



**South
Derbyshire
District Council**

Planning Services
& Housing Services

Section 106 Agreements

Version 8

A guide for Developers

April 2010



INVESTOR IN PEOPLE

**SECTION 106
CONTRIBUTION MATRIX
A GUIDE FOR DEVELOPERS**

VERSION 8

Developer contributions generated by new residential development in South Derbyshire exceeding 4 dwellings*

TYPE OF CONTRIBUTION	
1. RECREATION - OPEN SPACE	£372 PER PERSON (see notes below)
2. RECREATION - OUTDOOR FACILITIES	£220 PER PERSON (see notes below)
3. RECREATION - BUILT FACILITIES	£122 PER PERSON (see notes below)
HEALTH (PCT)	£551 PER DWELLING IN DERBYSHIRE PCT AREA (see Appendix 4 below)
AFFORDABLE HOUSING	% OF TOTAL OVER 14 UNITS (seek advice of Housing Strategy Manager) - (to include contribution for affordable housing administration fee – see Appendix 5 below)
EDUCATION (LEA)	SUBJECT TO DERBYSHIRE LEA ADVICE (see Appendix 3 below)
NATIONAL FOREST PLANTING	REQUIRED WHERE SITE IS OVER 0.5HA (in National Forest area) (see Appendix 6 below)
RIVER MEASE DEVELOPER CONTRIBUTION	See notes below. (Appendix 7)

***See Appendix 7.**

1. OPEN SPACE PROVISION

Introduction

This Contribution Matrix has been derived from the information presented in the PPG17 Open Space Audit and Strategy, which is based on audit and assessment of open space provision for each type of facility required across the District.

In the Strategy, a target quantity of space (2.54ha per thousand population) is recommended, which has been informed by catchment mapping, consultation and future needs based on population projection.

The cost of providing the facility is factored into the equation, which generates a formula, which can be applied to all new residential development exceeding 5 dwellings. The resulting formula is used assuming that the number of bedrooms = the number of people generated by the development, (e.g. 20 bedrooms = 20 people).

Quantity

The strategy document recommends that an aspirational standard of **25.4 metres² per person** is be used to calculate planning contributions (see Appendix 1).

1. 5 – 20 dwellings = commuted sum payable for contribution to off-site provision
2. 20+ dwellings = commuted sum for formal open space + on-site provision of informal open space and equipped play (minimum size 0.04ha)
3. 50+ dwellings = as (2) but with provision of a LEAP as a minimum standard

The Local Planning Authority will have discretionary ruling over the location of the provision, (i.e. whether on or off site) taking into account local factors and will discuss this at the pre-application stage of the planning process. This will be influenced by factors such as the proximity of the development site to existing facilities, to ensure there is no conflict of provision.

Cost

PPG17 suggests that planning contributions are calculated through costing the development of provision. The cost of providing a facility is made up of a number of elements which are set out below (see Appendix 2 for more information). The Unit cost is the multiplied by 25.4 to give the contribution per person.

ITEM	UNIT COST	UNIT COST x 25.4
Land Costs	£5 per m ²	£127.00
Construction costs	£2 per m ²	£50.80
Equipment costs	£0.20 per m ²	£5.00
Maintenance costs (10 years)	£7.50 per m ²	£190.50
<u>TOTAL</u>	<u>£14.70 per m²</u>	<u>£373 PER PERSON</u>
Legal fees	£2000	

2. OUTDOOR SPORTS FACILITIES

Outdoor sports facilities (typically sports pitches) are recommended to be provided on the basis of 22m² per person assuming one person per bedroom – i.e. one bedroom dwelling = 22m², two bedroom dwelling = 44m², etc.

Any facility is made up of a number of elements which are set out A and B below. The developer may provide the required space/facility in accordance with requirements or may make a contribution in lieu of such and where this is appropriate to local circumstances.

The capital cost of the facility (A) and 10 years revenue cost of maintenance and management (B).

A. Land Costs

The pro-rata cost of a site that would need to be acquired in the area in which the site falls.

The cost of 1ha of land in the district at March 2006 is currently estimated at £50,000. = £5 per m².

B. Ten years maintenance/management

The average pro-rata cost of the maintenance of the facility (typically a sports field) for a ten year period. This is currently estimated at (£0.05 per m²) x (10 cuts per year) x (10 years) = £5 per m².

ALL OF THE ABOVE COSTS PER M² ARE THEN MULTPLIED BY 22 =

	COST PER ELEMENT
A.	£110.00
B.	£110.00
<u>TOTAL</u>	<u>£220 PER PERSON</u>

This assumes the developer provides no part of the facility on-site (which would normally be the case for all but the very largest sites).

3. BUILT FACILITIES

Based upon the approximate costs of building new/refurbishing facilities at Etwall, Melbourne and Greenbank (Swadlincote) of £8m, £2m and £0.5m respectively, if the total of £10.5m is divided by the current population of 85,500, that would give a figure of £122.80 per person. In most cases this would be collected via a commuted sum which would be paid into the appropriate area leisure pot.

APPENDIX 1

The classification of Open Space is comprised of three elements:

- (i) Formal open space – formal parks & gardens, allotments and cemeteries
- (ii) Informal open space – amenity greenspace (e.g. commons and recreation grounds)
- (iii) Provision for children and young people (e.g. equipped play areas and youth facilities)

The strategy recommends the use of a target standard to be applied across the district made up of the:

- current level of provision,
- demand for provision determined through consultation,
- demand identified through catchment mapping of type of space,
- demand for future provision determined by population projections.

From this an 'aspirational standard' is derived. Whilst this standard is different for each of the three sub areas (see strategy document), it is recommended that a single standard be used across the district to make calculation of contributions simpler and more equitable.

This is made up of:

- (i) Formal open space – 13 metres²
- (ii) Informal open space – 10.5 metres²
- (iii) Provision for children and young people – 1.9 metres²

which are added together to arrive at the aspirational standard of 25.4m² per person.

APPENDIX 2

A. Land Costs

The pro-rata cost of a site that would need to be acquired in the area in which the site falls.

The cost of 1ha of land in the district at March 2006 is currently estimated at £50,000. (= £5 per m²).

B. Construction costs (including any essential ancillary works)

The pro-rata cost of making the acquired site suitable for its intended use.

The total estimated cost of converting meadow into useable space(s)

(to include necessary levelling, drainage works etc.),

is currently estimated at £20,000 per ha (=£2 per m²)

C. Essential equipment

The pro-rata cost of any equipment to enable the acquired land to be fit for its intended purpose.

(e.g. seating/signage) is currently estimated at £2,000 per ha (approx. £0.20 per m²)

D. Ten years maintenance/management

The pro-rata cost of the maintenance of the facility for a ten year period.

This is currently estimated at £0.75 per m² x 10 years = £7.50 per m²

E. Legal fees

Currently estimated at £2000 and applied as a flat rate to each s106 agreement.

APPENDIX 3

EDUCATION CONTRIBUTIONS (Section 106 Agreements)

Derbyshire LEA position as stated 9 February 2009.

If spaces are available on the role of the local school then no contribution is due from a development. However, if 'cumulative impacts' in an area are evident that would be likely to cause a threshold to be reached, then contributions may be due (this can be checked with LEA at any particular time). Also the LEA may at times set projections to forecast possible shortfalls in spaces in certain areas.

Derbyshire County Primary Care Trust Development Position Statement on Section 106 levies for significant new housing developments in South Derbyshire District Council area

Introduction

Derbyshire County PCT covers the majority of the Derbyshire County Council area and also has eight District and Borough Councils who have statutory responsibility for Planning purposes. Across the Trust there are 98 GP practices, over 100 pharmacies and around 80 dental practices. All areas within Derbyshire are expected to undergo continued population growth, with the population expected to most significantly in South Derbyshire District Council (approximately 600 houses per year) and Amber Valley Borough Council (approximately 400 houses per year) areas. Some smaller but also significant developments are planned in the North especially in and around Chesterfield.

The PCT is required to support an approach to promoting and maintaining the good health of local neighbourhoods and individuals in line with the Government White paper “Choosing Health”. This is intended to address the future needs of local populations including demand for services arising from population growth, the increasing proportion of older people and the need to improve access to services, especially in the more deprived neighbourhoods and communities. The PCT’s Strategic Plan aims to support choice and plurality by instigating a drive to ensure that services are accessible and equitable, more integrated, provide care closer to patients, are of uniform and higher quality, provide value for money and empower individuals to make choices about their own treatment and care.

Government guidance states that planning obligations can provide a means; “... to meet the costs imposed as a result of development, for example the full cost of essential community facilities required as a direct result of a proposed new development”. The Circular on Planning Obligations states that “... if a proposed development would give rise to the need for additional or expanded community infrastructure, ... which is necessary in planning terms and not provided for in the application, it might be acceptable for contributions to be sought towards this additional provision through a planning obligation.”

The NHS Plan

This ten-year plan set out an agenda for modernising and reforming the NHS and signalled the intention to put the patient at the centre of care. It envisaged that: “Many GP’s will be working in teams from modern multi-purpose premises alongside nurses, pharmacists, dentists, therapists, opticians, midwives and social care staff. Nurses will have new opportunities and some GP’s will tend to specialise in treating different conditions”.

The NHS Plan acknowledged and reinforced the central role of primary care and recognised an urgent need to improve and develop services. It outlined extra investment requirements in NHS facilities and estate, aiming to develop new hospitals and one-stop primary care centres in areas where health needs and service developments dictated a need.

Primary Care

Primary care is the first point of contact with health services for most people in most circumstances, it provides the gateway to a comprehensive system of care and treatment and when a patient needs

to see a specialist it is the primary care clinicians that initiate the process by which patients can access that care. One of the great strengths of primary care arises from its location in the community, its understanding of the needs of individuals, families and the diverse needs of the local neighbourhood. Patients value this and the continuity of care they get from good primary care services.

Primary care encompasses services provided by:

- Family Doctors / General Practitioners;
- Dentists;
- Optometrists;
- Pharmacists and Community Pharmacists;
- Counsellors;
- Primary mental health workers;
- Practitioners with Special Interests (GPs and other clinicians);
- Community and practice nurses;
- Health visitors;
- Community matrons;
- Therapists;
- Social workers;
- Administrative and support workers;
- Services provided by self help groups and voluntary agencies.

The role of Primary care clinicians is to

- Manage the care of individual patients;
- Diagnose and treat illnesses that do not require hospital treatment;
- Manage long-term (chronic) conditions;
- Prevent and detect health problems;
- Promote health improvement and well being;
- Help inform and involve patients in their own care and treatment so that they can exercise the choices that are available to them.

Secondary Care

The PCT commissions the majority of hospital services for patients residing in the County from two main Foundation Trusts and other large providers. The majority of this care is provided by the Derby Hospital Foundation Trust, Derbyshire Mental Health Trust & the Chesterfield Royal Hospital Foundation Trust. The Derby Trust is currently part way through a construction project to provide one new hospital for Derby based at the Derby City hospital site.

PCT Commissioning Strategies

The PCT has agreed commissioning intentions that include the commissioning and development of Primary Care Services. (Primary Care includes the majority of NHS services that are provided away from hospitals). This strategy identifies the need to meet the changing needs and expectations of our communities and to ensure that future health services are developed in response.

The guiding principles adopted by the PCT to direct the commissioning of the Primary Care Strategy include:

- Provision of accessible, high quality services
- Improve health and reduce inequalities
- Improve commissioning and effective use of resources
- Improve the engagement of GPs in the roll out of Practice Based Commissioning
- Improve public involvement
- Improve co ordination with social services through greater congruence of PCT and Local Authority boundaries and by promoting joint commissioning and partnership working
- Improve access

National policies introduced over recent years have led to an increase in the number of enhanced services provided within General Practice and pharmacies in particular, for example minor surgery, counselling, services for patients with long term conditions, management of long term conditions. Additional capacity will be required within Primary Care to deliver current Government policies, for example 'The Patient Led NHS' which looks to deliver care closer to patients' homes. This will lead to transferring services which have traditionally been delivered in hospitals into the community.

Developing Primary Care in response to population growth and residential developments

Population densities are increasing in particular across Southern Derbyshire and with few remaining green field sites the demand for land suitable for development often exceeds the supply. With relatively high land values, acquiring sites for health services purposes in locations that are convenient for patients is problematic.

Large residential developments are also occurring in Southern Derbyshire, both within and outside of the Derby city centre. These will all have an impact on the region in terms of the demographics of the population and with regards to availability and capacity of sites for health and social care premises.

The General Medical Council have previously advised that the ratio of patients per GP should be no more than 1800:1. However nationally many GP contracts for core services were calculated on a ratio of 1600 patients per GP. The opportunities within new contractual arrangements for Medical Practitioners has allowed a greater skill mix to be utilised in the delivery of Primary Care Medical practices.

Primary Care Development Costs

It would be difficult for the PCT to develop a cost based formula, which could encompass every scenario for future development of buildings to provide a wide spectrum of health services to the population of the County. The current PCT estate consists of community hospitals, health clinics, surgeries and administrative buildings, most of which were established many years ago. A substantial number of other healthcare buildings are directly managed by healthcare providers themselves. Should a new housing development be proposed, the PCT would first consider existing health facilities in the immediate area and the possibilities to extend those facilities. However where there was a substantial housing development or several smaller developments within close proximity, there would be a need to provide additional services and a new building would be more appropriate.

The PCT has developed a model in conjunction with Derby City PCT that estimates the cost of developing Primary Health Care premises based on new integrated services practice builds within the Trust's boundaries. The model takes a simplistic approach, which can be applied to any scenario providing an average cost per dwelling. It is based on the average cost of an average GP

surgery with provision for dental and pharmacy services, and assumes an average of 2.3 persons per household and an average of 1,800 patients per full time GP. This approach negates the difficulties of anticipating a wide set of different scenarios and allows the PCTs to either extend facilities where possible or provides an appropriate contribution to new facilities. The formula excludes legal costs and the costs of acquiring the land and therefore can reasonably be applied where an extension to current practice premises is required instead of Greenfield practice development. However, where a new building, or part of a community integrated building was required, the cost of acquiring the site would be an addition to the formula.

The cost per dwelling is based on the requirement for the population to be registered for primary care services with their local GP. It also allows for the provision of dentistry and pharmacy as part of integrated primary care services. Other services such as opticians and community based healthcare services have not been included in the formula but will be considered by the PCT as part of the health needs of the population within the proposed development. We have assumed that secondary care services could be provided at the Foundation Trust Hospitals.

The PCT will not seek a contribution to discrete housing developments of 4 dwellings or less anticipating that the small increase in population could be absorbed into existing services.

Projected Costs

Based on the costing model for integrated primary care services applied to all population increase/building developments the cost per patient is £220.05. Depending on the proposed mix of housing on the proposed development, but assuming an average of 2.5 people per dwelling, the cost per dwelling is £551.25. This will be varied according to the density used for planning in each of the local authority areas.

Next Steps

Discussions are already advanced with the Derby City, and Amber Valley Councils. An agreement has been in place with South Derbyshire District Council for several years, although this paper provides an update to the formula and therefore the contribution sought under a S106. It is proposed that the projected cost and the basis of the calculations are shared with the remaining Borough and District Councils and to encourage their adoption as a requirement for granting planning consent.

In the future all significant housing developments will then result in the levy per dwelling being charged by the Planning authority to the developer. The levy will then be used by the PCT to offset the cost of providing Primary Care facilities.

Recommendation

- That the proposal is approved by the PCT Board
- That the proposal is made available for the Planning Authorities of the Councils for adoption as part of their planning processes

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Jackie Pendleton, Head of Primary Care Commissioning

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September 2007

APPENDIX 5

AFFORDABLE HOUSING

Extracts from 'Affordable Housing Provision in South Derbyshire – A Guide to Delivery' (available at <http://www.south-derbys.gov.uk/housing>)

... The Council will seek to negotiate, under s106 planning obligations, the provision of an appropriate proportion of affordable housing as part of any proposal for residential development on sites above a minimum size threshold. In doing so, the Council will have regard to the most up-to-date national planning policy statements, Development Plan policies and housing needs evidence at the time the planning application is determined. Currently, PPS3 specifies a national indicative minimum site size threshold of 15 dwellings. The Council is currently awaiting the outcome of its Strategic Housing Market Assessment which will report in May 2008 and supersede the evidence base used to inform the guidance in the draft Regional Plan. Affordable housing should be provided on site. Only in exceptional cases will off-site provision or a financial contribution be acceptable. The Council will support the release of 'rural exceptions' sites where there is a proven local need, where there are no available alternatives on previously developed sites in the settlement within which the need arises, and where proposals are otherwise acceptable in planning terms. All sites for affordable housing should be managed to ensure they are retained for future eligible households, or where restrictions are lifted, ensure that any receipts are recycled for alternative affordable housing provision.

In cases where affordable housing is to be provided through s106 contributions, the assumption is that the affordable housing will be constructed by the developer and transferred on completion to an accredited RSL or other AHMO. In exceptional cases where a financial sum is deemed to be the most appropriate contribution, this should be equivalent to the cost of providing land and affordable housing on-site.

Given the functional relationship between parts of the District and surrounding areas (particularly Derby), the Council will take the needs of those areas into consideration when assessing affordable housing requirements and agreeing nomination/occupation arrangements on relevant sites.

Procedures for the Provision of Affordable Housing in South Derbyshire

It is essential that the likely need and arrangements for the provision of affordable housing are highlighted early on the planning process. Applicants are therefore reminded that all outline planning applications must indicate the total number of dwellings which are likely to be built on the site in the event of planning permission being granted. The Council will seek to negotiate, under s106 planning obligations, the provision of an appropriate proportion of affordable housing as part of any proposal for residential development on sites above a minimum size threshold. In doing so, the Council will have regard to the most up-to-date national planning policy statements, Development Plan policies and housing needs evidence at the time the planning application is determined.

Current indications are that there is a need for a wide range of property types and sizes in South Derbyshire. It is essential that proposals for affordable housing reflect the size and type of affordable housing actually needed, in line with the advice of PPS3. Whilst up-to-date information and individual circumstances will be taken into account on a site-by-site

basis, developers should expect to provide a range of property types and sizes. Where necessary, this may include properties accessible for wheelchair users or which can easily be adapted to meet changing mobility.

Developers are therefore strongly advised to discuss the likely affordable housing requirement with the Council's Housing Strategy Manager at the earliest possible opportunity. Contact: beverly.wagstaffe@south-derbys.gov.uk

The agreement will also need to include an affordable housing delivery management Charge. There are three tiers of payment which reflect the additional burdens involved in dealing with larger applications. In each case a flat fee is levied per site, as follows:

Sites of 15 up to 50 dwellings £500

Sites over 50 up to 500 dwellings £2,500

Sites over 500 dwellings £5,000

APPENDIX 6

Development category	National Forest planting guidelines
Housing developments	
● Sites under 0.5 ha	Normal landscaping appropriate to the site's setting.
● Sites over 0.5 ha	20% of the development area to be woodland planting and landscaping.
Industrial, commercial & leisure developments	
● Sites under 1 ha	Normal landscaping appropriate to the site's setting.
● Sites over 1 ha	20% of the development area to be woodland planting and landscaping.
Road schemes	
● New routes/ road improvements	New road schemes should achieve well wooded settings with planting adjoining the road and off-site. Appropriate landscaping should also accompany road improvements. In each case levels of planting will depend upon the scale and impact of the development.

RIVER MEASE DEVELOPER CONTRIBUTION SCHEME (DCS)

*ALL NEW HOUSES AND COMMERCIAL PREMISES WILL BE EXPECTED TO PAY THE CONTRIBUTION OUTLINED BELOW IF THEY ARE CONNECTING TO THE **FOUL SEWER** NETWORK IN THE VILLAGES OF **OVERSEAL, NETHERSEAL, LULLINGTON AND SMISBY**. HOWEVER REPLACEMENT DWELLINGS AND EXTENSIONS WILL BE EXEMPT. REPLACEMENT COMMERCIAL DEVELOPMENTS OR EXTENSIONS WILL BE CONSIDERED ON A CASE-BY-CASE BASIS.

Explanation

The phosphorous load generated by a new development can be calculated from the volume of water going to the mains from each new development.

In terms of residential development the following volumes are assumed, which have been calculated on the basis of the average occupancy values for proposed dwellings. Part G of the Building Regulations requires all new homes to achieve *domestic* water consumption of a maximum of 120 litres/head/day (125 litres/head/day if garden water usage is included). Water consumption in houses built to the stricter sustainable homes standards will be lower as specified in the table below:

Size of dwelling	Average occupancy	DCS contribution (£)		
		Level 1/2 (120 l/h/d)	Level 3/4 (105 l/h/d)	Level 5/6 (80 l/h/d)
1 bed	1.17	127	112	86
2 bed	1.72	187	165	126
3 bed	2.32	253	222	169
4 bed +	3.24	354	309	236

Non-residential development will need to be assessed on a case-by-case basis with the contribution being calculated on the basis of the estimated volume of wastewater to mains associated with the nature and scale of the development being proposed.

The proposed approach will mean that homes which are built to the new sustainable homes standards will pay a lower contribution. The use of water saving and efficiency measures will be actively encouraged through the implementation of the DCS, which provides an incentive to the new sustainable homes standard in all dwellings in the catchment.

In order for the DCS to mitigate the negative effects of development, it is important that the reduction measures are implemented in a timely manner, which reflects the rate at which development comes forward. Payment of developer contributions will therefore be due upon implementation. In the case of larger scale development, phased payment can be negotiated with the planning authority on a case-by-case basis as appropriate.

Contributions will be collected via Section 106 or unilateral undertaking entered into by the applicant.

Further information on the River Mease DCS is available to view on the council's website