whether any further changes to the Scheme or its management are required.

## **6.6 Method and Reporting of Review**

- 6.6.1 The Annual Report will be made to PCC as explained above and this will consider the workings of the Scheme and introduce modifications. This will be reported in the Council's Annual Report. It will include an annual statement on the receipt of standard charges and their distribution across the contribution pools and any reassessment necessary. It will include the recognition of abortive projects and the use of unspent balances. In reviewing the expenditure under the scheme the Council will review the impact and effectiveness of the standard charges. These will also be reported and commented on by Opportunity Peterborough responsible for managing the Growth Strategy.
- 6.6.2 Minor variations to the Scheme may be made by the City Council's Planning Obligations Officer in the Planning Service or the Head of Planning Delivery Service.
- 6.6.3 The annual review and major changes to the Scheme will be subject to the Council's decision- making process. The IDP will be updated with partners.

## **6.7 Fees and charges**

This Scheme has a cost to bear with regards to monitoring and administrating due to the impact of development, one which the council would not have to bear if the development were not to take place and as a result the Council will make a charge of 2% for the first £3m and 1% thereafter on the value of the agreement for the service.

Developers will be expected to pay their own legal costs and those of the Council on entering into the Planning Agreement. Legal Services will require a solicitor's undertaking to meet these fees before they start substantial work. This guarantees that the developer's solicitors will pay for the work Legal Services has done even if the S106 is never signed.

## **6.8 Process Structure**

This is outlined at [Appendix 5](#) - this is work in progress and it is premature to report on this in full at present.

# **7 Application of the Standard Contributions Examples**

In this section the detailed provisions regarding the application of the standard contributions are set out together with case study examples to illustrate how the standard contribution will be calculated in practice.

## **Case Studies**

Scenarios involving the Planning Obligations Implementation Scheme

All scenarios will include an appropriate s106 monitoring fee

These scenarios have been created to illustrate a number of examples of how Peterborough City Council's Implementation Scheme will be applied in practice.



## Scenario 1a

**A developer submits an application to build five, four bedroom houses on an infill site or the edge of the city with good road access directly to the site. It complies with existing planning policy. S106 Approach:**

Site specific –	Planning Officer will need to liaise with Highways re on-site provision of footpaths and travel plans etc
	Open Space – Local Plan Policy trigger of nine dwellings not met so no contribution is required
	Affordable Housing – Local Plan Policy / Emerging Policy trigger of 15 dwellings not met so no contribution is required
Neighbourhood Infrastructure –	Pooled contribution accepted
Strategic Infrastructure –	Pooled contribution accepted
<b>Total Contribution</b>	Site specific works + 5 dwellings x £8,000 per dwelling = £40,000 + monitoring fee

## Scenario 1b

**A large retailer wishes to develop a new retail unit on the edge of an existing business park. Once completed the building will comprise 1500m<sup>2</sup> (16,140sq feet) Gross External Area. S106 Approach:**

Site specific -	Planning officer will liaise with Highways/Transport to agree provision of highways and transport infrastructure including travel plans etc
	Open space – Local Plan policy to apply
Neighbourhood Infrastructure -	Pooled contribution accepted
Strategic Infrastructure -	Pooled contribution accepted
<b>Total Contribution:</b>	Site specific works 1500m <sup>2</sup> x £75/m <sup>2</sup> = £112,500 + monitoring fee

### Scenario 1c

**An industrial developer seeks consent for a 3200m<sup>2</sup> (34,432 sq feet) unit. S106 Approach:**

Site specific - Planning officer will liaise with Highways/Transport to agree provision of highways and transport infrastructure including travel plans etc

Open space – Local Plan policy to apply

Neighbourhood Pooled contribution accepted

Strategic Pooled contribution accepted

**Total Contribution:** Site specific works  
+3200m<sup>2</sup> x £8/m<sup>2</sup> = £25,600  
+ monitoring fee

### Scenario 2

**A developer submits an application to demolish a small terrace of 10 two bedroom dwellings and build 10 brand new, two bedroom dwellings. S106 Approach:**

No contribution anticipated. This development is unlikely to place any additional demand on the city's infrastructure and services and circular 05/2005 is not satisfied.

### Scenario 3

**A developer submits an application to construct 30, one bedroom flats in the city centre. The plot is very tight and the developer cannot provide open space onsite. The scheme is therefore contrary to planning policy. S106 Approach:**

Site Specific- Planning Officer to liaise with Highways to agree provision of footpaths and road infrastructure needs including travel plans

Affordable Housing – Local Plan Policy trigger is met and the developer is required to provide 35% affordable units

Open Space – Local Plan Policy open space requirements cannot be met on-site and a clear planning policy need to upgrade the local park is identified. The developer will be required to make an additional contribution “in-lieu” based on established local plan formula.

Neighbourhood Pooled contribution accepted

Strategic Pooled contribution accepted

**Total contribution:** Site Specific inc. open space calculated by reference to formula  
 +Pooled Contribution 30 dwellings x £3,000 = £90,000  
 +Monitoring fee

#### Scenario 4

**A developer works together with a Registered Social Landlord to build a small estate of 25 three bedroom houses comprising 15 affordable units and 10 market dwellings. S106 approach:**

Site Specific	<p>Planning Officer to liaise with Highways to agree provision of footpaths, travel plans and on-site roads etc.</p> <p>Open space – On-site provision to be made, no financial contribution required in accordance with Local Plan Policy</p> <p>Affordable Housing – 35% Affordable Housing equates to eight dwellings (rounding up), therefore there is an over provision of seven affordable units. The strategy would encourage delivery of on-site infrastructure and Planners/s106 Officer would be willing to negotiate with developers regarding the remaining s106 standard contribution in recognition of this over-provision</p>
Neighbourhood	Negotiated Pooled contribution accepted
Strategic	Negotiated Pooled contribution accepted

#### Scenario 5

**RSL submits application to build 50 affordable units. S106 Approach:**

Site Specific	<p>Planning Officer to liaise with Highways to agree provision of travel plans, footpaths and on-site roads etc.</p> <p>Open space – On-site provision to be provided on-site in accordance with Local Plan policy</p> <p>Affordable Housing – Scheme is for 100% Affordable Housing therefore Local Plan policy is met.</p>
Neighbourhood	Pooled contribution to be sought

Strategic

Pooled contribution to be sought

The Council recognises that this is an RSL application and so funding constraints may significantly impact on the ability of the developer to make a financial contribution. The Council will consider an “open book” negotiation involving the Planning Obligations Officer.

## Scenario 6

**Developer proposes a development of 750 dwellings on the edge of the city which will compromise a new township. S106 Approach:**

Full consultation with the s106 Officer’s Group to agree the infrastructure that the developer will be expected to provide directly will inform subsequent negotiations with the developer. The implementation scheme anticipates that on a development of this size, some city-wide infrastructure contributions will be pooled, for example waste infrastructure. Other infrastructure may be provided directly on-site by the developer, for example, a new primary school. The nature and level of on-site infrastructure that a developer agrees to provide will be reflected in the negotiations for contributions towards pooled contributions.

## Appendix 1 - National and Regional Planning Policy

### National

1. England's planning system aims to deliver sustainable development and create sustainable communities. National planning policies are set out in Planning Policy Statements (PPSs) and Planning Policy Guidance (PPGs). The government, in the Sustainable Communities Plan (2003), has also identified four 'growth areas' in which significant increases in levels of housing development is planned. Peterborough sits within the London-Stansted-Cambridge-Peterborough growth corridor which is intended to deliver over 180,000 new homes between 2001 and 2016.
2. The statutory framework for planning obligations is established in section 106 of the Town and Country Planning Act 1990 as amended. Section 106(1) provides that anyone with an interest in land may enter into a planning obligation enforceable by the local planning authority. Obligations, which relate to the land, may restrict its development or use; require operations to be carried out in, on, under or over it; require that the land is used in a specified way; or require payments to be made to the planning authority either in a single sum or periodically. S106 contributions can be made 'in kind' or as a financial contribution.
3. Circular 05/2005 – Planning Obligations provides revised guidance to local authorities in the use of planning obligations. It emphasises the fundamental principle that planning obligations should not legitimise unacceptable development (i.e. developers should not be able to 'buy' planning consents) or be used purely as a means of extracting a share in the profits of development. It indicates that local authorities should negotiate planning obligations according to five tests, of being:
  - (i) **relevant** to planning;
  - (ii) **necessary** to make the proposed development acceptable in planning terms;
  - (iii) **directly related** to the proposed development;
  - (iv) fairly and reasonably **related in scale and kind** to the proposed development; and
  - (v) **reasonable** in all other aspects.
4. The circular promotes a plan-led system by which planning authorities set out policies relating to the scope of planning obligations sought, and levels of contributions expected. It recommends that in future the overarching policy framework should be established in Development Plan Documents (DPDs), with detailed policies, such as matrices setting out the size and types of contributions sought, to be provided in Supplementary Planning Documents (SPDs). The publication and use of standard heads of terms agreements/ undertakings or model agreements is also promoted.
5. The Circular encourages use of formulae and standard charges where appropriate, as part of their framework for negotiating and securing planning obligations. This should include charges to be applied in preparing and completing the S106 agreement.
6. This approach aims to provide greater certainty to developers regarding likely contributions required and reduce the time spent in negotiating agreements.

## Regional

7. The Regional Spatial Strategy for the East of England sets a framework for the growth of Peterborough. It identifies Peterborough as a Priority Area for Regeneration (Policy SS5), Regional Centre and Transport Node (E5), a Regionally Significant Employment Location (E3), and a Key Centre for Development and Change (PB1). Policy PB1 aims to deliver an increase of at least 20,000 additional jobs in the period 2001-2021 together with strong housing growth, sustainable transport improvements and the provision of social, community and green infrastructure. Key policies include:
  - development and regeneration of the city centre to create an improved range of services and facilities including retailing, housing, leisure, cultural and green infrastructure provision;
  - the regeneration of inner urban areas;
  - delivery of a significant and sustained increase in housing;
  - maximising on its credentials as an Environment City;
  - improving access to locally-based further and higher education facilities through a strategy to establish and expand provision of higher education and work towards the provision of a university;
  - providing improved transport choices both within the urban area and between the town and hinterland.
8. The RSS defines a minimum housing target of 25,000 dwellings for the city over the 2001-21 plan period, equal to a requirement to deliver at least an average of 1,420 dwellings per year over the period from April 2006 – March 2021 (Policy H1). It is expected that 35% of new housing will be affordable (Policy H3).
9. Planning obligations will help to meet this package of objectives to achieve the sustainable growth of the City.
10. Details of the Regional Spatial Strategy are at [www.peterborough.gov.uk/page-4062](http://www.peterborough.gov.uk/page-4062)

## Appendix 2 – The Standard Contribution Figures

<b>Land use</b>	<b>Type</b>	<b>Standard Charge Rate</b>	<b>Trigger Point</b>
<b>A1</b> Shops	<i>Shops, post offices, travel and ticket agencies, sandwich shops. Hairdressers, funeral directors, domestic hire shops, dry cleaners, internet cafes</i>	£75 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>A1</b> Supermarkets		£125 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>A2</b> Financial and Professional Services	<i>Professional and financial services (other than health or medical services), betting shops. Banks, building societies, estate and employment agencies</i>	£75 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>A3</b> Restaurants and Cafes	<i>Sale of food and drink for consumption on the premises</i>	£20 per m <sup>2</sup> GEA	250 m <sup>2</sup>
<b>A4</b> Drinking Establishments	<i>Public houses, wine-bars or other drinking establishments</i>	£20 per m <sup>2</sup> GEA	250 m <sup>2</sup>
<b>A5</b> Hot Food	<i>Sale of hot food for consumption off the premises</i>	£20 per m <sup>2</sup> GEA	250 m <sup>2</sup>
<b>Exceptions</b>	<i>Retail warehouse clubs, shops selling and/or displaying motor vehicles, launderettes, taxi or vehicle hire businesses, amusement centres, petrol filling stations</i>	Negotiated case by case	
<b>B1</b> Business	<i>Offices not within Class A2  Research and development of products or processes, laboratories, light industry</i>	£10 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>B2</b> General Industry	<i>General Industry</i>	£8 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>B8</b> Storage or Distribution	<i>Use for storage or as distribution centre</i>	£8 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>Exceptions</b>	<i>Use for any work registerable under the Alkali, etc Works regulation Act 1906</i>	Negotiated case by case	
<b>C1</b> Hotels	<i>Hotels, boarding or guest houses where no significant element of care is provided</i>	£500 per bedroom	50 beds
<b>C2</b> Residential Institutions	<i>Residential schools and colleges, hospitals and convalescent/nursing homes</i>	Negotiated case by case	

**Appendix 2 – The Standard Contribution Figures**

<b>Land use</b>	<b>Type</b>	<b>Standard Charge Rate</b>	<b>Trigger Point</b>
<b>C3 Dwelling Houses</b>	<b>Flats:</b> Studio Flat	£2,000	1 dwelling
	1 Bedroom	£3,000	
	2 Bedroom	£4,000	
	3+ Bedroom	£5,000	
	<b>Houses:</b> 1 Bedroom	£3,000	
	2 Bedroom	£4,000	
	3 Bedroom	£6,000	
	4 Bedroom	£8,000	
5+ Bedroom	£9,000		
<b>Exceptions</b>	Hostels	Negotiated case by case	
<b>D1 Non-residential Institutions</b>	Places of worship, church halls  Clinics, health centres, crèches, day nurseries, day centres. Consulting rooms, museums, public halls, libraries, art galleries, exhibition halls  Non-residential education and training centres	Negotiated case by case	
<b>D2 Assembly and Leisure</b>	Cinemas, concert halls, dance halls, sport halls. Swimming baths, skating rinks, gymnasiums  Other indoor and outdoor sports and leisure uses, bingo halls, casinos	£8 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>Exceptions</b>	Theatres, nightclubs	£8 per m <sup>2</sup> GEA	500 m <sup>2</sup>
<b>Mineral Extraction</b>		Negotiated case by case	
<b>Waste Disposal</b>		Negotiated case by case	

**GEA = Gross External Area**



### **Appendix 3 - Infrastructure Requirements for Peterborough**

This Appendix has four Tables summarising the Neighbourhood and Strategic infrastructure required in the future to ensure Peterborough grows sustainably.

In addition, [Table 1](#) is included to show infrastructure projects delivered in 2007-2008.

Together with partners, the Council has developed an Integrated Development Programme which seeks to identify all infrastructure required for growth.

These tables have been compiled from information in the Integrated Development Programme (IDP).

The IDP provides a single strategic view of infrastructure requirements and supports long-term planning for delivery and for funding.

As such it provides a strong evidence base for the Planning Obligations Implementation Scheme.

The IDP will continue to develop over coming years in response to a range of factors and will be regularly revised and updated.

#### **Notes for Tables 1- 4**

- C** = Community Infrastructure Funding bid (CIF)
- D** = Developer
- E** = European Funding bid (Interreg, ERDF etc)
- G** = Growth Area Funding bid (GAF)
- H** = Highways Agency Funding
- I** = Investing in Communities Funding (IiC)
- L** = Lottery Funding
- M** = Medium Term Financial Strategy (PCC)
- N** = Network Rail
- P** = Private Finance Initiative (PFI)
- T** = Transport Infrastructure Fund (TIF)
- U** = Utility Companies

## Appendix 4 – Impact Assessment

### Peterborough S106 Comparison between current assessment of S106 obligations and Implementation Plan 2008 formula

#### Grimley analysis

Background: Two consultancies, Navigant and GVA Grimley have been engaged by Peterborough City Council to help the Authority put together the Planning Obligations Strategy. In a letter to the former S106 officer, Simon Wright, dated 21 December 2007, Charles Trustram Eve, a director of GVA Grimley Ltd wrote to propose a change to the original Navigant paper, to switch from using habitable rooms to either using Gross External Area (GEA) or to using bedrooms for the purposes of assessing S106 contributions on dwellings.

The December 2007 Grimley proposal was as the table below shows.

	Per dwelling	Per habitable room	Per bedroom	GEA Per m <sup>2</sup>
<b>2 bed flat</b>	£3,900	£4,000	£1,950	£53
<b>3 bed house</b>	£9,999	£6,000	£3,333	£97
<b>4 bed house</b>	£14,000	£8,000	£3,500	£80

Mr Eve detailed the difficulties in using GEA as a measure and expressed the view that using a charge per dwelling or per habitable room was preferable, a methodology that Brent were using. It appears that in fact Brent are using a charge per bedroom and in a second letter dated 11 January 2008, Mr Eve expanded this concept by first trying to define a bedroom as there is no planning definition for a bedroom.

He then went on to propose rates for residential dwellings, taking into account (a) a level of affordable housing at 35% and (b) the requirement to build all affordable housing to Code Level 4. The rates appear below and were based on an assessment of the impact that S106 has on residual land values. Grimley felt that cutting land values by more than 20-25% would inhibit development and so proposed the following for residential:

		GVA Gimley suggested rate	Suggested maximum payment per dwelling
<b>Flats</b>	Studio	£1,200 per bedroom	£2,000
	1 bed	£1,200 per bedroom	£3,000
	2 bed	£1,200 per bedroom	£4,000
	3 bed	£1,200 per bedroom	£5,000
		GVA Gimley suggested rate	Suggested maximum payment per dwelling
<b>Houses</b>	2 bed	£1,750 per bedroom	£4,000
	3 bed	£1,750 per bedroom	£6,000
	4 bed	£1,750 per bedroom	£8,000

	5 bed or more	£9,000 per dwelling	£9,000
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At a meeting on 14 January between Peterborough City Council and Opportunity Peterborough, the attendees discussed these figures and, it appears, decided to accept the maximum values per dwelling.

### Comparison between current S106 methodology and Grimley Tariffs

A review was undertaken recently of 11 applications that have S106 agreements either still in negotiation or now complete. 7 were residential applications with 3 purely commercial and 1 of mixed development. The comparison was made between the current S106 negotiated settlements and the Grimley tariff rates as per Appendix 2 of the Planning Obligations Strategy.

The residential results are as follows:

		Current	Grimley
<b>Site A</b>			
	<b>Per 100 dwellings (79 flats, 21 houses)</b>	£1,220,817	£406,779
<b>Site B</b>			
	<b>7 flats</b>	£14,210	£28,000
<b>Site C</b>			
	<b>1 (4 bed) house</b>	£7,920	£8,000
<b>Site D</b>			
	<b>4 (1 bed) flats, 60 (2 bed) flats, 5 (2 bed) houses, 38 (3 bed) houses</b>	£604,628	£500,000
<b>Site E</b>			
	<b>1 (1 bed) flat</b>		
	Unilateral	£620	£3,000
<b>Site F</b>			
	<b>1 (3 bed) house</b>	£7,060	£6,000
<b>Site G</b>			
	<b>(2005 app) 12 (2 bed) flats, 12 (5 bed) townhouses</b>	£38,780	£156,000

\*These sums do not include affordable housing

Site A is an outline application and assumptions were made that the flats would be a combination of 1 and 2 bed flats and the houses would be 3 bed. This site is still under negotiation and the data has been modified to illustrate the changes for 100 properties.

Site G is an application dating from 2005 and so was assessed under the S106 obligation process current at the time.

The commercial and mixed site results appear below:

	M <sup>2</sup>	Current	New
<b>Site N</b>			

	M <sup>2</sup>	Current	New
B1	992		
B2	2314		
		£48,000	£28,432
<b>Site O</b>			
A1	4849		
B8	7174	£329,552	£421,067
<b>Site P Mixed</b>			
B1	2335		
6 (1 bed) flat			
8 (2 bed) flat		£117,779	£73,350
<b>Site Q</b>			
B1	3590	£46,576	£35,900

It is worth noting that to find out the details for each of the current S106 assessments, it was time consuming to research each file while to calculate the new financial obligation required very little time and effort.

### **Conclusion re the findings**

This very limited research shows that there are both winners and losers. Many of the larger sites are subject to specific negotiations, for example, about highways improvements which are included where applicable in the current totals. Under the new system, they may see a reduction but in general, there are no direct conclusions to draw from such a small sample except to say that whatever was previously charged will be different under the new system.

While for the large developments, there appears to be a significant drop in costs, for smaller developments, the picture is mixed.

The main difference is that there will be consistency in the methodology, where currently there is none, that the new process will be much more efficient and easier to operate and that it will be much more transparent to developers.

### **Conclusion re affordability of S106**





As Mr Eve points out in the letter dated 11<sup>th</sup> January 2008 and events since have proved him right, the property market is weakening and the case can now be easily made for a further discount. If the Council wishes to pursue this option, my suggestion is that members should reconsider the affordable housing strategy first and look to reduce the affordable housing contribution, currently standing at 35% based on regional guidance and the Housing Needs study, either by cutting it from 35% to say 30% or alternatively reducing the social rent element of the total. Currently I understand that the affordable housing is split 70% social rent, 30% market rent/shared ownership. I am led to believe that by changing the mix to 50%:50%, that this should yield more profit for the developer, thereby somewhat mitigating the impact of lower land values.

I suggest that while reducing the Grimley tariffs as they appear in Appendix 2 of the Planning Obligations Strategy might be directly appealing in terms of reducing the S106 burden, in practise it will create other problems as the off-site infrastructure will have to be paid for when the development is built and the monies for this

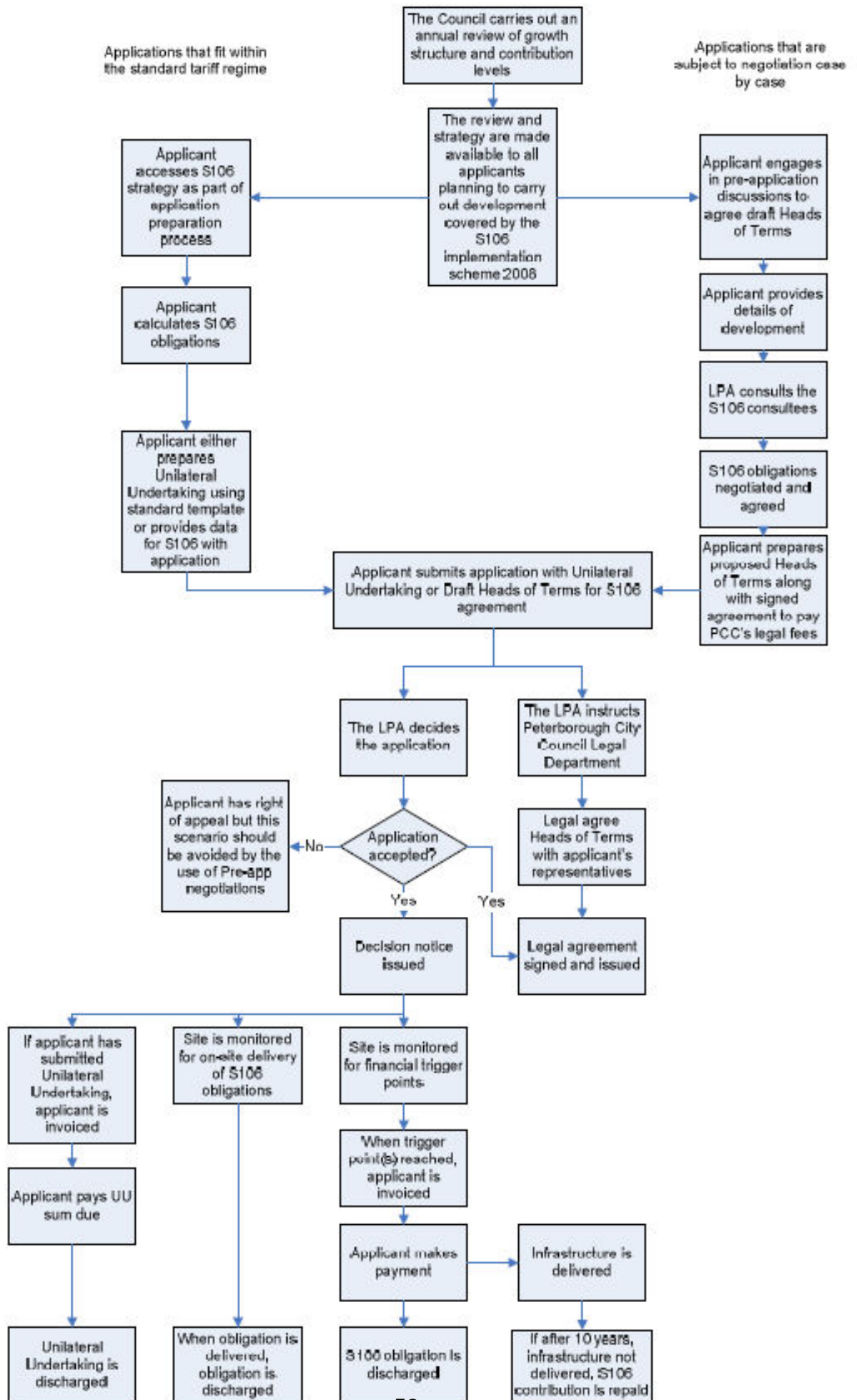
infrastructure will have to come from somewhere, if not from the development itself. Since in the current environment, funding from other sources is likely to be much more difficult to obtain, reducing these tariffs will probably otherwise compromise the ability of the Council to deliver the additional infrastructure needed to make the developments viable.

Whatever course of action the Council chooses to take, my final recommendation is that further modelling should be undertaken of the possible changes that can be made to affordable housing to enable developments to remain viable in this difficult and challenging environment.

Geoff Sutton  
 Sutton Kaizen Consulting Ltd  
 28 October 2008

 Letter 1 dated 211207.pdf	Letter dated 21 November 2007
 GVA Grimley Letter 1 data.pdf	GVA Grimley Letter 1 data
 Letter 2 dated 110108.pdf	Letter 2 dated 11 January 2008
 GVA Grimley Letter 2 data.pdf	GVA Grimley Letter 1 data

Appendix 5 – Proposed Process – [to be amended]



<b>Table 1 Infrastructure Provision Delivered 2007-2008</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>Strategic [City Wide]</b>			
Communications	A15 (J21-J22 Dualling) Paston Parkway	>6	G
	A1139 (J2-J3) Fletton Parkway	>7	G
Community and Leisure	Extend Key Studio Theatre	<1	G
Education and Learning			
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities	Hampton Broadband		U
<b>Strategic [City Centre]</b>			
Communications			
Community and Leisure			
Education and Learning			
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities			
<b>North West</b>			
Communications			
Community and Leisure			
Education and Learning	Extend Jack Hunt Secondary School Clare Lodge refurbishment project (phase I)		
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities			
<b>North East</b>			
Communications			
Community and Leisure			
Education and Learning	Build Voyager Secondary School Extend Ken Stimpson Secondary School Fulbridge Children's Centre Honeyhill Children's Centre		
Emergency Services – Police			
Environment	Protect Padholme Catchment (repay by s106)		
Health & Adult Social Care			
Utilities			

Cont...

<b>Table 1 Infrastructure Provision Delivered 2007-2008</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>South West</b>			
Communications Community and Leisure  Education and Learning Emergency Services – Police Environment Health & Adult Social Care Utilities	Orton Longueville School various minor capital works		D
<b>South East</b>			
Communications Community and Leisure  Education and Learning  Emergency Services – Police Environment Health & Adult Social Care Utilities	Stanground College various minor capital works Stanground College lift  Hampton Police Station		D D
<b>Central and East</b>			
Communications Community and Leisure Education and Learning  Emergency Services – Police Environment Health & Adult Social Care Utilities	Build Thomas Deacon Academy Re-launch BESD School Abbotsmede Children's Centre	46.4	



<b>Table 2 Infrastructure Provision 2007-2008</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>Strategic [City Wide]</b>			
Communications	A1 Carpenters Lodge junction	9.0	H
	A15 London Rd Access; Town Rail Bridge	14.0	G
	Felixstowe-Peterborough Rail W10 Upgrade	56.0	D
	Peterborough-Doncaster Rail W10 Upgrade	14.0	D
Community and Leisure Education and Learning Emergency Services – Police Environment Health & Adult Social Care	District Hospital, Mental Health Unit, Ambulance Station	293.0	P
Utilities			
<b>Strategic [City Centre]</b>			
Communications Community and Leisure Education and Learning Emergency Services – Police Environment Health & Adult Social Care Utilities	Cathedral Square Public Realm improvements		
<b>North West</b>			
Communications	Nene & Nene Thorpe Bridge	3.7	M
Community and Leisure	Build Longthorpe Memorial Hall	0.5	M
Education and Learning	Create John Clare Educational Centre	2.7	L
	Extend Arthur Mellows Village College	3.5	M
	Castor classroom/hall conversion		
	Upgrade Clare Lodge	4.5	M
Emergency Services – Police Environment Health & Adult Social Care Utilities			
<b>North East</b>			
Communications	Paston Parkway (Northern Gateway)	0.9	M,G
Community and Leisure	Northborough Village Hall	0.2	M
Education and Learning	Werrington entrance project		
Emergency Services – Police Environment Health & Adult Social Care Utilities	Newborough Primary Care Centre	0.2	

Cont...

<b>Table 2 Infrastructure Provision 2007-2008</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>South West</b>			
Communications	A1139 Hampton-Orton Footbridge	1.0	D
Community and Leisure	Stanground St Johns Children's Centre	0.3	M
Education and Learning	Fletton Children's Centre	0.2	M
	Orton Longueville School various minor capital works		
	Orton Wistow replacement mobiles project		
	Leighton extension		
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities			
<b>South East</b>			
Communications	Fletton Footbridge	0.4	M
	Footpath/cycleway rail crossing (British Sugar)	0.1	D
Community and Leisure	Household Recycle Centre	0.1	M
	Fletton Cemetery (Mausolea Development)	0.5	M
	Riverside Community Centre	1.1	M
	John Mansfield Centre	1.4	I
Education and Learning	Stanground College 2 classroom project		
	Stanground College 14-19 vocational course project		
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities	Upgrade 132kv Electricity supply to Hampton		U
<b>Central and East</b>			
Communications	Padholme Road Drainage (flood defence)	0.6	M
Community and Leisure			
Education and Learning	Perkins Learning Centre	1.0	D
	Bishop Creighton Children's Centre		
	St John Fisher School refurbishment project		
	The Kings School refurbishment project		
Emergency Services – Police			
Environment	Protect Padholme Catchment (repay by s106)		
Health & Adult Social Care			
Utilities			

<b>Table 3 Infrastructure Provision 2009-2012</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>Strategic [City Wide]</b>			
Communications	A1073 Peterborough to Spalding improvement Scheme	81.0	
	Replace Bus Station, Peterborough-Nuneaton Rail W10 Upgrade	81.0	D
	South Bank River & Rail Crossings	>6	T
	A1139 (J8) Frank Perkins Parkway / Paston Parkway	6.5	
	A15 Nene River Bridge; Integrated Traffic System		
	A47/A15 Dogsthorpe Interchange	0.5	
	A1 Wittering		
Community and Leisure	A47/A1260 Nene Parkway (J15) Centre for Digital Excellence	>9	G
	Key Theatre, Build / Refurb	0.7	M
Education and Learning	University Centre; Rebuild Peterborough Regional College	84.0	
Emergency Services - Police	Enquiry Office & Response Base; Custody Control Centre & HQ;ANPRC	>3	
Environment	(Household) Waste Recycling Centre	6.0	
Health & Adult Social Care	Palliative Care Centre	>3	
Utilities	132kv Electricity sub-station	5.0	U
<b>Strategic [City Centre]</b>			
Communications	Upgrade Public Realm Bourges Boulevard etc / Pedestrian Access Scheme	>6	
		17.7	C
Community and Leisure	Relocate Tourist Information Centre	0.2	M
	Convert Corn Exchange to public realm	1.0	M
	Museum Redevelopment	1.0	M
Education and Learning	The Beeches refurbishment project		
Emergency Services - Police	Provide/upgrade neighbourhood Police Offices	<1	
Environment			
Health & Adult Social Care	City Care Centre (Fenland Wing)	>3	
	Primary Care Centre (site tba)	>3	
Utilities			
<b>North West</b>			
Communications			
Community and Leisure	Community Centre; Eco Lodge	>3	
	Replace Stafford Hall	3.3	M
Education and Learning	Longthorpe Primary School refurbishment		
	Heltwate Special School refurbishment (phase II)		
	Wittering Children's Centre		
	Welbourne Children's Centre		
	John Clare mobile replacement		
	Barnack remodel		
	Arthur Mellows Village College extension		

<b>Table 3 Infrastructure Provision 2009-2012</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
Emergency Services - Police Environment Health & Adult Social Care Utilities	(phase II) Provide/upgrade neighbourhood Police Offices	<1	
<b>North East</b>			
Communications Community and Leisure Education and Learning Emergency Services - Police Environment Health & Adult Social Care Utilities	Discovery Primary School (phase II) Provide/upgrade neighbourhood Police Offices  Primary Care Centre (Werrington)	<1  <1	
<b>South West</b>			
Communications Community and Leisure Education and Learning  Emergency Services - Police Environment Health & Adult Social Care Utilities	Winyates refurbishment project Hampton Children's centre Hampton College (phase II extension) Provide/upgrade neighbourhood Police Offices  Primary Care Centre (Orton)	<1  >3	
<b>South East</b>			
Communications  Community and Leisure Education and Learning  Emergency Services - Police Environment Health & Adult Social Care Utilities	South Bank Pedestrian River and Rail Bridges Community Centre; Hampton Joint Service Centre Fletton Pupil Referral Unit Extension to Woodston Primary School Stanground South new Primary School Fletton Youth Centre Provide/upgrade neighbourhood Police Offices European Construction Sustainability Centre Primary Care Centre, Comm. Health, Comm. Mental Health; PCC (in JSC above)	17.0  >16 1.0 3.5  <1	C  M D D  E
<b>Central and East</b>			
Communications  Community and Leisure Education and Learning	Eastern Embankment Access Scheme/Bishops Road Crescent Bridge Roundabout and Bourges Boulevard  Eye Primary School additional classroom	0.3  0.3	

<b>Table 3 Infrastructure Provision 2009-2012</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
	Welland new school project	3.5	
	Bishop Creighton replacement school	3.5	
	14-19 Skills Centre		
	Eye Children's Centre		
	Thorney Children's Centre		
Emergency Services - Police	Provide/upgrade neighbourhood Police Offices	<1	
Environment			
Health & Adult Social Care	Primary Care Centre (Welland/Parnwell)	>3	
	Healthy Living Centre (Huntly Grove)	>3	
	Wellbeing Centre (49 Lincoln Road)	>3	I
	Primary Care Centre (Millfield)	>3	
Utilities	Gas Grid Installation	3.0	U

<b>Table 4 Infrastructure Provision 2012 Onwards</b>			
<b>Pool</b>	<b>Description</b>	<b>£m</b>	<b>Notes</b>
<b>Strategic [City Wide]</b>			
Communications	'Futurebus'	50	
	Replace Rail Station		
	Western Peripheral Road		
	A605 Stanground Bypass dualling	10	
	A1139 (J1-J2) extra lanes; Parkway junction improvements	16	
Community and Leisure	Regional Pool (Under Review)		
Education and Learning			
Emergency Services - Police			
Environment	Waste & Recycling Facilities (MRF, EARP, TS, ERRF, ADBP, WRC)	>54	
Health & Adult Social Care	2 Care & 9 Extra Care Homes; Dementia Care Home		
Utilities	Develop gas, water, electricity & sewerage infrastructure	100	
<b>Strategic [City Centre]</b>			
Communications	Crescent Bridge – pedestrian/cycle bridge over rail track	5	
	South Bank railway footbridge	2.6	
	South Bank river footbridge	3.7	
Community and Leisure			
Education and Learning	University campus		
Emergency Services - Police			
Environment			
Health & Adult Social Care			
Utilities			
<b>North West</b>			
Communications			
Community and Leisure			
Education and Learning	Youth Facility as part of Cresset regeneration	1.5	
	Peakirk-cum-Glinton new school project	3.5	
	West Town new school project	3.5	
Emergency Services - Police			
Environment			
Health & Adult Social Care			
Utilities			
<b>North East</b>			
	<i>(Potential New Urban Extension in this Neighbourhood Investment Area)</i>		
Communications			
Community and Leisure			
Education and Learning	Paston Ridings refurbishment		
	Norwood refurbishment		
	New secondary school (Paston Reserve	25	D



**Table 5      Glossary of Terms**

**Business Plan**

A document that sets out the detailed rationale, costings, phasing, funding regime and delivery contingencies for identified Infrastructure

**Contributions Framework**

A framework outlining the mechanisms by which planning contributions will be sought

**DCLG**

Department for Communities and Local Government

**Delivery Framework**

The overarching structure for securing planning contributions and coordinating, planning and managing the delivery of infrastructure

**Infrastructure**

All aspects of land or development, works and facilities required to support new development

**Infrastructure Layer**

The definition of infrastructure types within broad groups

**Legal Agreement**

A legally binding agreement to secure contributions through a Planning Obligation

**Local Delivery Mechanism**

A partnership of key service delivery authorities and agencies established to co-ordinate, plan and manage the delivery of infrastructure

**Planning Contributions:**

Contributions secured through the planning system for necessary infrastructure to mitigate the impact of, and support, new development.

**Planning Obligation**

A commitment made by a landowner, usually to secure necessary infrastructure, in conjunction with a grant of planning permission



CTE

21 December 2007

Simon Wright  
Peterborough City Council  
Bayard Place  
Broadway  
Peterborough  
PE1 1FB



**GVA Grimley**

International Property Advisers

10 Stratton Street  
London W1J 8JR  
Telephone +44 (0)870 900 89 90  
Facsimile +44 (0)20 7911 2560  
[www.gvagrimley.co.uk](http://www.gvagrimley.co.uk)

Direct Tel: 020 7911 2412  
[charles.trustrameve@gvagrimley.co.uk](mailto:charles.trustrameve@gvagrimley.co.uk)

Dear Simon

### **PLANNING OBLIGATIONS STRATEGY – SUPPLEMENTARY QUESTIONS**

I am writing with an interim response to the questions raised in your email of 17 December 2007. This is based on the additional work we have so far undertaken since your contact, but we need to do further research. I note the need for a full and final reply prior to 14 January, and I confirm that this will be provided when I return to the office in the New Year.

#### **Basis of Assessment – Could Gross External Area (GEA) be used for residential developments?**

In theory yes. However, we believe that there is a better case for linking the payment directly to the number of bedrooms or habitable rooms. This is the currently the case, for example, for education contributions, and, ideally, other contributions that usually flow from the expected number of people who will reside in the new development.

The profitability of developing flats is different to that for houses, and usually there are different planning needs that come from each form of development, for example open space provision or car parking. One would also need to have regard to the number of proposed dwellings for each form of development.

Whilst the GEA will be readily available on the face of the planning application. In order to assess the contribution it will be necessary to answer additional questions:

1. Is the scheme for a combination of both houses and flats? If so, one needs the GEA for the different elements
2. Is the scheme for mixed uses? If so, one needs the GEA for the residential element alone.

We do not have the floor area readily available for the schemes we reviewed in order to assess the existing s106 regime. This could be ascertained but would require assistance from yourself or colleagues in Development Control. I have therefore quickly estimated the floor areas for three newly built schemes in the town in order to see how the results compare. The results are attached.

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As is readily apparent from the table, there is a significant difference between the relationship for GEA and habitable rooms for houses and for flats, and there can be material differences within each category as a result of whether the dwellings are low or high rise, detached or terraced, have an integral garage etc. In order to get an equitable and appropriate answer, and therefore defensible, the rate per GEA would need to be refined to take account of the following:

1. Type of dwelling
2. Height of dwelling
3. Integral garage

There may be other variables that ought to be reflected.

Finally, the payment would have to be subject to a cap, otherwise there may be an incentive to build smaller dwellings with fewer amenities such as storage. This would be unfortunate given the general push by statutory agencies to ensure that new housing is built to adequate space standards.

We understand the concern about the potential difficulty as to whether a room is habitable, and needing to avoid debate with applicants. One solution would be to incorporate a definition of habitable room, including perhaps floor area or dimensions, as part of the new guidance. This is the approach at Brent. *- No it is not Brent adopt per Bedroom on let with SW 04 Jan '08*

For these reasons, our view is that a charge assessed per dwelling or per habitable room is to be preferred. There is a danger also in this approach that it could skew the market, for example, by encouraging the development of flats instead of housing. We have therefore recommended that there be a cap in the payment to be made in respect of an individual property, regardless of how it is assessed, and that the Council be very mindful of the impact on land values and viability of the tariff.

#### What we would we recommend be the maximum charge?

Given current, uncertain market conditions and the need to ensure that the new tariff does not inadvertently cause development to stop, or become the given reason for new development not starting (even if it is not), to say how high a figure should be. We have always favoured a neutral position i.e. no higher than that payable under the existing system, save that the net is to be widened. Alternatively, there needs to be a period for transition whilst the system beds in, and, importantly, it can be demonstrated to applicants and landowners what is being delivered by the Council as a result of the new payments.

Allied to this, is the need to factor in other issues, local and national, which will all affect the viability of development. In particular, we would note

1. the proposed increase in the amount of affordable housing to be provided on site and the relative increase in the proportion that is to be social rent (this is coupled with a reduction in the threshold);
2. the deliberate, proposed timed increase in building standards in order to seek to achieve Code Level 6 by 2016;
3. forecast for an increase in general building costs;
4. Potential weakness in prices (residential and commercial) at least in the short term.

It is anticipated that both will materially impact on land values, and it remains unclear that buyers will pay a premium for higher, building standards to offset the acknowledged cost.

21 December 2007  
Planning Obligations Strategy



We would also note that, for offices for example, there is prima facie no incentive for landowners or developers build them given the relative end value relative to existing costs

Our research for ODPM suggests that if the level of charge results in a reduction in the residual land value of more than 10 – 20% then there is a significant risk that it would deter development. An increase in the affordable housing requirement could, all other things being equal, lead to a reduction of 10 – 15% in site value alone. I appreciate that in due course, an increased affordable housing requirement will be the norm, but for the time being it will be seen by many in the same context as planning obligations, an unwelcome restraint and an added cost without any offsetting value enhancement.

We will report further but, in the meantime, I hope that these initial comments are of assistance.

Regards

Yours sincerely

pp CHARLES TRUSTRAM EVE  
Director  
For and on behalf of GVA Grimley Ltd

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21 December 2007  
Planning Obligations Strategy

2 bed flat								Ratios
Asking Price		£152,000		possible s106 tariff				
Assumed Build Cost		£64,000						
GEA	74 sq m	£2,054 psm			£3,900	£53 psm		42% Build Cost/Asking Price
GIA	64 sq m	£2,375 psm			£3,900	£61 psm		2.6% Tariff/Asking Price
Hab Rooms	45 sq m	£3,378 psm			£3,900	£87 psm		6.1% Tariff/Build Cost
Hab Rooms	3 no	£50,667 per hab room			£3,900	£1,300 per hab room		25 sq m GEA/no of hab rooms
Beds	2 no	£76,000 per bedroom			£3,900	£1,950 per bedroom		37 sq m GEA/no of bedrooms

4 bed house - 3 storeys, semi detached								Ratios
Asking Price		£295,000		possible s106 tariff				
Assumed Build Cost		£176,400						
GEA	174 sq m	£1,695 psm			£14,000	£80 psm		60% Build Cost/Asking Price
GIA	147 sq m	£2,007 psm			£14,000	£95 psm		4.7% Tariff/Asking Price
Hab Rooms	77 sq m	£3,831 psm			£14,000	£182 psm		7.9% Tariff/Build Cost
Hab Rooms	7 no	£42,143 per hab room			£14,000	£2,000 per hab room		25 sq m GEA/no of hab rooms
Beds	4 no	£73,750 per bedroom			£14,000	£3,500 per bedroom		44 sq m GEA/no of bedrooms

3 bed house - 3 storeys, terraced								Ratios
Asking Price		£190,000		possible s106 tariff				
Assumed Build Cost		£81,400						
GEA	103 sq m	£1,845 psm			£10,000	£97 psm		43% Build Cost/Asking Price
GIA	74 sq m	£2,568 psm			£10,000	£135 psm		5.3% Tariff/Asking Price
Hab Rooms	67 sq m	£2,836 psm			£10,000	£149 psm		12.3% Tariff/Build Cost
Hab Rooms	5 no	£38,000 per hab room			£10,000	£2,000 per hab room		21 sq m GEA/no of hab rooms
Beds	3 no	£63,333 per bedroom			£10,000	£3,333 per bedroom		34 sq m GEA/no of bedrooms

**Notes:**

All floor areas are guesstimated from sales brochures. GEA assumes 300mm cavity walls.

Hab Rooms assessed by excluding kitchen (except if combined with lounge/breakfast/dining area), bathroom, wc, wardrobes, hall, landing & garage

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International Property Advisers

11 January 2008

10 Stratton Street  
London W1J 8JR  
Telephone +44 (0)870 900 89 90  
Facsimile +44 (0)20 7911 2560  
www.gvagrimley.co.uk

Simon Wright  
Peterborough City Council  
Bayard Place  
Broadway  
Peterborough  
PE1 1FB

Direct Tel: 020 7911 2412  
charles.trustrameve@gvagrimley.co.uk

Dear Simon

## PLANNING OBLIGATIONS STRATEGY – SUPPLEMENTARY QUESTIONS

I am writing further to my letter of 21 December 2007, the subsequent e mails, and our telephone conversation.

### Basis of Assessment – Market value

We have successfully fought off, on behalf of a developer, a proposal by the London Thames Gateway Development Corporation to link part of a s106 Agreement to the value of the completed properties. In doing so we took counsel's opinion on the proper interpretation of Circular 05/05. If needed I can provide more detail on the arguments made against the approach.

### Definition of Bedroom

We have yet to find a planning definition. The closest by analogy would appear to be:

1. the approach adopted by the Housing Corporation under its development scheme standards/TQI; or
2. the bedroom standard as adopted under the Housing Act 1985 to assess overcrowding and the allocation of housing to persons on the Council's housing register.

I have briefly discussed the matter with Brent Council. they have found no real problems with their approach, and point out that most applications state what the number of bedrooms are per dwelling. In the event of dispute they have supplementary planning guidance, which sets out a minimum floor area per dwelling, although it does specify a minimum size standard per room.

### What we would we recommend be the maximum charge?

I will not repeat the comments of my letter of 21 december.

As previously noted, and change to a tariff approach needs also to take into consideration other changes that may be taking place at broadly the same time and which will also have a material effect of land values/development costs.

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To our mind there are two changes identified, which need to also be factored in:

1. the increase in the level of affordable housing from 30% to c 35%, coupled with a relative increase in the amount for social rent; and
2. The requirement that all affordable housing soon be built to meet Code Level 4.

We have sought to identify the impact of these changes on the market value of the various sites, which we have used to test the question of viability. There is no reliable guide to the cost of providing Code Level 4 besides the research published in February 2007 by Cyril Sweet on behalf of EP and the Housing Corporation. This suggested that it will cost c 6% per flat and c13% per terraced house more than the cost of achieving Code Level 3. The results are attached.

As you will see, increasing the affordable housing in itself knocks back the land value by c 10-15%, all other things being equal. When coupled with an increase in the standard to Code Level 4, the effect is c 20-25%. We feel strongly, and in the absence of housing grant or other support, that many developers and landowners may be unwilling to promote schemes if there is a further reduction in the land value as the result of a deliberate policy to increase s106 payments beyond the current level, accepting that more developments will now be liable to make a payment. Clearly the impact of affordable housing will eventually work its way through, and become settled and factored into land values. In the meantime, the impact, on top of a weaker land market, could cause development activity to slow significantly.

In the current circumstances, we feel that the following figures reflect the best trade off between raising revenue and avoiding the risk of precipitating a slowdown in activity.

		GVA suggested Rate £ per sq m GEA	Threshold sq m GEA
Retail	Supermarket	£125	1,000
Retail	Non Food	£75	1,000
Retail	A3 - A5	£20	500
Leisure	Hotel	£500/bed	30 beds
Leisure		£8	1,000
Offices		£10	1,000
Gen. Industrial		£8	1,000
Warehousing		£8	1,000

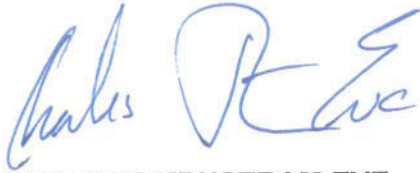
		GVA suggested Rate	Suggested Max payment per dwelling
Flats	Studio	£1,200 per bedroom	£2,000
	1 bed	£1,200 per bedroom	£3,000
	2 bed	£1,200 per bedroom	£4,000
	3 bed	£1,200 per bedroom	£5,000
Houses	2 bed	£1,750 per bedroom	£4,000
	3 bed	£1,750 per bedroom	£6,000
	4 bed	£1,750 per bedroom	£8,000
	5 bed or more	£9,000 per dwelling	£9,000



11 January 2008  
Planning Obligations Strategy

Regards

Yours sincerely



**CHARLES TRUSTRAM EVE**  
**Director**  
**For and on behalf of GVA Grimley Ltd**

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**JULY 2007  
ILLUSTRATION OF EFFECT OF INCREASED AFFORDABLE HOUSING REQUIREMENT ON LAND VALUE FOLLOWING VARIOUS STANDARD CHARGES**

Site No.	Site Name	Assessed Site Value based on Existing S106	Adjusted Site Value based on 35% Affordable	% Change in Site Value	S106 Payment @ £3k per dwelling	% Change in Site Value	S106 Payment @ £5k per dwelling	% Change in Site Value	S106 Payment @ £10k per dwelling	% Change in Site Value	S106 Payment @ £15k per dwelling	% Change in Site Value
1	Cherry Tree*	£700,000	N / A	N / A	£540,000	-23%	£480,000	-31%	£340,000	-51%	£200,000	-71%
2	Redrow Site, Ailsworth	£2,400,000	£2,000,000	-17%	£2,200,000	-8%	£2,100,000	-13%	£1,900,000	-21%	£1,700,000	-29%
3	Hampton Site	£31,300,000	£27,000,000	-14%	£28,000,000	-11%	£26,700,000	-15%	£23,500,000	-25%	£20,000,000	-36%
4	South Stanground	£74,300,000	£67,000,000	-10%	£70,000,000	-6%	£67,000,000	-10%	£60,000,000	-19%	£52,000,000	-30%
5	The Maltings***	£590,000	£590,000	0%	£680,000	15%	£630,000	7%	£520,000	-12%	£400,000	-32%
6	1 Westgate***	£730,000	£730,000	0%	£730,000	0%	£710,000	-3%	£660,000	-10%	£610,000	-16%
7	Wesleyan Rd**	£2,300,000	£2,000,000	-13%	£2,000,000	-13%	£1,800,000	-22%	£760,000	-67%	£1,100,000	-52%

**ILLUSTRATION OF EFFECT OF INCREASED AFFORDABLE HOUSING REQUIREMENT ON LAND VALUE FOLLOWING VARIOUS STANDARD CHARGES AND CODE LEVEL 4 FOR AFFORDABLE HOUSING**

Site No.	Site Name	Assessed Site Value based on Existing S106	Adjusted Site Value based on 35% Affordable	% Change in Site Value	S106 Payment @ £3k per dwelling	% Change in Site Value	S106 Payment @ £5k per dwelling	% Change in Site Value	S106 Payment @ £10k per dwelling	% Change in Site Value	S106 Payment @ £15k per dwelling	% Change in Site Value
2	Redrow Site, Ailsworth	£2,400,000	£1,800,000	-25%	£1,900,000	-21%	£1,500,000	-38%	£500,000	-79%	£0	-100%
3	Hampton Site	£31,300,000	£24,000,000	-23%	£25,000,000	-20%	£24,000,000	-23%	£21,000,000	-33%	£18,000,000	-42%
4	South Stanground	£74,300,000	£60,000,000	-19%	£60,000,000	-19%	£67,000,000	-10%	£53,000,000	-29%	£46,000,000	-38%

**Notes:**

\*Adopted site value for existing S106 based on applicable land value per acre

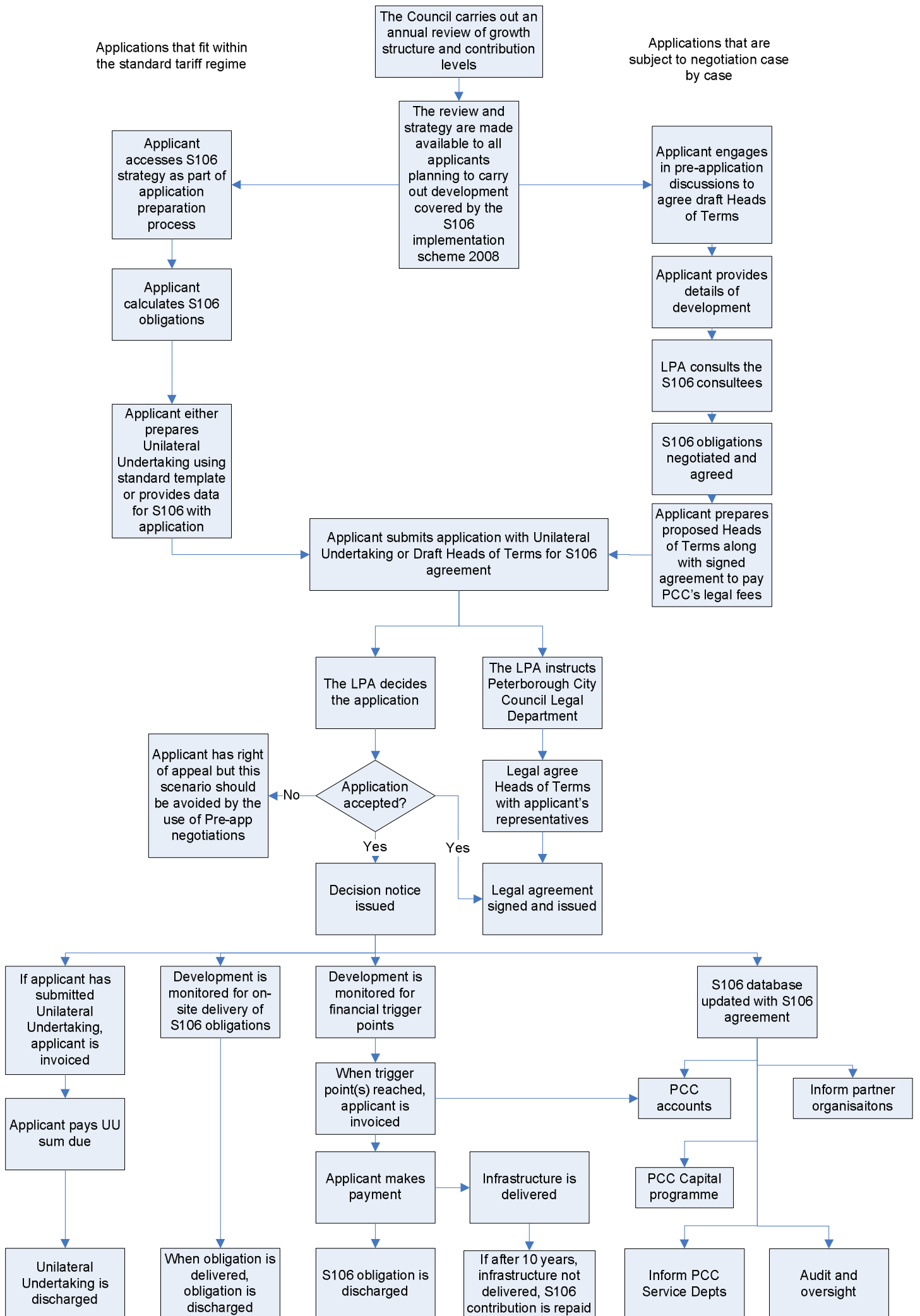
\*\*Site 7 located in low value area so achievable site value below Peterborough averages - £3k Appraisal Value used as base

\*\*\*Below affordable housing threshold

Please note that these appraisals have been prepared for indicative purposes only.

**This advice is exempt from the current RICS Appraisal and Valuation Standards and as such cannot be regarded as, or relied upon as, a valuation.**

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<b>Scrutiny Committee</b>	<b>Agenda Item No. 6</b>
<b>10 November 2008</b>	<b>Public Report</b>

## **Report of the Executive Director - Resources**

**Report Author – Andrew Edwards Head of Strategic Property**  
**Contact Details – 01733 384530**

### **REPORT TITLE: THE REDEVELOPMENT OF THE CORN EXCHANGE**

#### **1.0 PURPOSE**

- 1.1 This report is being submitted at the request of the Chairman of Scrutiny Committee setting out the timeline to the planning committee on the 21<sup>st</sup> October 2008 where the planning application for the demolition of the Corn Exchange and the provision of public realm was determined.

#### **2.0 LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT**

This project directly supports the Growth Agenda of the Council. It should be considered as the first phase of the redevelopment of the City Centre and aligns with current planning policy.

#### **3.0 BACKGROUND**

- 3.1 The Corn Exchange came onto the market in spring 2006 and realising the strategic importance of this building Opportunity Peterborough (OP) approached the owner to see if they were willing to dispose of the asset. The owner (Zurich) confirmed that it would be interested in disposing of the asset subject to certain conditions including completion by the 1<sup>st</sup> July 2007.
- 3.2 To support the acquisition, English Partnerships (EP) indicated that it was able to provide the Council with funding up to the sum of £3m to pay the cost of purchasing the property and other costs directly associated with the purchase. An application was made to EP on behalf of the Council and approval was granted on the 22<sup>nd</sup> June 2007.
- 3.3 Approving the Council's application was conditional upon the Council entering into a Deed of Grant with EP which will include requirements that: -
- within 3 years the Council obtains vacant possession demolishes the property and provide public realm
  - if demolition has not taken place by 1<sup>st</sup> July 2010, the Council will either (a) need to dispose of the property on the open market and pay the sale proceeds to EP (less selling costs); or (b) pay EP the open market price of the property.
- 3.4 However there are tenants within the asset who enjoy security of tenure. A full tenant list is provided at Appendix A to this report. It was recognised early in the process that whilst it was hoped that negotiations would allow the asset to be vacated there was a possibility that the Council may seek to obtain a Compulsory Purchase Order (CPO).
- 3.5 One of the key requirements in securing a CPO is the ability to demonstrate intent. This includes having the necessary consents, including planning, the necessary funding and to be able to demonstrate that we have been proactive in working with clients to secure Vacant Possession (VP). To secure VP it will be necessary to pay for the relocation of businesses to new premises and buy them out of their existing leases with compensation for loss of trade.

- 3.6 It should be noted that the Post Office is protected by the Crown and therefore compulsory purchase is not available to the Council. The Post Office's lease comes to an end in December 2008 however in law, the terms and conditions of that lease are "held over" under the provisions of the relevant legislation. To obtain possession, the Council has to serve notice and if an agreement cannot be reached for the tenancy to terminate at the end of the notice period, then the matter has to be resolved by possession proceedings through the courts.

#### **4 KEY ISSUES**

- 4.1 As briefly outlined above in seeking VP, we need to be able to demonstrate that we have been proactive in working with the tenants. In addition consultation is required as part of the planning process. These are distinctly different issues and will be considered separately in this report.

#### **4.2 Planning Consultation**

- 4.2.1 The planning application for this development was submitted in May 2008. The request to demolish and redevelop the Corn Exchange was actually considered under two applications as the existing building is within a Conservation Area. Both applications were considered at Planning Committee on the 21<sup>st</sup> October 2008.

- 4.2.2 There is a statutory requirement that all applications are open for consultation. Any comments received are included within the planning officer's report and are considered by the Planning Committee. In addition, time is allowed for those who are in favour of or against the development to speak and put across their arguments at the Committee meeting.

- 4.2.3 Since this application was determined on current policy grounds the recommendation to committee was that both applications should be approved. Any emerging policy would have little weight, one of the reasons being that it has not as yet gone through the full consultation process and been informed by public debate. Advice to Strategic Property was that had this application been considered under emerging policy then the officer recommendation would have been to refuse the application.

#### **4.3 Tenant Consultation**

- 4.3.1 On the 14<sup>th</sup> November 2007 every tenant (with the expectation of Peterborough Regional College who were contacted directly by the Council) was contacted in writing to advise them of the Councils intention to demolish the Corn Exchange. This letter is explicit and a copy of the text is attached at Appendix B of this report. It clearly states that 'The Council has intentions to redevelop the Corn Exchange' and points out that this will require VP in advance of this date.

- 4.3.2 All of the tenants apart from the Post Office responded to this letter, either directly or through their agents. The Post Office advised verbally that they would contest any notice requiring them to vacate the premises at the end of the lease. At this point the Post Office were reluctant to engage any further with the Council and only sought to start meaningful discussions in May 2008.

- 4.3.3 Since the letters were sent in November 2007 there have been various negotiations with the tenants. This has included, where possible, agreeing compensation payments and a timetable for VP. The overall position is summarised at Appendix A.

- 4.3.4 There are now only two tenants with whom we are yet to come to full agreement. These are Wine Bin Ends and the Post Office. Details of consultations and contact with Wine Bin Ends and the Post Office together with timelines are attached at Appendix C and D of this report.

- 4.3.5 With regards to the Post Office, the Council is still hopeful that it will come to an agreement with them by way of a settlement deal. If there is agreement, this will allow the Council to grant a new lease or licence to the Post Office (rather than holding over the expired lease under the provisions of the Landlord and Tenant Act) and that further lease or licence will be granted until the 31<sup>st</sup> April 2009 to allow the Post Office further time to relocate and the Council will approve in that period a



sum of money to cover relocation costs and a compensation payment. In the event however that the Council is unable to come to an agreement with the Post Office, then the Council will have no alternative but to terminate their current lease, through the possession proceedings in the courts. Timetable for such a case to be heard would be by December 2008.

- 4.3.6 Wine Bin Ends, who are represented by Blackwell Consulting, have the benefit of a lease secured under the Landlord & Tenant Act which runs for another four years. The Council is still negotiating with Blackwell Consulting, with the hope that the relocation costs and compensation payments can be agreed. In the event that the Council is unable to resolve the issues then the Council will have no alternative but to seek to obtain vacant possession through a compulsory purchase order.

## **5 IMPLICATIONS**

- 5.1 The demolition of the Corn Exchange and its replacement with public realm is critical to the Growth Agenda of the Council. This will improve the viability of the City Centre by improving the quality of life and experience of those who visit the City Centre. In particular it will open up an area and improve the visual aspect of both the Cathedral and surrounding properties.

## **6. CONSULTATION**

- 6.1 Consultation has taken place internally with Planning, Legal Services and Strategic Finance over the contents of this report.

## **7. EXPECTED OUTCOMES**

- 7.1 Members note the contents of this report.

## **8. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

CMDN dated 27<sup>th</sup> June 2007 – The Acquisition of the Corn Exchange  
CMDN dated 4<sup>th</sup> January 2008 – The Future use of the Corn Exchange  
Planning and Environmental Committee Agenda dated 21<sup>st</sup> October 2008

## **9. APPENDICES**

Appendix A: Full Tenant List and current position in Corn Exchange  
Appendix B: Text included within the notification letter dated the 14<sup>th</sup> November 2007  
Appendix C: Details of consultation with the Post Office  
Appendix D: Details of Consultation with Wine Bin Ends

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**Appendix A**

**The Corn Exchange – Tenant Status**

<b>Tenant</b>	<b>End of Lease</b>	<b>Date Notified of Council Intentions</b>	<b>Tenants Agent</b>	<b>Current Status</b>	<b>Comments</b>
Crown Post Office	31/12/08	14/11/07	Atis Real/Internal	Negotiations progressing	Initially failed to engage with the Council and advised that they would not respond until they had seen the planning application. Eventually engaged in May 2008 and despite being offered a number of properties have failed to find one that meets their requirements.
Wine Bin Ends	21/09/12	14/11/07	Blackwell Consulting	Initial discussions have started. Despite a number of locations being identified to date have not been able to find anything that is suitable	Blackwell Consulting have been representing this company. To date they have said that they wish the Council to extinguish the business (i.e. pay a settlement sum to the company in order for it to cease trading) as the company feels that they will be unable to find alternative suitable accommodation in the city centre. The Council contends that there is acceptable alternative accommodation available and does not wish to see an end to the business.
Howuncea (Bairstow Eves Estate Agent)	24/12/11	14/11/07	Internal	Terms Agreed.	Will vacate to meet Council Programme.
Tompsett (Hairdressers)	30/04/08	14/11/07	Blackwell Consulting	Terms Agreed.	Will vacate to meet Council Programme
Quest Employment	31/12/08	14/11/07	No Agent	Terms Agreed	Will vacate to meet Council Programme
PCAE	31/07/07	February 08	No Agent – Holding Over	Notice Served	Will vacate to meet Council Programme

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Our Ref: EM/pmh/01A722123


14 November 2007


**PRIVATE AND CONFIDENTIAL**


  
  
PETERBOROUGH  
PE1 1XF

Direct Dial: 0121-609 8473  
E-mail: emily.morris@gvagrimley.co.uk

Dear Sirs

  
I am writing to confirm our telephone conversation of 13th November 2007.

GVA Grimley are the appointed agents of Peterborough City Council whom you will be aware now own the freehold interest in the Corn Exchange of which  forms part.

The Council has intentions to redevelop the Corn Exchange and as such I would be grateful for a meeting to arrange and discuss the Council's proposals for the site which includes  Your lease currently expires in September 2012, but the council will require vacant possession in advance of that date.

Please can you call me to discuss a suitable date and time for a meeting.

Yours faithfully

**EMILY MORRIS BSc (Hons) MRICS**  
Associate

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**Consultation with the Post Office**

Item	Date	Description
1	14 <sup>th</sup> November 2007	Letter from Council Agent advising the Post Office of the Councils intention to demolish the building and to obtain Vacant Possession
2	15 <sup>th</sup> November 2007	Telephone conversation between Council Agent and Post Office. Indicted that they (the Post Office) would oppose the notice requiring them to vacate.
3	8 <sup>th</sup> January 2008	Phone call from Post Office to Council agent enquiring about the whereabouts of the formal notice requiring them to vacate.
4	14 <sup>th</sup> January 2008	Letter from Council Agent to Post Office Council advising that a notice has been served due to plans to regenerate the area
5	19 <sup>th</sup> February 2008	Conversation between Council Agent and representative's reference future direction. Agent advised that Post Office uncertain on the way forward.
6	May 2008	Council Agent undertook consultation with all relevant stakeholders including the Post Office. No response was received from the Post Office.
7	15 <sup>th</sup> May 2008	Letter from Post Office to Council Chief Executive seeking to start negotiations with the Council.
8	15 <sup>th</sup> May 2008	Letter from Council confirming position and identifying alternative premises for consideration.
9	16 <sup>th</sup> May 2008	Letter from Council Agent responding to letter dated the 15 <sup>th</sup> May received from the Post Office. This reminded the Post Office of previous discussions but welcoming the opportunity to start negotiations
10	10 <sup>th</sup> June 2008	Meeting in Birmingham between Post office, Council and Council Agents. It was made extremely clear what the Council intentions for the post office were.
11	25 <sup>th</sup> June 2008	E-mail from Post Office setting out financial terms they would be prepared to accept to relocate.
12	30 <sup>th</sup> June 2008	Letter from Council Agent setting out why the Council feels that they will not be granted a new lease by the Court should it go that far. In addition setting out why the Post Office proposal in their e-mail dated the 25 <sup>th</sup> June was not acceptable
13	2 <sup>nd</sup> July 2008	Letter from Post Office Agent advising of disappointment in approach being taken by the Council in particular the terms being offered by the Council.
14	15 <sup>th</sup> July 2008	Council advised by the Post Office that they are looking at an alternative unit.
15	31 <sup>st</sup> July 2008	Various e-mails reference financial package to support relocation to another unit. E-mail from Post Office confirms their intention to object to the redevelopment proposals.
16	1 <sup>st</sup> August 2008	E-mail from Post Office rejecting compensation package.
17	14 <sup>th</sup> August 2008	Alternative accommodation identified by Council (2 locations)
18	18 <sup>th</sup> August 2008	Post Office confirm that they are looking at alternative accommodation
19	28 <sup>th</sup> August 2008	Following a conference call Post Office seek clarification as to whether the Council is prepared to continue to offer financial assistance.

20	10 <sup>th</sup> September 2008	Post Office confirm that they have found a suitable unit and seek assurances of confidentiality
21	15 <sup>th</sup> September 2008	Various e-mails regarding financial settlement. Includes e-mail from Council setting out terms for a settlement.
22	18 <sup>th</sup> September 2008	Council clarify various points at the request of the Post Office on the financial settlement.
23	22 <sup>nd</sup> September 2008	Post Office offered Council Owned property. Post Office confirms that they feel that they can move forward on an alternative property given the terms the Council are proposing.
24	24 <sup>th</sup> September 2008	Post Office turn down Council owned property as it not big enough.
25	2 <sup>nd</sup> October 2008	Various e-mails regarding terms of settlement.
26	25 <sup>th</sup> October 2008	Discussions ongoing reference terms of settlement.



**Consultation with Wine Bin Ends**

Item	Date	Description
1	14 <sup>th</sup> November 07	Letter from Council Agent advising the tenants of 20 Church Street (Bin Ends) of the Councils intention to demolish the building and the intention of obtaining Vacant Possession
2	21 <sup>st</sup> November 07	Letter from Blackwell Consulting advising that they are acting on behalf of Bin Ends. Setting out that any agreement would need to be financially attractive.
3	7 <sup>th</sup> December 07	Letter from Council agent expressing disappointment the Tenant cannot make meeting. Alternative dates to be agreed 'after Christmas'.
4	14 <sup>th</sup> January 08	Letter from Council agent advising of change of contact officer and advising that contact will be made to arrange a date for a meeting
5	17 <sup>th</sup> January 08	Initial discussions with Blackwell Consulting regarding possible terms.
6	12 <sup>th</sup> February 08	Blackwell Consulting forward details of accounts for Bin Ends.
7	20 <sup>th</sup> February 08	Letter from Council Agent to Blackwell Consulting. Sets out the basic terms of negotiations.
8	10 <sup>th</sup> April 08	Letter from Blackwell Associates stating that the 'Public Realm Strategy' does not form part of the Local Development Document.
9	May 08	Council Agent undertook consultation with all relevant stakeholders including the occupants of Bin Ends.
10	15 <sup>th</sup> May 08	Blackwell Consulting advised by Council Agent of intention to submit a planning application by the end of May 08. This reinforces the terms set out in the letter dated the 20 <sup>th</sup> May 08.
11	16 <sup>th</sup> May 08	Blackwell Consulting response to a query from Council Agent on the accounts
12	5 <sup>th</sup> June 08	Meeting with agent for Bin Ends. Initial discussions regarding financial settlement.
13	13 <sup>th</sup> June 08	Letter from Council Agent that set out the issues discussed on the 5 <sup>th</sup> June. Forward details of alternative locations.
14	7 <sup>th</sup> July 08	Letter from Blackwell Consulting dismissing alternative locations identified by PCC. Points out his client does not have to look for alternative premises. Invites 'sensible' negotiations regarding compensation.
15	16 <sup>th</sup> July 2008	Council confirms commitment to helping Bin Ends find alternative accommodation. Also offers to assist if Bin Ends finds something themselves.
16	14 <sup>th</sup> August 08	Council Agent identifies additional alternative accommodation.
17	29 <sup>th</sup> August 08	Council Agent responds to issues over business case.
18	1 <sup>st</sup> September 08	Response to Council letter dated 29 <sup>th</sup> August 2008. Issues regarding Service Charges.
19	4 <sup>th</sup> September 08	Response to Blackwell Consulting letter dated 1 <sup>st</sup> September. Agrees to provide details of Service Charges.
20	5 <sup>th</sup> September 08	Letter from Blackwell Consulting. Ongoing issue regarding service charges.
21	18 <sup>th</sup> September 08	Alternative premises identified by Council Agents.
22	19 <sup>th</sup> September 08	Rejection of alternative premises identified by PCC

23	25 <sup>th</sup> October 08	Verbal discussions ongoing with Blackwell Associates reference alternative locations.
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<b>Scrutiny Committee</b>	<b>Agenda Item No. 7</b>
<b>10 November 2008</b>	<b>Public Report</b>

## **Report of the Executive Director - Strategic Resources**

**Report Author – John Blair – Head of Strategic Finance and Performance Improvement**  
**Contact Details – 01733 384597**

### **REPORT TITLE**

#### **1. PURPOSE**

- 1.1 This report has been requested by members of Scrutiny Committee following the failure of Icelandic banks, Landsbanki and Kaupthing Bank, and their UK subsidiaries, in which the City Council had deposited £3 million.

#### **2. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT**

- 2.1 This is a corporate finance matter underpinning the corporate plan.

#### **3. BACKGROUND**

- 3.1 The purpose of this report is to respond to specific questions raised by members of the Committee and to provide further explanatory detail on the Council's investment practices and how the global financial credit crisis, which is without precedent, is having upon its investment strategy.
- 3.2 The Council has been in liaison with the Local Government Association (LGA) and has received updates of the LGA's discussions with the Administrators of the failed banks, the Government and other agencies. The LGA has confirmed that the latest information is that there have been 123 local, fire and police authorities that have been affected by the closure of Icelandic banks, and their UK subsidiaries, involving investments totalling £919.6 million. The list of authorities affected is at Appendix A and an L.G.A question and answer document at Appendix B.

#### **4. KEY ISSUES**

- 4.1 The Council annually approves a Treasury Management Strategy Report as part of its Medium Term Financial Strategy; this is a requirement of the "CIPFA Prudential Code for Capital Finance in Local Authorities" which was adopted by the Council. The Local Government Act 2003 and the "Prudential Code" introduced new requirements for the manner in which capital spending plans are to be considered and approved; it requires the development of an integrated treasury management strategy.

This strategy covers:

- the current treasury position;
- borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- treasury limits in force which will limit the treasury risk and activities of the Council.

- 4.2 Treasury Management is the detailed day-to-day management of the Council's cash flows, banking, investments and borrowings. Responsibilities include monitoring functions and policies, taking decisions in relation to capital financing and borrowing, and ensuring that the systems which control the functions are developed and observed.
- 4.3 This function operates under the powers delegated to the Director of Strategic Resources and the daily treasury management activity is conducted in the Finance Division within Strategic Resources. The policy in relation to borrowing and the investment of cash resources not immediately required are reviewed at least quarterly and advice is obtained from Sector Treasury Services Ltd, whom the Council retains on a fee basis.
- 4.4 The Council's primary treasury management objectives are:
- (a) to reduce the revenue cost of the Council's debt in the medium term by obtaining financing at the cheapest rate possible in the light of current interest rate forecasts;
  - (b) to seek to reschedule debt at the optimum time; and
  - (c) to invest available cash balances with a spread of dependable institutions over a spread of maturity dates and periods of notice at interest rates that are higher than the cost of borrowings.

## **5. ANNUAL INVESTMENT STRATEGY**

- 5.1 Each year the Council approves an Annual Investment Strategy, which provides the framework and delegations in accordance with the guidance for investment decisions. Key factors taken into account when making investments include security first and foremost, liquidity and finally yield. The Council uses Fitch credit ratings, with minimum ratings of "F1" for short term and "A" for long term.

The Annual Investment Strategy aims to:

- ensure that sums are invested with credit worthy organisations to limit the exposure against loss;
  - maintain sufficient access to funds for its perceived needs;
  - achieve advantageous returns commensurate with security, liquidity requirements, debt management alternatives and interest rate forecasts, and
  - have a flexible, responsive approach towards bodies with which it invests funds.
- 5.2 Speculative investments such as trading in shares are avoided and particular emphasis is made to the credit quality of counterparties before deposits are made. The Council uses credit ratings published by Fitch Ratings Ltd and other internationally recognised agencies e.g. Standard and Poor's or Moody's Investor Service Ltd. All credit ratings are monitored at least monthly and may result in a counterparty being removed, suspended or upgraded on the Council's operational List of Acceptable Investment Counterparties. Additionally the Council receives treasury management advice from the market leader in the local authority sphere, Sector Treasury Services Ltd, and from brokers operating in the UK money market.
- ## **6. IMPLEMENTATION OF THE ANNUAL INVESTMENT STRATEGY**
- 6.1 The Council operates in accordance with Office of the Deputy Prime Minister (ODPM as was) Guidance and "Treasury Management in the Public Services: Code of Practice" as laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA). The UK financial sector is regulated by the Financial Services Authority.
- 6.2 When making investments the Council is required to ensure that the investment is both secure as far as practicable and accessible to assist with its cash flow. Based on this the market is monitored to ensure the optimum return on investments commensurate with the dependability of counterparties and a spread of maturity dates.

- 6.3 In order for a deposit to be agreed, the counterparty should be a body that is an authorised deposit-taking institution, subject to regulation in the UK and have a “high credit quality” rating or meet other credit worthiness criteria. Examples of acceptable counterparties include the UK Government and agencies, local authorities, major UK and European banks and building societies, some of which will be household names and others that are less well known to the general public.
- 6.4 To further manage risk the Council limits amounts that may be lent to any one institution, operates with a spread of counterparties and over a range of investment periods.
- 6.5 The Council invests reserves and cash flow surpluses throughout the year to generate investment income. These reserves include earmarked monies set aside for specific projects or service areas, expected future commitments and for general contingencies. Some of these balances belong to Peterborough's schools.
- 6.6 The Council currently has a non-speculative portfolio of deposits with 29 banks and building societies that totals £81 million. It manages its cash on a daily basis and its treasury activity turnover totals around £700 million per annum. In 2007/08 the Council generated £4.6 million in interest minimising the amount needed from council taxpayers to provide services to the public.

## **7. COUNCIL'S INVESTMENTS WITH HERITABLE BANK LTD AND KAUPTHING SINGER & FRIEDLANDER LTD (IN ADMINISTRATION)**

- 7.1 In April 2007 the City Council made two fixed term, fixed interest rate deposits of £1 million with Heritable Bank Ltd, the UK subsidiary of Icelandic bank, Landsbanki, and £2 million with Kaupthing Singer & Friedlander Ltd, the UK subsidiary of Kaupthing Bank, for a period of two years.
- 7.2 Heritable Bank was a 130 year old British bank with published assets of £1.2 billion, and similarly Kaupthing Singer & Friedlander Ltd was another 100 year old large British bank that had dealings with the commercial sector. Both of these banks were placed into administration by the UK regulator, the Financial Services Authority, in consultation with HM Treasury on 7<sup>th</sup> and 8<sup>th</sup> October respectively.
- 7.3 At this moment in time the banks' administrators, accountants Ernst & Young, are assessing their financial position and their ability to repay depositors. The banks' last financial statements show that they were well funded and profitable. When the deposits were made both banks had been rated as “high quality” by the credit rating agencies that measure the financial standing of financial institutions and their ability to repay depositors. They were still well regarded by the credit rating agencies until shortly before being placed into administration.
- 7.4 Although up to the time Heritable Bank and Kaupthing Singer & Friedlander were placed into administration the credit rating agencies that monitored the banks still believed them to be of high standing. The Council had not made any investments in either bank since June 2007. However it was not possible to recall any existing deposits as these had been contractually agreed for a fixed term. Early redemption was not possible as the global banking crisis deepened and all financial institutions, including Heritable and Kaupthing Singer & Friedlander, focussed on retaining the deposits that they had on their books.

## **8. CHANGES TO THE COUNCIL'S INVESTMENT PRACTICES**

- 8.1 In the current prevailing circumstances the Council has recently adopted a very cautious approach and has restricted all new treasury transactions to the UK Government and agencies, local authorities, major UK clearing banks and the largest UK building society.
- 8.2 The following actions have been implemented:
- New call deposit facilities have been arranged with the Debt Management Office, which is part of HM Treasury, and the Council's main bank, Barclays, to replace the facilities with

Abbey PLC, Alliance & Leicester, Bank of Scotland and Barclays Global Investors Money Market Fund.

- Fixed short term and overnight investments will be made in the most secure place possible, namely the HM Treasury deposit facility, once surplus funds have been accumulated. The Barclays call deposit facility is being used as a cashflow contingency reserve to allow for unforeseen payments and receipts and for non-marketable (small) surplus balances.
- Prior to the deployment of the HM Treasury account, investments are to be only negotiated and dealt with large UK domiciled financial institutions that have non – foreign ownership and which have UK Government backing or deemed to be of high quality standing.
- The intention is that all short term fixed period deposits will be placed in the HM Treasury account in future. This is a temporary measure necessitated by the exceptional global banking crisis and is to remain in place until further notice.
- The Approved Investment Counterparty List has been reduced to UK Government agencies, major UK clearing banks and the largest UK building society, Nationwide. The maximum investment limits approved by members within the Annual Investment Strategy, approved financial instruments and investment durations remain unaltered.
- Call deposits currently with institutions that are domiciled abroad or have foreign parents have been recalled and reinvested in accordance with the revised Approved Investment Counterparty List and no additional deposits are being made into these facilities until further notice.
- All other existing fixed term investments negotiated with institutions on the previous Approved Investment Counterparty List stand and will be allowed to repay to the Council on maturity. The previous Approved Investment Counterparty List comprised UK Government agencies, UK and foreign owned banks based in the UK and abroad, Barclays Global Investors Money Market Fund and UK and foreign based building societies that may / may not have credit ratings.

## **9. SPECIFIC QUESTIONS RAISED**

### **9.1 The reported £3m that is in an Icelandic bank, what is the status of this money and how safe is it?**

The £3m was invested in UK banks which had Icelandic Parents, the details of which are below:

#### **Heritable Bank Ltd:**

20th February 2004: New long term credit rating “A”, with a stable outlook.

This rating was maintained until 1 April 2008 when it was given a negative rating watch, i.e. concern was expressed about its long term outlook. This concern was affirmed on 9th May 2008, when it was placed on negative outlook. It was downgraded on 30th September 2008 to “BBB” rating with a negative watch.

£1m was placed on a 2 year deposit with Heritable Bank on 2 April 2007 when the Bank had an “A” rating with a stable outlook.

#### **Kaupthing Singer & Friedlander Ltd:**

22nd December 2000: Upgraded credit rating from “A-“to “A” with a stable outlook. Rating retained until 6th December 2007 when the outlook was deemed negative. On 31st January 2008 the outlook reverted to positive again. On 1st April 2008 the Bank was put on rating watch

and on 9th May was downgraded to “A-“with a negative outlook. Further downgraded to “BBB” on 30 September and then “D” on 8 October 2008.

At this stage the status of the deposit is unsure. The deposits were not due for return until April 2009. Negotiations are underway between the Local Government Association (LGA), HM Treasury and the Icelandic government in order to maximise returns. The Strategic Director of Resources has joined the LGA creditors group.

## 9.2 Where are other Council investments placed and what risks are involved with them?

As at 27th October 2008 the Council had £81m invested, of which £7m was for over 1 year.

The investments are broken down as follows:

Institution Type	Value	Risk
UK banks with Icelandic parents	£3m	Unknown as yet
Irish banks and building societies	£9m	Comprising 3 deposits guaranteed by Irish government
Major UK banks	£10m	Placed with 2 major UK clearing banks to minimise risk
UK building societies	£59m	Split over 22 counterparties to minimise risk

## 10. IMPLICATIONS

10.1 Environmental Impact - Not applicable.

10.2 Equal Opportunities - Not applicable.

10.3 Financial Implications - In the absence of a clearer picture on the two failed banks, and to be financially prudent, provision has been made, in full, of possible loss of interest of £239,000 in the latest 2008/09 budgetary forecast. This has not made a material impact on the Authority's current revenue budget. If any loss of principal arises, which is unknown at this moment in time, this would be met from the Council's General Fund, which had a balance of £6 million at 31st March 2008. The Chartered Institute of Public Finance and Accountancy (CIPFA) is drafting accounting guidance on how to account for this matter.

10.4 Legal Implications - Not applicable.

10.5 Links with Corporate Priorities – Careful management of the Council's finances, stewardship of available resources and the generation of investment income underpins the main strategic priorities. The Council does take all reasonable precautions to protect the security of its in-hand balances and endeavours to manage the risk of loss by regularly monitoring the financial markets, seeking the best appropriate market advice, employing an experienced team of in-house managers, maintaining a diverse portfolio with a range of institutions and a spread of maturity dates.

## 11. CONSULTATION

11.1 The Council continues to liaise with its treasury advisors, Sector Treasury Services Ltd, and specifically in relation to its deposits in the UK subsidiaries of the Icelandic banks, with Administrators, the Local Government Association, City Council Members, Members of Parliament and the Press.

## 12. EXPECTED OUTCOMES

*Scrutiny Committee notes this report and requests additional information as necessary.*

### **13. BACKGROUND DOCUMENTS**

(Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

### **14. APPENDICES**

Appendix A: The list of authorities affected.

Appendix B: L.G.A question and answer document.



From: PCC Media Team  
Sent: 14 October 2008 15:45  
To: Parsons Caroline; Cllr Peach John; Beasley Gillian; Ticehurst Ben; Harrison John  
Subject: LGA STATEMENT ON ICELANDIC BANKS

Importance: High

FYI

For immediate release: Tuesday 14 October  
Contact: LGA Media Office 0207 664 3333

## COUNCILS CALL FOR INQUIRY INTO CREDIT RATINGS FOR ICELANDIC BANKS

The Local Government Association has today called for a Government inquiry, led by the Financial Services Authority, into how credit ratings agencies continued to give Icelandic banks high credit ratings right up until a matter of days before they went into administration or receivership.

The call came as the LGA:

- Reveals the outcome of encouraging discussions with the administrators Ernst & Young. The administrators consider that that the value of the book value of the assets of Heritable Bank Plc and Kaupthing Singer & Friedlander Limited (both in administration) appeared to be of the same order of magnitude as the liabilities.
- Publishes an update on how many councils have been affected, which shows that 116 councils are currently known to have had deposits in Icelandic banks, with deposits totalling £858.3m.
- Calls on councils that invested after the credit ratings were downgraded to an unacceptable level on 30 September to carry out their own inquiries to discover what happened.

Analysis by the LGA of the ratings issued by the main credit ratings agencies shows that Icelandic banks and their UK subsidiaries continued to receive relatively high ratings up until the afternoon of 30 September.

Analysis shows that:

28 February

Fitch's long-term ratings for Glitnir Bank h.f (Glitnir), Kaupthing Bank h.f (Kaupthing) and Landsbanki Islands (Landsbanki) were all A. Their corresponding short-term ratings were all F1. Moody's reduced its long-term rating for Landsbanki from Aa3 to A2, and held their short-term rating at F1. Its long-term and short-term ratings for Glitnir were Aa3 and F1 respectively.

April

Fitch announces that Icelandic banks were being put on negative rating watch, warning that short and long term ratings on Icelandic banks could be reduced.

9 May

Fitch reduced the ratings for Glitnir and Kaupthing to A minus (long-term) and F2 (short-term). Landsbanki's ratings remained the same but the outlook rating was changed to Outlook Negative.

30 September

Fitch reduced Landsbanki's long-term ratings from A to BBB and its short-term ratings from F1 to F3. The long-term and short-term ratings for Glitnir were reduced to BBB minus and F3 respectively. The long-term and short-term ratings for Kaupthing were reduced to BBB and F3 respectively. Moody's announced it was reviewing Landsbanki's ratings.

8 October

There was a general downgrade of the Icelandic banks' ratings.

Cllr Margaret Eaton, Chairman of the LGA, said:

"This isn't the time for a blame game. This is an unprecedented situation, the extent of which could not have been foreseen. However, at the appropriate moment, there needs to be a full and independent inquiry to find out just how these banks continued to get relatively strong credit ratings until a few days before they went under.

"No council should rely solely on credit agencies and must use their financial nous. But there must be confidence in credit ratings as councils continue to invest billions of pounds in a whole range of financial institutions. Our analysis dispels the myth that many councils were investing recklessly after credit warnings were issued.

"The good news for council taxpayers is that discussions with the administrators have been hugely encouraging. The administrators considered that the book value of the assets of each business appeared to be of the same order of magnitude as the liabilities, although it is too early to give exact figures.

"The evidence shows that, overwhelmingly, town halls have acted prudently and within strict guidelines to get the best rates of interest on savings whilst investing in institutions deemed to be strong. If it is discovered that individual councils invested significant sums following the credit rating downgrading, the LGA expects them to set up their own inquiries to find out what happened.

"Prudent financial management means that councils put their money into a diverse range of banks to make sure that any risk is spread to minimise the impact of problems in the financial markets. We are not aware of councils that are in serious imminent liquidity problems and in the long term we are confident that vital frontline services will remain unaffected.

ENDS

Notes to editors:

1. The following is an agreed statement between the LGA and Ernst & Young

LGA talks with administrators of Heritable Bank Plc and Kaupthing Singer & Friedlander Limited (Both in Administration)

1. The Local Government Association (“LGA”) held talks with Alan Bloom, Joint Administrator of Heritable Bank Plc (“Heritable”) and Patrick Brazzill, Joint Administrator of Kaupthing Singer & Friedlander Limited (“KSF”) on 13 October. The LGA was represented by Stephen Jones, Director of Finance and Performance.

2. The Administrators confirmed that they were seeking to maximize value from both companies, for the benefit of creditors. The LGA said that local authorities were looking to the Administrators to do their utmost to recover monies deposited, and would expect vigorous action from the Administrators to that end.

3. The Administrators said that they could not currently give an estimate of the level of funds expected to be recoverable nor when any payout could be expected. However, they agreed to provide estimated outcomes which local authorities could use (if they see fit), in planning their budgets, by mid-November.

4. The Administrators advised that both Heritable and KSF operated a number of businesses. In broad terms, the Administrators considered that the value of the book value of the assets of each business appeared to be of the same order of magnitude as the liabilities but that the recoveries for the Local Authorities would be dependent on the final level of actual realizations.

5. The LGA agreed to assist the Administrators by exploring with member local authorities whether arrangements could be made to co-ordinate contact through representative groups acting on behalf of the local authority creditors of Heritable and KSF.

6. The Administrators confirmed that they intended to contact known wholesale creditors of Heritable and KSF on or before 14 October to provide formal notification, a short summary on the current situation and to invite these creditors to confirm details of the amounts deposited with Heritable and KSF.

7. This statement has been agreed between the LGA and the Administrators of Heritable and KSF.

2. Information about the credit rating systems adopted by the rating agencies can be found at their respective websites:

[www.fitchratings.com](http://www.fitchratings.com) (Fitch's)

[www.moody.com](http://www.moody.com) (Moody's).

3. A report on the update is available on request

From: PCC Media Team

Sent: 14 October 2008 15:35

To: Ticehurst Ben; Beasley Gillian; Cllr Peach John; Harrison John

Subject: LATEST ICELANDIC BANKS UPDATE

Importance: High

FYI – LGA Update

Dear all

We will very shortly be releasing a significant statement to the media regarding the Icelandic banks situation. This statement will:

1) Call for a government inquiry into how credit ratings agencies continued to give Icelandic banks high ratings up until just a few days before they ran into trouble.

2) Say that, having analysed the advice issued by credit ratings agencies in the eight months or so prior to the banks collapsing, any council investing prior to 30 September 2008 acted in accordance with government guidelines.

3) Say that Ernst & Young, administrators for the banks Heritable and Kaupthing Singer & Friedlander, has said:

"In broad terms, the Administrators considered that the value of the book value of the assets of each business appeared to be of the same order of magnitude as the liabilities but that the recoveries for the Local Authorities would be dependent on the final level of actual realisations."

On this point, in any press release, the wording is crucial. Ernst & Young have said that this must be produced verbatim.

4) Publish a definitive picture for the number of authorities with exposure to Icelandic banks and the total amount invested by councils.

5) Say that councils which invested in Icelandic banks after 30 September should launch internal inquiries.

We will be working on the exact wording of the statement right up until it is released and will send it to you simultaneously.

Best regards,

Seb Gordon

LGA Media Office

Tel. 020 7664 3147

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## **Local Government Association**

### **Q&A on councils' credit ratings and Icelandic banks**

#### **Who are the credit agencies?**

There are two main credit ratings agencies that most councils use when looking at the credit worthiness of banks and building societies:

- Fitch Ratings
- Moody's Investors Service

These are amongst the leading credit agencies in the world.

#### **How do credit ratings work?**

Each agency provides its own rating scale for both short-term and long-term ratings. These are not easily comparable. As per the guidance from the Office of the Deputy Prime Minister on 12 March 2004, councils only deal with institutions that receive the highest ratings.

#### **What happened with the credit ratings for Icelandic banks?**

Both Fitch's and Moody's reviewed Icelandic banks in the early part of this year, and Moody's reduced their long-term rating for Landsbanki at the end of February – although it was classified as A2 (the middle of 'good'). In May 2008 Fitch reduced their long-term and short-term ratings for Glitnir and Kaupthing to A minus and F2 respectively. Both agencies' ratings then remained steady over the summer before a more significant downgrade by Fitch's on the afternoon of 30 September.

There was no warning to councils from the agencies by way of reduced ratings over the summer.

#### **How did the credit ratings change over 2008?**

The agencies continued to review Icelandic banks over the course of the year, but were still offering good quality ratings up to the afternoon of September 30.

There was a further general downgrade by the rating agencies on October 8.

#### **Did councils invest after the credit rating had gone down?**

It is our understanding that only a tiny number of councils invested after 30 September 2008. We are conducting research with our member authorities to establish an exact figure. If a council did invest after 30 September, the LGA would urge it to conduct an internal inquiry.

#### **What should happen now?**

The LGA is today calling for a government inquiry – led by the Financial Services Authority – into how credit ratings agencies continued to give Icelandic banks high credit ratings right up until a few days before they went into administration or receivership.

### **How many councils are involved and how much was invested?**

Information has been received from 236 authorities about whether they had investments in Icelandic banks. Most of these authorities have, where relevant, provided details of the amount and maturity of each investment.

Of these 236 authorities, 120 have confirmed that they do not hold investments with Icelandic banks (or UK subsidiaries of Icelandic banks). The 116 authorities who do have investments with Icelandic banks have total deposits of £858.3m. These figures include information from Welsh local authorities and Police Authorities where details were not fully known when we reported the figure of just under £800m last Thursday.

### **What is happening with the administrators, Ernst & Young?**

The Local Government Association held talks with Alan Bloom, Joint Administrator of Heritable Bank Plc (“Heritable”) and Patrick Brazzill, Joint Administrator of Kaupthing Singer & Friedlander Limited (“KSF”) on 13 October.

In broad terms, the Administrators considered that the value of the book value of the assets of each business appeared to be of the same order of magnitude as the liabilities but that the recoveries for the local authorities would be dependent on the final level of actual realisations.

The Administrators confirmed that they were seeking to maximize value from both companies, for the benefit of creditors. The LGA said that local authorities were looking to the Administrators to do their utmost to recover monies deposited, and would expect vigorous action from the Administrators to that end.

The Administrators said that they could not currently give an estimate of the level of funds expected to be recoverable, nor when any payout could be expected. However, they agreed to provide estimated outcomes which local authorities could use (if they see fit), in planning their budgets, by mid-November.

### **What other discussions are taking place?**

The LGA will work with the Government and individual councils on a case by case basis to ensure that satisfactory financial packages can be agreed for all councils that are affected. A meeting is scheduled for later this week.

Although we are not aware of a single council with imminent serious liquidity problems, one option could be for councils to defer payment of business rates to the Government. This could raise up to £1m a year for an average size authority.

The LGA is also seeking a meeting with the Icelandic Ambassador.



**What will be the impact on councils?**

We are not aware of any councils with serious imminent liquidity problems that would affect frontline services or mean that staff could not be paid. Authorities typically spread their deposits widely and have flexibility to manage their day to day cash position.

Councils also hold significant reserves. They saved money while the economy was strong and can make use of reserves now that times are not as good.

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<b>SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 8</b>
<b>10 November 2008</b>	<b>Public Report</b>

## Report of the Executive Director of Strategic Resources

### Recommendations

1. Scrutiny Committee is asked to note:
  - a. that the direct impacts of the credit crunch in 2008/09 are being managed within the Council's financial plan;
  - b. that a section of the Medium Term Financial Strategy will be dedicated to the impact of future years and this will be available at the next meeting of Scrutiny.

Report Author – John Blair, Head of Strategic Finance and Performance Improvement  
Contact Details – (01733) 384564 or email john.blair@peterborough.gov.uk

### IMPACT OF CREDIT CRUNCH 2008/09

#### 1. PURPOSE

- 1.1. The purpose of this report is to provide Scrutiny Committee with an update of what impact the credit crunch has had on the Council's finances during the current financial year.

#### 2. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

- 2.1. This report supplements the Budget Monitoring Report Period 4 2008/09 reported to Scrutiny Committee on 29 September 2008 which links to the Council's ability to meet the Medium Term Financial Strategy 2008-2011.

#### 3. BACKGROUND

- 3.1. The Chairman of the Scrutiny Committee has asked for a briefing report on the impact that the credit crunch has had on the Council's finances.
- 3.2. This report therefore is on the direct impact on the Council within the current financial year 2008/09 rather than the wider impact on the community.
- 3.3. For the purposes of this report, the impacts assessed are:
  - a) Revenue Income – (Planning Fees, Land Charges, Commercial Property Rents, Interest Receipts)
  - b) Capital Income – (S106 and Capital Receipts)
  - c) Tax Base

#### 4. KEY ISSUES

##### 4.1. Revenue Income

- 4.1.1. The Council makes annual estimates of the likely revenue it will raise from activities such as planning, land charges etc. The direct impact of the credit crunch on these functions is a drop in activity and thereby a fall in income associated with them. The following table summarises the estimated impact in 2008/09 of those issues in terms of income.

<b>Income</b>	<b>Impact of Credit Crunch £k</b>
Planning Fees*	285
Land Charges	333
Commercial Property Rents (Increase in Void Units and NDR on unlet properties)	195
<b>TOTAL</b>	<b>813</b>

- 4.1.2 The Corporate Management Team has managed this impact by reviewing all necessary expenditure, bringing forward efficiency targets, and using additional income from the VAT shelter to protect the overall bottom line, as previously reported to this Committee.
- 4.1.3 In terms of interest receipts, the Council is cushioned from this in 2008/09 because most of its investment portfolio is at fixed rates of interest, hence the recent fall in base rates will not have an immediate impact. The impact of the Icelandic bank issue has been reported separately to Scrutiny.
- 4.1.4 Ultimately the Council's working balances have been set at a level to help through years when things like the credit crunch occur. At some point the economy will pick up with more confidence and the growth programme will accelerate once again. The appropriate level of balances will be reviewed as part of the development of the Medium Term Financial Strategy.
- 4.2 Capital Financing
- 4.2.1 The 2008/09 capital programme has been re-assessed, and there is slippage in this year, thus saving on the need for corporate resources to finance the programme. So although the level of capital receipts forecast is lower, the impact on the 2008/09 position has been limited as reported previously to this Committee.
- 4.2.2 At present there is an over provision of development land. Many developers have significant land banks that are now seen as a financial liability rather than an asset. At present the market in Peterborough is weak and there is little if any market for land. The Head of Strategic Property is constantly monitoring the situation and disposal of property assets will take into account the financial impact both now and in the future for the Council.
- 4.2.3 The successful development of the Growth Agenda also relies heavily on Section 106 funding from developers. If development slows, then the S106 receipt slows, but so too does the requirement for infrastructure, and as long as this is linked through business planning, implementation of strategic growth ambitions will also have to slow. The financial risk is where we commit to delivering strategic growth infrastructure (rather than respond to development specific needs) in the anticipation of development that does not materialise on the scale envisaged.
- 4.3 Council Tax
- 4.3.1 The amount of income to be raised from Council Tax is derived from forecasts of the level of tax base. This forecast includes assumptions in relation to the numbers of new properties. Current estimates for period ending September 2008 suggest a shortfall of 239 properties equating to approximately £249k, this shortfall forms part of the collection fund calculations for 2009/10 financial year.
- 4.3.2 The Chief Finance Officer will continue to monitor the tax base and its implications for the Medium Term Financial Strategy.
- 4.4 Impact of Credit Crunch on other Council Activities

- 4.4.1 Several other areas may have an ongoing impact on Council activities resulting from the credit crunch such as employment through to the effects of a recession. All Departmental Management Teams are assessing the impact and include:
- a) Fuel and energy price increases
  - b) Potential that overall sundry debt and council tax / NNDR debt will increase as people experience the impact of the credit crunch
  - c) Potential for an increase in benefit claimants

## **5 IMPLICATIONS**

- 5.1 This report does not have any implications effecting legal, human rights act or human resource issues.

## **6 CONSULTATION**

- 6.1 Detailed reports have been discussed in Departmental Management Teams.

## **7 EXPECTED OUTCOMES**

- 7.1 That the committee comments on the impact that the Credit Crunch has had within the current financial year as appropriate.

## **8 NEXT STEPS**

- 8.1 The current economic climate has had a direct impact on the Council's finances. In 2008/09 it has managed the situation successfully by managing the pressures corporately, preparing and managing robust action plans to mitigate pressures and will continue to provide monthly detailed Budget Monitoring Reports. The Corporate Management Team will continue to recommend appropriate mitigation to reduce the revenue and capital impact on Council finances.
- 8.2 The Medium Term Financial Strategy is being refreshed and will incorporate the ongoing impact as part of setting the Council's future year budgets. The MTFS will be reported to Cabinet in December 2008.

## **9 BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

None.

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<b>SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 9</b>
<b>10 NOVEMBER 2008</b>	<b>Public Report</b>

## **Report of the Director of Strategic Resources**

**Report Author** – Louise Tyers, Performance Scrutiny Manager

**Contact Details** – (01733) 452284 or email [louise.tyers@peterborough.gov.uk](mailto:louise.tyers@peterborough.gov.uk)

### **ESTABLISHMENT OF A TASK AND FINISH GROUP – LOCAL DEVELOPMENT FRAMEWORK DEVELOPMENT PLAN DOCUMENTS**

#### **1. PURPOSE**

- 1.1 The purpose of this report is to establish a task and finish group to scrutinise the development of the Local Development Framework Development Plan Documents.

#### **2. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT**

- 2.1 The work of the scrutiny group will help the Council achieve its priority of planning and delivering a safe, attractive and environmentally friendly city.

#### **3. BACKGROUND**

- 3.1 On 24 September 2008 an informal meeting of the Scrutiny Committee, Community Development Scrutiny Panel and Environment Scrutiny Panel was held to introduce the Site Allocation and the Planning Policies Development Planning Documents prior to the start of the consultation period on 14 October 2008.
- 3.2 As part of the discussions in that meeting it was suggested that a separate group should be established to undertake the detailed scrutiny work of the two documents on behalf of the three committees.

#### **4. KEY ISSUES**

- 4.1 A proposed terms of reference for the task and finish group is attached at Appendix 1. Membership of the group will be drawn from the membership of the three committees.

#### **5. EXPECTED OUTCOMES**

- 5.1 That the Committee agrees to establish a task and finish group.

#### **6. NEXT STEPS**

- 6.1 If it is agreed to establish a task and finish group, the Group Secretaries will be contacted seeking nominations for the group.
- 6.2 It is expected that the first meeting of the group will be held in late November 2008.

#### **7. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

None.

#### **8. APPENDICES**

Appendix 1 – Draft Terms of Reference

### LOCAL DEVELOPMENT FRAMEWORK SCRUTINY GROUP

#### TERMS OF REFERENCE

##### **Purpose**

On behalf of the Scrutiny Committee, Community Development and Environment Scrutiny Panel:

1. To consider and comment at each relevant stage in the preparation of the Peterborough Local Development Framework Development Plan Documents.
2. To scrutinise the relevant key aspects of the Regional Spatial Strategy review.
3. To provide updates on the work of the scrutiny group to the Scrutiny Committee as and when required.
4. The final report of the scrutiny group will be considered and approved by the Scrutiny Committee prior to consideration by the Executive.

##### **Membership**

Membership of the Group will be up to six members drawn from amongst the membership of the Scrutiny Committee, Community Development Scrutiny Panel and Environment Scrutiny Panel.

##### **Timescale**

The Scrutiny Group will complete its work by no later than 31 December 2009 when it will be disbanded.



<b>SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 10</b>
<b>10 NOVEMBER 2008</b>	<b>Public Report</b>

## Report of the Director of Strategic Resources

**Report Author** – Louise Tyers, Performance Scrutiny Manager

**Contact Details** – (01733) 452284 or email [louise.tyers@peterborough.gov.uk](mailto:louise.tyers@peterborough.gov.uk)

### FEEDBACK AND UPDATE REPORT

#### 1. PURPOSE

- 1.1 This report provides feedback on items considered or questions asked at previous meetings of Scrutiny Committee. It also provides an update on matters which are of interest to the Committee or where the Committee have asked to be kept informed of progress.

#### 2. BACKGROUND

##### 2.1 Staff Absence due to Stress

During the Committee's consideration of the Human Resources Key Performance Indicators report on 29 September 2008, Members requested further information on number of staff off sick with stress rather than as a percentage.

The Head of Human Resources has now provided the following response, along with details of current improvement projects in occupational health which should impact on improving stress management:

We have compared below the number of staff absence with stress for the financial year so far with the same period in the previous year. It should be noted that at present sickness levels for 2008 are projected to out-turn at 10.95 days against 11.23 days per employee last year.

It should be noted that 4.34% of staff have had at least one absence recorded as stress so far, down from 6.13% last year. The average number of days have risen somewhat suggesting a reduction in short term absences where stress is stated to be the absence reason.

All directorates have seen some reduction in the number of staff absent with stress in the period with the exception of Legal and Democratic [which has increased] and Chief Executive [which has remained static].

The pattern for stress is of a relatively small percentage of staff to feel stress, but for this to result in a relatively long absence, thus making up the largest single 'slice' of sickness lost reasons. Initiatives do need to consider the high areas of stress absence and reasons for this in seeking improved ways to [a] reduce absences and [b] facilitate a timely return to work.

It is problematic to collect statistical data on the individual causes of stress while clearly this is explored on an individual basis with those affected in order to support a return to work as soon as possible. The 2008 CBI absence survey asked employers for the main causes of long term absence and overall ranked non-work related stress as the top cause for non-manual workers while work related stress came fourth. This would suggest approximately 57% of stress is caused by non-work reasons, but this was a survey of perceptions as hard categorisation of stress absence is not realistic.

A detailed breakdown of the number of staff absence due to stress is attached at Appendix 1.

## Update from Occupational Health regarding Health Initiatives

### Improving the OH service -

- Currently reviewing all forms used in Occupational Health to ensure we are up to date with current legislation and professional guidelines. This will eventually include a review of the current Health Questionnaire.
- Improving lines of communication to managers and HR in order to improve the management of employees on sickness absence.
- Stream lining all processes so that we work "smarter".
- Contract with AXA who provide our OHP service is providing improved reports and advice to managers and HR.

### Boost campaign -

- Working with the Boost team to tackle areas of health that need improving / providing health information.
- Providing mini medicals through PDH to all employees that have been at PCC for 1 year. This service provides each individual with the tools to be able to improve their health and wellbeing.

### New OH referral process -

- The referral form was re written to ensure that all information is captured so that a professional assessment with the OH team can be undertaken and a professional report provided to managers / HR Business Partners (HRBP). All referrals are sent from managers to their HRBP to make sure the quality of the referral is paramount.

### Counselling –

- More in-depth reporting being developed with current provider in order to form a clearer audit trail. Talks have been held with the provider to highlight areas of the service that they need to improve.

## 2.2 Chairman's Use of Special Urgency Powers

Since the last meeting the Chairman has used his special urgency powers on the following occasion:

<b>Date</b>	<b>Decision</b>	<b>Reason</b>
28 October 2008	Peterborough Crematorium – Mercury Abatement	This key decision could not be delayed until the expiry of the usual five day waiting period. The decision was required to be taken urgently as any delay would prejudice the Council's interests because of the statutory requirement on the Council to respond to its regulator within a prescribed timescale.

## 2.3 Call-In of an Executive Decision – Appointments to the Greater Peterborough Partnership for the Municipal Year 2008/09

At the meeting of the Committee held on 15 October 2008 it was agreed to call-in and refer back to the Leader his decision in relation to appointments to the Greater Peterborough Partnership for the municipal year 2008/09. The Leader was specifically asked to reconsider the decision by

appointing a non-Conservative Member to the vacant position on the GPP Board.

The Leader reconsidered the decision on 29 October 2008 and the new decision was published on that date. In respect of the specific recommendation made by the Committee, the Leader has now appointed Councillor Sandford to the GPP Board.

## 2.4 Outstanding Actions

At the last meeting of the Committee concern was expressed that a number of decisions made by the Committee at previous meetings had not been implemented. The Performance Scrutiny Manager undertook to review the Committee's previous minutes to establish how many decisions and recommendations had not been implemented.

It has been found that one decision made in March 2007 in relation to off site highway works related to the building of the Voyager School appears not to be implemented.

The Leader had agreed:

- That the Council will arrange for a plan of the minimum levels of lighting required along the school routes.
- That following completion of the lighting works a survey be carried out to confirm lighting levels meet or exceed the minimum levels set.
- The Council should ensure that, out of courtesy, they respond to the proposals, recommendations or requests of external bodies consulted on any proposals, for example Parish councils, in a timely manner, and that in this specific case confirmation be given that a response was made to Bretton Parish Council's submission. If a response has not been made to Bretton Parish Council then one should be provided.
- The Council to work with other agencies to actively seek a reduction in the speed limit along Lincoln Road where children are expected to cross on their travels to and from school, to include either a fixed reduction to 30 miles per hour or the imposition of a variable speed limit.
- That a full review be carried out 12 months after completion of the works referred to in the decision notice, the review to be carried out in conjunction with the Scrutiny Committee if so required.
- To ensure that all appropriate agencies involved in the provision of lighting along school access routes maintain the lighting in good condition and expedite repairs accordingly.

Officers are currently investigating the progress made on this decision and it is recommended that a full response is provided to a future meeting.

## 3. **EXPECTED OUTCOMES**

3.1 That the Committee notes the feedback from previous meetings.

## 4. **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

Peterborough Crematorium – Mercury Abatement Decision Notice dated 28 October 2008

## 5. **APPENDICES**

Appendix 1 – Breakdown of Absence due to Stress

## APPENDIX 1

### Stress Absences

April to August 2008

SERVICE	2008/09		
	Number of Staff	FTE days lost	Average days lost per employee with stress absence
Strategic Growth & Development	2	58.00	29.00
Strategic Housing	6	183.00	30.50
<b>Chief Executive</b>	<b>8</b>	<b>241.00</b>	<b>30.13</b>
Commissioning & Performance	1	55.00	55.00
Family & Communities	30	621.44	20.71
Learning & Skills	11	192.99	17.54
<b>Childrens Services</b>	<b>42</b>	<b>869.42</b>	<b>20.70</b>
Building & Technical	2	28.00	14.00
City Support Services	2	30.54	15.27
Property Design & Maintenance	1	56.22	56.22
S&FS Building Cleaning	2	34.66	17.33
S&FS Cleansing	3	29.00	9.67
S&FS Grounds Maintenance	1	105.00	105.00
S&FS Refuse	4	85.00	21.25
Welfare To Work	3	118.00	39.33
<b>City Services</b>	<b>18</b>	<b>486.42</b>	<b>27.02</b>
City Centre Services	2	70.78	35.39
Environmental & Public Protection	5	112.07	22.41
Libraries & Heritage	2	5.50	2.75
Planning Services	1	9.00	9.00
Sports Services	2	60.00	30.00
Transport & Engineering	2	22.50	11.25
<b>Environment &amp; Community</b>	<b>14</b>	<b>279.84</b>	<b>19.99</b>
Legal Services	6	89.00	14.83
<b>Legal &amp; Democratic</b>	<b>6</b>	<b>89.00</b>	<b>14.83</b>
Business Transformation	1	21.00	21.00
Customer Services	1	41.22	41.22
Human Resources	4	75.30	18.82
Internal Audit	1	7.00	7.00
Revenues & Benefits	2	20.50	10.25
Strategic Finance	1	25.00	25.00
Strategic Property	1	2.00	2.00
<b>Strategic Resources</b>	<b>11</b>	<b>192.01</b>	<b>17.46</b>
<b>Total</b>	<b>99</b>	<b>2,157.70</b>	<b>21.79</b>

April to August 2007

SERVICE	2007/08		
	Number of Staff	FTE days lost	Average days lost per employee with stress absence
Legal & Democratic	3	45.50	15.17
Strategic Growth & Development	1	56.76	56.76
Strategic Housing	7	17.92	2.56
<b>Chief Executive</b>	<b>11</b>	<b>120.18</b>	<b>10.93</b>
Adults	3	93.00	31.00
Childrens Business Support	3	7.24	2.41
Learning & St&ards	9	126.61	14.07
Specialist Services	33	855.23	25.92
Universal Services	7	149.74	21.39
<b>Childrens Services</b>	<b>55</b>	<b>1,231.83</b>	<b>22.40</b>
Building & Technical	2	29.00	14.50
City Support Services	3	59.19	19.73
Property Design & Maintenance	1	0.50	0.50
S&FS Catering	9	25.16	2.80
S&FS Cleansing	5	94.50	18.90
S&FS Grounds Maintenance	3	31.00	10.33
S&FS Refuse	4	45.00	11.25
Welfare To Work	2	95.00	47.50
<b>City Services</b>	<b>29</b>	<b>379.35</b>	<b>13.08</b>
Environmental & Public Protection	4	100.00	25.00
Libraries & Heritage	2	19.11	9.55
Planning Delivery Services	19	72.00	3.79
Sports Services	4	72.43	18.11
Transport & Engineering	6	202.36	33.73
<b>Environment &amp; Community</b>	<b>35</b>	<b>465.90</b>	<b>13.31</b>
Customer Services	5	97.95	19.59
Human Resources	2	123.00	61.50
ICT	5	68.95	13.79
Internal Audit	1	19.00	19.00
Strategic Finance	4	88.19	22.05
SR Directors Office	1	22.30	22.30
<b>Strategic Resources</b>	<b>18</b>	<b>419.38</b>	<b>23.30</b>
<b>Total</b>	<b>148</b>	<b>2,616.64</b>	<b>17.68</b>

August Headcount [for sickness report purposes] 2,283.52

2414.329

Percentage of staff absent with a stress absence 4.34%

6.13%

<b>SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 11</b>
<b>10 NOVEMBER 2008</b>	<b>Public Report</b>

## **Report of the Director of Strategic Resources**

**Report Author** – Louise Tyers, Performance Scrutiny Manager

**Contact Details** – 01733 452284 or email [louise.tyers@peterborough.gov.uk](mailto:louise.tyers@peterborough.gov.uk)

### **FORWARD PLAN – NOVEMBER 2008 TO FEBRUARY 2009**

#### **1. PURPOSE**

- 1.1 This is a regular report to Scrutiny Committee, outlining the content of the Council's Forward Plan.

#### **2. BACKGROUND**

- 2.1 The latest version of the Forward Plan is attached at Appendix 1. The Plan contains those key decisions, which the Leader of the Council believes that the Cabinet or individual Cabinet Member(s) will be making over the next four months.
- 2.2 The Committee may wish to include some of the items highlighted on the Plan onto their future work programme or to request additional information from the Executive before a decision is made. Any comments about the format of the Plan would also be welcomed.
- 2.3 In accordance with the Council's Executive procedure rules, the Cabinet or Cabinet Member will not make any key decision until at least five clear days after the receipt of the report relating to that decision. The Group representatives of the Scrutiny Committee are sent a copy of these reports at the same time as the Cabinet Member and any comments can be passed onto the Member before a decision is made.

#### **3. CONSULTATION**

- 3.1 Details of any consultation on individual decisions are contained within the Forward Plan.

#### **4. EXPECTED OUTCOMES**

- 4.1 That the Committee notes the latest version of the Forward Plan, agrees any areas for inclusion within the Committee's work programme and submits any observations concerning the Plan to the Executive.

#### **5. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 5.1 None

#### **6. APPENDICES**

- 6.1 Appendix 1 – Forward Plan of Executive Decisions

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**PETERBOROUGH CITY  
COUNCIL'S FORWARD PLAN  
1 NOVEMBER 2008 TO 28 FEBRUARY 2009**

**APPENDIX 1**

## FORWARD PLAN OF KEY DECISIONS – 1 NOVEMBER 2008 TO 28 FEBRUARY 2009

During the period from 1 November 2008 to 28 February 2009 Peterborough City Council's Executive intends to take 'key decisions' on the issues set out below. Key decisions relate to those executive decisions which are likely to result in the Council spending or saving money in excess of £500,000 and/or have a significant impact on two or more wards in Peterborough.

This Forward Plan should be seen as an outline of the proposed decisions and it will be updated on a monthly basis. The dates detailed within the Plan are subject to change and those items amended or identified for decision more than one month in advance will be carried over to forthcoming plans. Each new plan supersedes the previous plan. Any questions on specific issues included on the Plan should be included on the form which appears at the back of the Plan and submitted to Lindsay Tomlinson, Governance Support Officer, Chief Executive's Department, Town Hall, Bridge Street, PE1 1HG (fax 01733 452483). Alternatively, you can submit your views via e-mail to [lindsay.tomlinson@peterborough.gov.uk](mailto:lindsay.tomlinson@peterborough.gov.uk) or by telephone on 01733 452238.

The Council invites members of the public to attend any of the meetings at which these decisions will be discussed and the papers listed on the Plan can be viewed free of charge although there will be a postage and photocopying charge for any copies made. All decisions will be posted on the Council's website: [www.peterborough.gov.uk](http://www.peterborough.gov.uk). If you wish to make comments or representations regarding the 'key decisions' outlined in this Plan, please submit them to the Governance Support Officer using the form attached. For your information, the contact details for the Council's various service departments are incorporated within this plan.

### NEW ITEMS THIS MONTH:

- Proposed Bushfield Academy
- Future of Peterborough Professional Development Centre (PPDC)
- Budget Proposals
- Council Tax Base Report
- Library Strategy
- Sports Strategy
- Section 44 Input to Regional Spatial Strategy (RSS) Review
- Tourist Information Service
- Refreshed Local Area Agreement



## NOVEMBER - KEY DECISIONS

KEY DECISION REQUIRED	DATE OF DECISION	DECISION MAKER	CONSULTATION	CONTACT DETAILS / REPORT AUTHORS	REPORTS
<b>Proposed Bushfield Academy</b> Delegations to be put in place to support the Expression of Interest, Feasibility and Implementation phases.	November 2008	<b>Cabinet Member for Education and Children's Services, Councillor Goldspink</b>	Extensive consultation with the Governing Body of Bushfield School and the Dept for Children, Schools and Families.	John Richard Executive Director Children's Services Tel 01733 863601 <a href="mailto:john.richards@peterborough.gov.uk">john.richards@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Midland Highway Alliance - Junction 8 Parkway Signalisation Project</b> To appoint a contractor for the project	November 2008	<b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b>	Internal stakeholders as appropriate	Chris Berry Business Transformation team Tel. 07976 619906 <a href="mailto:christopher.berry@peterborough.gov.uk">christopher.berry@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Midland Highway Alliance - Framework for the Streets, Squares and Spaces Project</b> To appoint a contractor for the project	November 2008	<b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b>	Internal stakeholders as appropriate	Chris Berry Business Transformation team Tel. 07976 619906 <a href="mailto:christopher.berry@peterborough.gov.uk">christopher.berry@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Riverside Community Sports Pavilion</b> To appoint a contractor to build the Riverside Community Sports Pavilion.	November 2008	<b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b>	Riverside Residents' Association, ward councillors and potential user groups.	Paul Stevenette Programme Consultant Tel. 01733 452475 <a href="mailto:paul.stevenette@peterborough.gov.uk">paul.stevenette@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made

<p><b>Proposals for Corn Exchange</b> To approve the compulsory purchase (if necessary) of remaining leases within the Corn Exchange in order to enable redevelopment of the site.</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>Existing tenants of the Corn Exchange and relevant Ward Councillors.</p>	<p>Andrew Edwards Head of Strategic Property Tel. 01733 384530 <a href="mailto:andrew.edwards@peterborough.gov.uk">andrew.edwards@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>
<p><b>Heltwate School Extension – Award of Contract</b> To award the contract for an extension to the school.</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>A project board has been established consisting of representatives of the school including the head teacher, parent governor, and officers from Children's Services</p>	<p>Alison Chambers Asset Development Officer Children's Services Tel. 01733 863975 <a href="mailto:alison.chambers@peterborough.gov.uk">alison.chambers@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>
<p><b>Schools Broadband Managed Service Provision</b> To award a contract to a third party supplier to provide broadband connectivity and associated services to all Peterborough schools as a managed service.</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>Internal consultation across departments and schools. A working group has been established with representation from primary and secondary schools and school network managers and this group has been involved in the solution design.</p>	<p>Nick Barras Business Transformation, ICT Tel. 01733 317915 <a href="mailto:nick.barras@peterborough.gov.uk">nick.barras@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>

<p><b>Schedule of Rates for Capital Civil Engineering Works 2008 – 2010</b> To award a two year framework contract for the delivery of small and medium highway improvement works funded through the Local Transport programme</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>Internal stakeholders as appropriate.</p>	<p>Stuart Mounfield Senior Engineer Transport and Engineering Services Tel. 01733 453598 <a href="mailto:stuart.mounfield@peterborough.gov.uk">stuart.mounfield@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>
<p><b>Preventative and Family Support Services</b> To seek authorisation to award a range of contracts for the above services for a 3 year period.</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>Schools, colleges, parents, carers and partner agencies. Further consultation will be carried out with children and young people and relevant voluntary sector agencies.</p>	<p>Rod Grant Interim Commissioning Manager Children's Services Tel. 01733 864012 <a href="mailto:rod.grant@peterborough.gov.uk">rod.grant@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>
<p><b>Nene Bridge Refurbishment</b> To award contract for refurbishment</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>All utility companies, Network Rail, Environment Agency, internal stakeholders, emergency services and transport groups.</p>	<p>Richard Cranwell Environmental Engineering Team Manager Environment and Community Services Tel. 01733 453504 <a href="mailto:richard.cranwell@peterborough.gov.uk">richard.cranwell@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>
<p><b>Future of Peterborough Professional Development Centre (PPDC)</b> To consider options for the future utilisation of the site by the council</p>	<p>November 2008</p>	<p><b>Cabinet Member for Efficiency and Business Improvement, Councillor Scott</b></p>	<p>Consultation with take place with relevant stakeholders including Ward Councillors</p>	<p>Richard Hodgson Head of Strategic Projects Tel. 01733 384535 <a href="mailto:richard.hodgson@peterborough.gov.uk">richard.hodgson@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>

## DECEMBER - KEY DECISIONS

KEY DECISION REQUIRED	DATE OF DECISION	DECISION MAKER	CONSULTATION	CONTACT DETAILS / REPORT AUTHORS	REPORTS
<p><b>Section 106 Planning Obligations Implementation Scheme</b> To approve the approach to negotiating Planning Obligations</p>	December 2008	<p><b>Cabinet</b> This decision will be an Executive recommendation to full Council for endorsement</p>	Extensive consultation will be undertaken involving relevant stakeholders and appropriate member forums.	<p>Graeme Law Strategic Planning Executive Strategic Growth &amp; Development Tel: 01733 863825 <a href="mailto:graeme.law@peterborough.gov.uk">graeme.law@peterborough.gov.uk</a></p>	Public report will be available from the Governance Support Officer one week before the decision is made
<p><b>Moving Forward</b> Agreement for adult social care to be part of the future provider model of the PCT</p>	December 2008	<p><b>Cabinet</b></p>	Public consultation took place in 2007; HASC to be consulted September 2008 and October 2008	<p>Denise Radley Director of Adult Social Services and Performance 01733 758444 <a href="mailto:denise.radley@peterborough.gov.uk">denise.radley@peterborough.gov.uk</a></p>	Public report will be available from the Governance Support Officer one week before the decision is made
<p><b>Budget 2009/10 and Medium Term Financial Plan to 2011/12</b> Draft budget for 2009/10 and Medium Term Financial Strategy to 2011/12 to be agreed as a basis for consultation. This will include the Council's Capital Strategy, Asset Management Plan and Draft Annual Accountability Agreement between Peterborough City Council and Peterborough Primary Care Trust.</p>	December 2008	<p><b>Cabinet</b></p>	Report forms the basis of consultation with stakeholders, prior to further consideration by Cabinet in February 2009 and subsequent endorsement at full Council.	<p>John Blair Head of Strategic Finance Tel: 01733 384564 <a href="mailto:john.blair@peterborough.gov.uk">john.blair@peterborough.gov.uk</a></p>	Public report will be available from the Governance Support Officer one week before the decision is made

<b>Council Tax Base</b> To agree the calculation of the council tax base for 2009/10	December 2008	<b>Cabinet</b>	Internal advice has been received from Finance and Legal Services. No formal consultation will take place regarding proposals	John Blair Head of Strategic Finance Tel: 01733 384564 <a href="mailto:john.blair@peterborough.gov.uk">john.blair@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Library Strategy</b> To endorse the strategy and recommend approval by Council	December 2008	<b>Cabinet</b> <b>This decision will be an Executive recommendation to full Council.</b>	Relevant stakeholders including Community Development Scrutiny Panel	Kevin Tighe Head of Cultural and Neighbourhood Services Tel: 01733 863784 <a href="mailto:kevin.tighe@peterborough.gov.uk">kevin.tighe@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Sports Strategy</b> To endorse the strategy and recommend approval by Council	December 2008	<b>Cabinet</b> <b>This decision will be an Executive recommendation to full Council.</b>	Relevant stakeholders including Community Development Scrutiny Panel	Kevin Tighe Head of Cultural and Neighbourhood Services Tel: 01733 863784 <a href="mailto:kevin.tighe@peterborough.gov.uk">kevin.tighe@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made
<b>Section 44 Input to Regional Spatial Strategy (RSS) Review</b> To give advice to East of England Regional Assembly on proposed review of the Regional Spatial Strategy to 2031	December 2008	<b>Cabinet Member for Strategic and Regional Partnerships, Councillor Collins and Cabinet Member for Housing, Regeneration and Economic Development, Councillor Murphy</b>	External and key stakeholders including neighbouring local authorities, land agents and chamber of commerce	Rob Brown Area Strategic Planning Manager Tel: 01733 863795 <a href="mailto:robert.brown@peterborough.gov.uk">robert.brown@peterborough.gov.uk</a>	Public report will be available from the Governance Support Officer one week before the decision is made

## JANUARY - KEY DECISIONS

KEY DECISION REQUIRED	DATE OF DECISION	DECISION MAKER	CONSULTATION	CONTACT DETAILS / REPORT AUTHORS	REPORTS
<p><b>Tourist Information Service</b> To determine delivery mechanisms for tourist information services</p>	<p>January 2009</p>	<p><b>Cabinet Member for Community Services, Councillor Lee</b></p>	<p>Consultation will take place with relevant stakeholders as appropriate, including staff, trades unions and the Community Development Scrutiny Panel</p>	<p>Linda Wills Tourism Services Manager Tel: 01733 863835 <a href="mailto:linda.wills@peterborough.gov.uk">linda.wills@peterborough.gov.uk</a></p>	<p>Public report will be available from the Governance Support Officer one week before the decision is made</p>

## FEBRUARY - KEY DECISIONS

KEY DECISION REQUIRED	DATE OF DECISION	DECISION MAKER	CONSULTATION	CONTACT DETAILS / REPORT AUTHORS	REPORTS
<p><b>Budget 2009/10 and Medium Term Financial Plan to 2011/12</b></p> <p>To agree proposals for the Council's budget and corporate strategy in accordance with the Council's procedure rules. This will include approval of the Council's Capital Strategy, the Asset Management Plan, the Adult Social Care Charging Policy and the Draft Annual Accountability Agreement between Peterborough City Council and Peterborough Primary Care Trust</p>	February 2009	<p><b>Cabinet</b></p> <p>This decision will be an <b>Executive recommendation to full Council.</b></p>	This decision follows consultation with stakeholders about the draft MTFs, presented to Cabinet in December.	<p>John Blair Head of Strategic Finance Tel: 01733 384564 <a href="mailto:john.blair@peterborough.gov.uk">john.blair@peterborough.gov.uk</a></p>	Public report will be available from the Governance Support Officer one week before the decision is made
<p><b>Refreshed Local Area Agreement (LAA)</b></p> <p>To sign off the refreshed LAA prior to its submission to the Government Office</p>	February 2009	<p><b>Leader of the Council and Cabinet Member for Finance and Human Resources, Councillor Peach</b></p>	Relevant stakeholders and fora including Scrutiny Committee	<p>Richard Astle Director, Greater Peterborough Partnership Tel: 01733 865042 <a href="mailto:richard@gpb-peterborough.org.uk">richard@gpb-peterborough.org.uk</a></p>	Public report will be available from the Governance Support Officer one week before the decision is made

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**SCRUTINY COMMITTEE  
AGENDA PLAN 2008-2009**

Date of Meeting	Item (including what the Panel is requested to do)	Item referred by	Type of Scrutiny Activity	Relevant Terms of Reference	Expected Outcome
15 December 2008 (Despatch of papers – 5 Dec 2008)	<b>STRATEGIC ITEMS</b>				
	<p><b>Budget 2009/10</b> To consider the draft Budget and Corporate Strategy for 2009/10. <b>Contact Officer: John Blair</b></p>	Cabinet	Policy Development	To consider the Council's annual budget proposals and Corporate Strategy.	Recommendations to the Executive (2 February 2009)
	<b>MONITORING ITEMS</b>				
	<p><b>Budget Monitoring 2008/09</b> To consider the latest budget monitoring report and identify any areas of concern. <b>Contact Officer: John Blair</b></p>	Cabinet	Performance Management	To monitor the Council's financial performance during the year.	Identification of any areas of concern
	<p><b>Performance Monitoring 2008/09 – Quarter 2</b> To consider the quarter two performance monitoring report and identify any areas of concern. <b>Contact Officer: Jo Proud</b></p>	Cabinet	Performance Management	To monitor the performance of portfolios through regular performance monitoring reports.	Identification of any areas of concern
<p><b>Delivery of the Local Area Agreement</b> To consider and comment on the performance of the delivery of the LAA. <b>Contact Officer: Richard Astle/Pippa Gardner, GPP</b> <i>Quarterly Report</i></p>	GPP	Performance Management	To monitor the delivery of the Community Strategy and Local Area Agreement.	Identification of any area of concern	

Date of Meeting	Item (including what the Panel is requested to do)	Item referred by	Type of Scrutiny Activity	Relevant Terms of Reference	Expected Outcome
16 February 2009 (Despatch of papers – 6 Feb 2009)	<b>STRATEGIC ITEMS</b>				
	<b>Local Area Agreement</b> To consider and comment on the review and refresh of the LAA, prior to its consideration by the Executive. <b>Contact Officer: Richard Astle</b>	GPP	Performance Management	To monitor the delivery of the Community Strategy and Local Area Agreement.	Recommendations to the Executive
	<b>MONITORING ITEMS</b>				
	<b>Annual Review of the Use of the Suspension of the Call-in Procedure</b> To consider and comment on how often and in what circumstances the suspension of call-in was used. <b>Contact Officer: Margaret Welton</b>	Officer	Holding to Account	To exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive.	Identification of any areas of concern
6 April 2009 (Despatch of papers – 27 Mar 2009)	<b>STRATEGIC ITEMS</b>				
	<b>MONITORING ITEMS</b>				
	<b>Performance Monitoring 2008/09 – Quarter 3</b> To consider the quarter three performance monitoring report and identify any areas of concern. <b>Contact Officer: Jo Proud</b>	Cabinet	Performance Management	To monitor the performance of portfolios through regular performance monitoring reports.	Identification of any areas of concern
	<b>Human Resources Key Performance Indicators</b> To consider the half yearly report on the performance of the HR Key Performance Indicators and identify any areas of concern.	Officer	Performance Management	To monitor the performance of the Human Resources portfolio through regular performance monitoring reports.	Identification of any areas of concern

Date of Meeting	Item (including what the Panel is requested to do)	Item referred by	Type of Scrutiny Activity	Relevant Terms of Reference	Expected Outcome
	<p><b>Contact Officer: Jacqui McGeachie</b></p> <p><b>Delivery of the Local Area Agreement</b> To consider and comment on the performance of the delivery of the LAA.</p> <p><b>Contact Officer: Richard Astle</b> <i>Quarterly Report</i></p>	GPP	Performance Management	To monitor the delivery of the Community Strategy and Local Area Agreement.	Identification of any area of concern

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