



PETERBOROUGH CITY COUNCIL

PLANNING OBLIGATIONS IMPLEMENTATION SCHEME 2008

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S106Draft Report Version 4 – BCF
30 October 2008

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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 05/2005¹, 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.

¹ 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

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 12th 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:

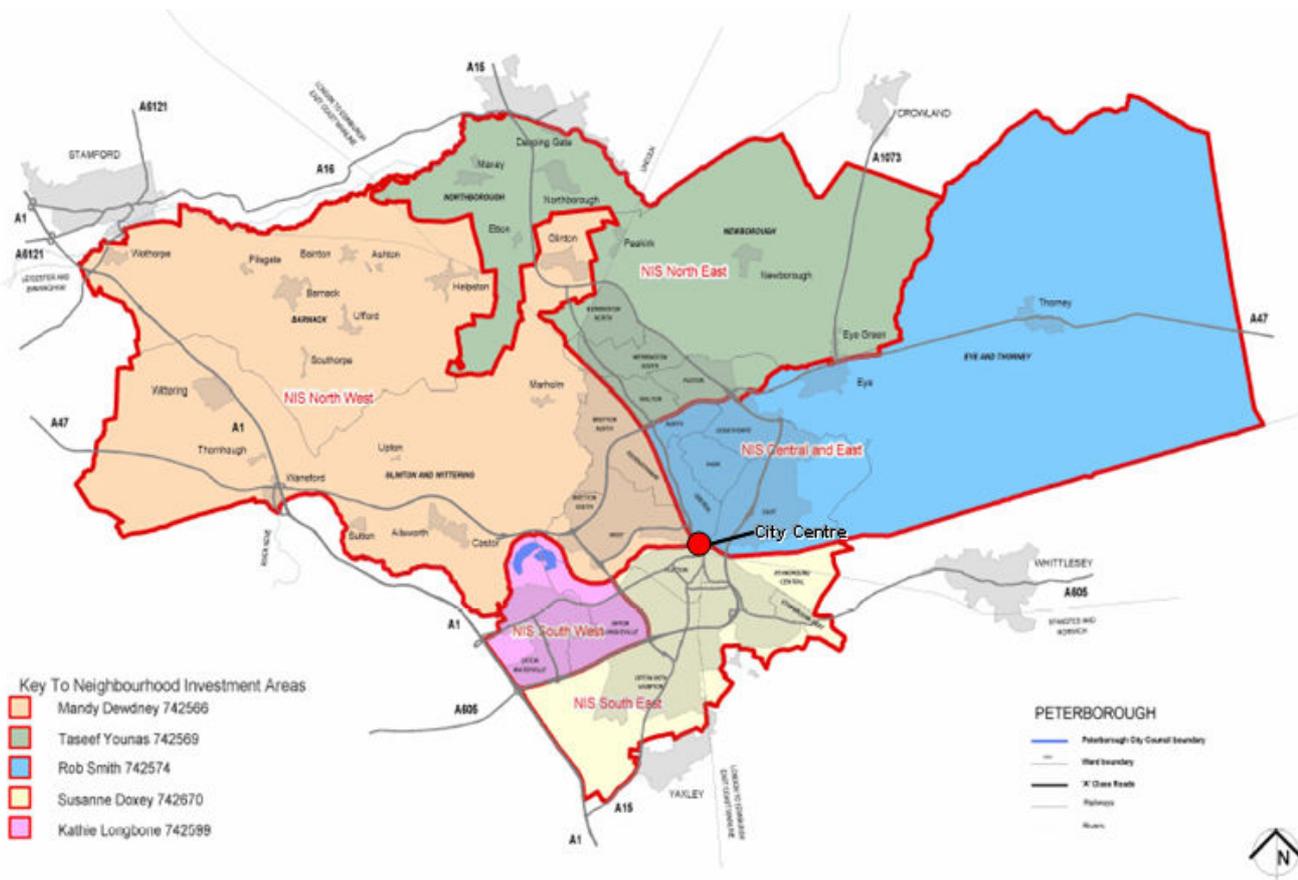
<http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/planningobligations/modelplanningobligation/>

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:

Infrastructure	Means of Delivery
<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

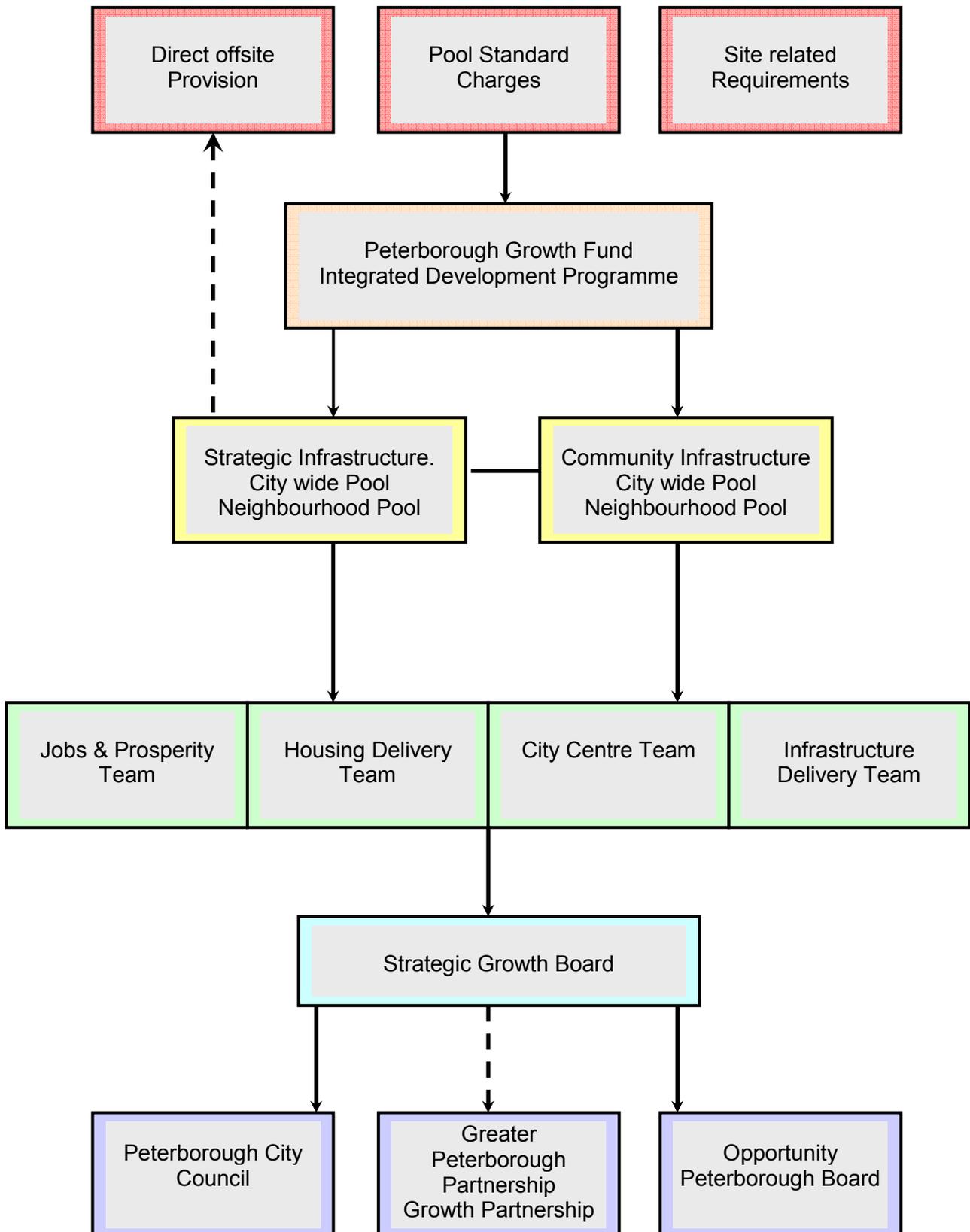
The scope of infrastructure provision set out in this Scheme is led by a number of service providers which are acting in unison to ensure timely comprehensive provision. These are shown in the Infrastructure Matrix summarised here:

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 :

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

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
Total Contribution	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 1500m² (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
Total Contribution:	Site specific works 1500m ² x £75/m ² = £112,500 + monitoring fee

Scenario 1c

An industrial developer seeks consent for a 3200m² (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
+3200m² x £8/m² = £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 Planning Officer to liaise with Highways to agree provision of footpaths, travel plans and on-site roads etc.

Open space – On-site provision to be made, no financial contribution required in accordance with Local Plan Policy

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

Neighbourhood Negotiated Pooled contribution accepted

Strategic Negotiated Pooled contribution accepted

Scenario 5

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

Site Specific Planning Officer to liaise with Highways to agree provision of travel plans, footpaths and on-site roads etc.

Open space – On-site provision to be provided on-site in accordance with Local Plan policy

Affordable Housing – Scheme is for 100% Affordable Housing therefore Local Plan policy is met.

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

Appendix 2 – The Standard Contribution Figures

Land use	Type	Standard Charge Rate	Trigger Point
A1 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 ² GEA	500 m ²
A1 Supermarkets		£125 per m ² GEA	500 m ²
A2 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 ² GEA	500 m ²
A3 Restaurants and Cafes	<i>Sale of food and drink for consumption on the premises</i>	£20 per m ² GEA	250 m ²
A4 Drinking Establishments	<i>Public houses, wine-bars or other drinking establishments</i>	£20 per m ² GEA	250 m ²
A5 Hot Food	<i>Sale of hot food for consumption off the premises</i>	£20 per m ² GEA	250 m ²
Exceptions	<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	
B1 Business	<i>Offices not within Class A2 Research and development of products or processes, laboratories, light industry</i>	£10 per m ² GEA	500 m ²
B2 General Industry	<i>General Industry</i>	£8 per m ² GEA	500 m ²
B8 Storage or Distribution	<i>Use for storage or as distribution centre</i>	£8 per m ² GEA	500 m ²
Exceptions	<i>Use for any work registerable under the Alkali, etc Works regulation Act 1906</i>	Negotiated case by case	
C1 Hotels	<i>Hotels, boarding or guest houses where no significant element of care is provided</i>	£500 per bedroom	50 beds
C2 Residential Institutions	<i>Residential schools and colleges, hospitals and convalescent/nursing homes</i>	Negotiated case by case	

Appendix 2 – The Standard Contribution Figures

Land use	Type	Standard Charge Rate	Trigger Point
C3 Dwelling Houses	Flats: Studio Flat	£2,000	1 dwelling
	1 Bedroom	£3,000	
	2 Bedroom	£4,000	
	3+ Bedroom	£5,000	
	Houses: 1 Bedroom	£3,000	
	2 Bedroom	£4,000	
	3 Bedroom	£6,000	
	4 Bedroom	£8,000	
5+ Bedroom	£9,000		
Exceptions	Hostels	Negotiated case by case	
D1 Non-residential Institutions	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	
D2 Assembly and Leisure	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 ² GEA	500 m ²
Exceptions	Theatres, nightclubs	£8 per m ² GEA	500 m ²
Mineral Extraction		Negotiated case by case	
Waste Disposal		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 ²
2 bed flat	£3,900	£4,000	£1,950	£53
3 bed house	£9,999	£6,000	£3,333	£97
4 bed house	£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
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
		GVA Gimley suggested rate	Suggested maximum payment per dwelling
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
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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
Site A			
	Per 100 dwellings (79 flats, 21 houses)	£1,220,817	£406,779
Site B			
	7 flats	£14,210	£28,000
Site C			
	1 (4 bed) house	£7,920	£8,000
Site D			
	4 (1 bed) flats, 60 (2 bed) flats, 5 (2 bed) houses, 38 (3 bed) houses	£604,628	£500,000
Site E			
	1 (1 bed) flat		
	Unilateral	£620	£3,000
Site F			
	1 (3 bed) house	£7,060	£6,000
Site G			
	(2005 app) 12 (2 bed) flats, 12 (5 bed) townhouses	£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 ²	Current	New
Site N			

	M ²	Current	New
B1	992		
B2	2314		
		£48,000	£28,432
Site O			
A1	4849		
B8	7174	£329,552	£421,067
Site P Mixed			
B1	2335		
6 (1 bed) flat			
8 (2 bed) flat		£117,779	£73,350
Site Q			
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 11th 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]

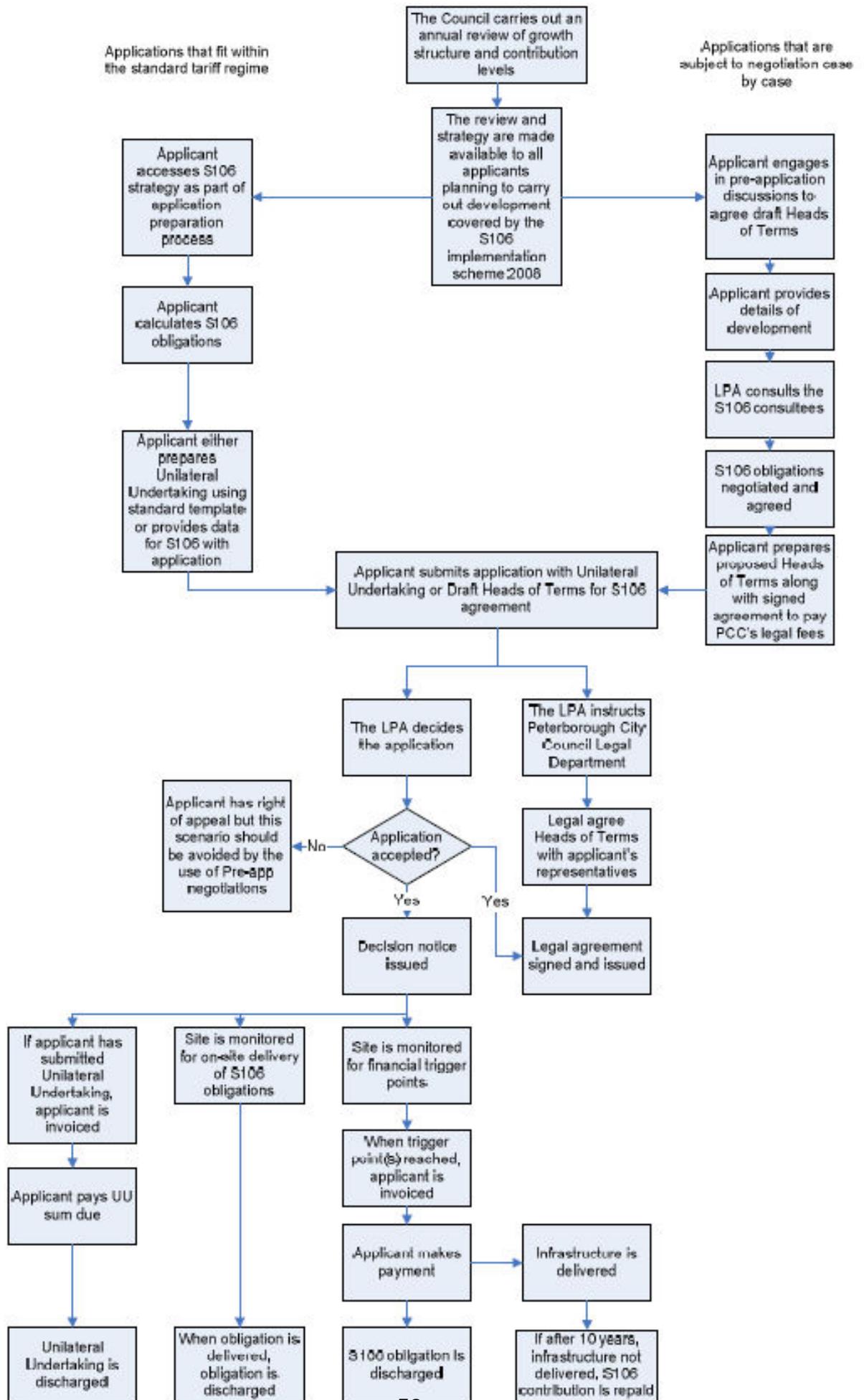


Table 1 Infrastructure Provision Delivered 2007-2008			
Pool	Description	£m	Notes
Strategic [City Wide]			
Communications	A15 (J21-J22 Dualling) Paston Parkway	>6	G
	A1139 (J2-J3) Fletton Parkway	>7	G
Community and Leisure	Extend Key Studio Theatre	<1	G
Education and Learning			
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities	Hampton Broadband		U
Strategic [City Centre]			
Communications			
Community and Leisure			
Education and Learning			
Emergency Services – Police			
Environment			
Health & Adult Social Care			
Utilities			
North West			
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			
North East			
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...

Table 1 Infrastructure Provision Delivered 2007-2008			
Pool	Description	£m	Notes
South West Communications Community and Leisure Education and Learning Emergency Services – Police Environment Health & Adult Social Care Utilities	Orton Longueville School various minor capital works		D
South East 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
Central and East 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	

Table 2 Infrastructure Provision 2007-2008			
Pool	Description	£m	Notes
Strategic [City Wide]			
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			
Strategic [City Centre]			
Communications Community and Leisure Education and Learning Emergency Services – Police Environment Health & Adult Social Care Utilities	Cathedral Square Public Realm improvements		
North West			
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			
North East			
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...

Table 2 Infrastructure Provision 2007-2008			
Pool	Description	£m	Notes
South West			
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			
South East			
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
Central and East			
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			

Table 3 Infrastructure Provision 2009-2012			
Pool	Description	£m	Notes
Strategic [City Wide]			
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
Strategic [City Centre]			
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			
North West			
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		

Table 3 Infrastructure Provision 2009-2012			
Pool	Description	£m	Notes
Emergency Services - Police Environment Health & Adult Social Care Utilities	(phase II) Provide/upgrade neighbourhood Police Offices	<1	
North East			
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	
South West			
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	
South East			
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
Central and East			
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	

Table 3 Infrastructure Provision 2009-2012			
Pool	Description	£m	Notes
	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

Table 4 Infrastructure Provision 2012 Onwards			
Pool	Description	£m	Notes
Strategic [City Wide]			
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	
Strategic [City Centre]			
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			
North West			
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			
North East			
	<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 4 Infrastructure Provision 2012 Onwards			
Pool	Description	£m	Notes
Emergency Services - Police Environment Health & Adult Social Care Utilities	development etc) Two new primary schools (Paston Reserve development etc) Primary Care Centre	7 <1	D
South West Communications Community and Leisure Education and Learning Emergency Services - Police Environment Health & Adult Social Care Utilities	Secondary school review (phase 2) St Johns Orton expansion Primary Care Centre	 <1	
South East Communications Community and Leisure Education and Learning Emergency Services - Police Environment Health & Adult Social Care Utilities	<i>(Potential New Urban Extension in this Neighbourhood Investment Area)</i> 3 Community Centres 2 Primary Schools (Hampton Leys) 3 new Primary Schools (Great Haddon development) 1 new Secondary school (Great Haddon development) St Augustine's/Brewster Avenue – re-provide school Old Fletton School refurbishment project Secondary School review (phase 2) Extra Care Home, Frail Elderly Home, Primary Care Centre Augment Flag Fen Sewage Treatment Works	 7 10.5 25 3.5	D D D
Central and East Communications Community and Leisure Education and Learning Emergency Services - Police Environment Health & Adult Social Care Utilities	Abbotsmede School remodel Dogsthorpe School merger Primary Care Centre	 <1	

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