



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

## The Use and Value of Planning Obligations in Wales

# Wales Planning Research Programme



# **The Use and Value of Planning Obligations in Wales**

**A Report to the Welsh Assembly Government**

**By**

**Steven Rowley, Tony Crook, John Henneberry and Craig Watkins**

**Department of Town and Regional Planning  
University of Sheffield**

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## Executive Summary

The research described in this report was commissioned to update and widen knowledge of planning obligations, thereby supporting a more informed debate about them and the proposed Planning Gain Supplement (PGS). The study had two main objectives:

- to estimate the number of applications attracting planning obligations; and
- to estimate the overall value of the contribution through planning obligations.

The study consisted of a survey of all 25 local authorities in Wales. Twenty one authorities responded in full to the survey while the remaining four provided evidence on the number of planning agreements. The survey in Wales collected data for 2005/06 and the results were compared to a similar survey conducted in England for 2003/04.

The following were the main results of the study:

- Fewer than 3% of all major and minor planning permissions granted have a planning agreement attached. This compares to just under 7% in England for 2003/04.
- Planning agreements are attached to 28% of planning permissions for major residential developments; the equivalent proportion in England for 2003/04 was 40%.
- A total of 353 planning agreements were secured for major and minor categories of development which is an average of 14 per authority. Three authorities had no agreements at all during 2005/06.
- Direct payments to local authorities under planning agreements totalled just under £10.5m, with open space contributing the most significant sum (£3.3m).
- The total value of affordable housing obligations was estimated using an alternative method due to the nature of the obligation. The estimate placed the value of affordable housing obligations at between £14m and £20m.
- The total value of planning obligations in Wales is estimated to be between £26m and £31m.
- This total value is equivalent to the value of obligations in the North of England for 2003/04.
- The average value per authority is around £1.2m, a third of the average in England two years previously but similar to the North of England.
- Land value is not the only determinant of the value of obligations. Policy and practice are equally, if not more, important.
- Wales could significantly increase the number and value of obligations by improving the negotiation process and the clarity of local policy.
- The proposed PGS is likely to generate greater revenues than planning obligations unless local authorities become more effective in securing obligations.

# Chapter 1: Introduction and the Approach

## Introduction

1.1 This report for the Welsh Assembly Government describes the outcome of a study to determine the use and value of planning obligations in Wales. A national survey of Welsh local authorities gathered data on planning obligations and was used to determine an estimate of the total value of obligations for 2005/06. It is the first study to attempt to quantify planning obligations contributions in Wales. Other data are used to place this estimate in context. Finally, recommendations describe how local authorities could improve the planning obligations process.

## Planning Obligation Policy Background

1.2 The legal basis of planning agreements is set out in Section 106 of the Town & Country Planning Act 1990. An agreement is a legally binding private contract between a developer and a local planning authority and operates alongside a statutory planning permission. Such agreements require developers to carry out specified obligations when implementing planning permissions and are the result of negotiations on these matters between the two parties. Obligations may be entered into to prescribe the nature of development, to secure a contribution from a developer to compensate for any loss or damage caused by a development, or to mitigate a development's wider impact. Obligations can be carried out either by providing what is needed to a standard specified in the agreement or by paying a sum to the planning authority which will then itself provide the facility.

1.3 Agreements enable local planning authorities to secure matters that, in their view, are essential if developments are to be allowed to proceed but which would be *ultra vires* if pursued through a normal planning condition. Powers to enter into agreements with developers have long existed in planning law but their use has grown very considerably in scope and scale over the last two decades. Until the 1990s their use was largely restricted to requiring developers to contribute to a limited range of 'off site' costs, such as providing access roads to sites (as well as dealing with some of the intricacies of the site development process itself, for example phasing). More recent years have seen a significant growth of planning agreements to secure wider community benefits. This includes asking developers to make contributions to meeting local affordable housing need. Initially restricted to rural housing, Welsh Assembly Government policy now enables planning authorities to use planning obligations to secure affordable housing on all residential development sites. They can do this either by including affordable housing within the market site or on another site, although the Welsh Assembly Government's policy to encourage mixed communities favours on-site rather than off-site contributions (Crook et al, 2002; Monk et al, 2005).

1.4 Current Welsh Assembly Government policy and advice on planning agreements is set out in Welsh Office Circular 13/97 (Welsh Office, 1997). S106 should be used in a manner that protects the interests of the community and planning authorities are advised that obligations might arise from the need to safeguard the local environment or to meet the costs imposed as a result of development, stressing

that what this means in practice will depend on the circumstances of each case. 'Planning obligations are useful arrangements to overcome obstacles which may otherwise prevent planning permission from being granted' (*Planning Policy Wales*, 2002).

1.5 The Welsh Assembly Government's view is that, to be valid, the obligations secured through a S106 planning agreement must be:

- relevant to planning;
- necessary;
- fairly and reasonably related in scale and kind to the proposed development;
- directly related to the proposed development, and
- reasonable in all other aspects.

1.6 Welsh Assembly Government policy about this has been under review in recent years. The concern has been to speed up the process and improve transparency and reduce uncertainty. Government has also been examining the possibility of augmenting site-specific agreements with tariffs, whereby developers can opt to pay a prescribed contribution (labelled an optional planning charge) set out in a plan as an alternative to negotiating obligations. Local planning authorities have experimented with formulae and standard charges, as well as with standard agreements.

1.7 Planning obligations have become a prominent and often controversial feature of land use policy debates because they have enabled local authorities to agree significant benefits from developers that go beyond matters strictly related to the developments in question. For example, in her review of housing supply, Kate Barker acknowledged that practice has developed well beyond formal policy since it has resulted in local authorities obtaining 'development contributions...over and above those strictly required to mitigate the impact of development...allowing local authorities to...access some of the windfall gains that accrue to landowners from selling land for residential development (Barker, 2004, p 66).

1.8 The extension of practice to meeting wider community needs also means that planning obligations are now performing two different economic roles: as a vehicle for compensating third parties for the negative externalities arising from development and as an informal tax of land betterment (Corkindale, 2004). Barker recommended that these two roles should be separated. Planning obligations should be scaled back and restricted to dealing with the mitigation of development impact and to agreeing affordable housing contributions. A tax – Planning-gain Supplement (PGS) - would be used to extract some of the windfall gain and the yield returned to local authorities to help them finance the needs currently funded by developers as a result of negotiations over planning agreements (Barker, 2004). The UK Government has accepted the Barker recommendations and is currently consulting on the proposed Planning-gain Supplement (HMT / HMRC / ODPM, 2005).

1.9 In Wales additional guidance is available for affordable housing and planning obligations. Technical Advice Note 2, published in 2006, provides detailed advice to local authorities on:

- Affordability

- The role of local authorities and Registered Social Landlords (RSL)
- Local housing market assessments
- Setting affordable housing targets
- Policy approaches
- Securing and monitoring affordable housing

Planning Policy Wales, published in March 2002, provides the context for planning policy in Wales. Welsh Office circulars 35/95 and 13/97 provide guidance on planning conditions and obligations.

1.10 It is clear that planning obligations are a complex, important and fast-moving area of policy and practice. However, information about their character and operation is limited, especially in Wales.

## **Agreed and Delivered Obligations**

1.11 There are two elements of planning obligations which may be measured. Firstly, the value of all obligations **agreed**<sup>1</sup> and, secondly, the value of all obligations **delivered**. The measurement of the value of all obligations agreed will indicate the commitment of resources made in any one year. Such commitments may be identified from the planning agreements made between the developer (and associated parties) and the local authority, utilities and so on. However, the obligations agreed will not necessarily be the obligations eventually delivered. Measuring the value of planning obligations that are delivered in any one year is therefore intrinsically more problematic than calculating the value of obligations that are agreed. This results from a number of issues:

- (i) Agreed obligations may not be delivered due to an abandonment of the development.
- (ii) Agreed obligations may be altered through changes in the development.
- (iii) Projects may be phased and obligations or parts of them may be triggered at various stages of a development. This means that obligations may be delivered over a number of years. Unless the monitoring of planning obligations by local authorities allows identification of exactly when a planning obligation item has been delivered, calculating the value of obligations using this method would require many more resources than valuing agreed obligations.

1.12 This research focuses on the value of the obligations agreed rather than those delivered in a particular year for the following reasons:

- Local authorities record more data on obligations agreed than on those delivered.

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<sup>1</sup> Agreements may be made under S106 and S299A of the Town and Country Planning Act 1990, as substituted by the Planning and Compensation Act 1991 and under S278 of the Highways Act 1980 (as amended), and are subsequently called 'planning agreements'. Agreed contributions also include offers made under unilateral undertakings.

- Monitoring the delivery of planning obligations is particularly poor in the majority of local authorities.
- The actual planning agreement document (the S106) and the planning register record details of obligations agreed making collection of these data more efficient.
- Estimating the value of obligations agreed is likely to overestimate the value of obligations actually delivered because of the non-implementation of developments, the submission of duplicate planning applications and the renegotiation of the details of developments.

## **Direct Payment and In-kind Obligations**

1.13 There are two broad types of planning obligation: direct payment and in-kind. Direct payment obligations are financial payments agreed and specified under the planning agreement. For example, a payment to the local authority of £100,000 for the provision of open space. These types of obligations are relatively easy to collect as the majority of local authorities will record details of the financial sums that they have agreed with developers and landowners. Collecting data on all the direct payments agreed by each local authority in Wales will provide a total value of direct payment obligations.

1.14 In-kind obligations are more problematic. Certain works or commitments are agreed between the developer/landowner and local authority. For example, the developer agrees to provide the local authority 1 hectare of land within the development for the provision of a school and to provide improvements to the local road junction. Here it is necessary to place a value on the in-kind obligation.

## **Planning Obligation Typology**

1.15 It is possible to produce a single figure estimate for the value of planning obligations in Wales. However, in policy terms, it is much more valuable to produce information that distinguishes between the main planning obligation types. This allows the value of obligations to be estimated separately for Transport, Affordable Housing, Education and so on (and to identify those obligations that fall within or outside the scope of a ‘develop-site environment approach’ (HMT et al 2005)).

1.16 We have produced a typology of planning obligations from our study of “Valuing Planning Obligations in England” (hereafter, the English VPO study) which we adopted for this project. This enabled us to collect data on detailed planning obligation contributions. It is important to note that a planning agreement can contain a number of planning obligations. For example, one agreement may contain affordable housing, open space and transport obligations. It is also possible for there to be more than one obligation under each general planning obligation heading.

1.17 The obligation typology consists of six main headings:

- Affordable Housing
- Open Space and the Environment
- Transport and Travel Schemes

- Community Works and employment
- Education
- Other

1.18 Within these headings there are more detailed contribution types. We collect data under each of the categories described in Table 1 below.

## **Table 1: Planning Obligation Typology**

### ***Affordable Housing***

- a) On site provision of various tenures: social rented, shared ownership, key worker etc. Units developed and transferred to RSL; revenue from transfer depends upon agreement.
- b) Off site provision: development and transfer of units on another site owned by the developer/landowner.
- c) On-Site provision of land only: land transferred to a RSL or LA for free or at a rate below the market value.
- d) Off-Site provision of land only
- e) Commuted sum: payment of a sum in lieu of actual provision of units.
- f) Other affordable housing contributions.

### ***Open Space and the Environment***

- a) Provision of Open Space either within a development or as a direct payment to the LA. Landscaping. General environmental improvements.
- b) Ecology and nature conservation, countryside management and Community forests.
- c) Allotments.
- d) Sport facilities: sport fields, club houses etc.

### ***Transport and Travel Schemes***

- a) Traffic/highway works, temporary or permanent
- b) Traffic management/calming.
- c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas.
- d) Green transport/travel plans.
- e) Public and local transport improvements.
- f) Pedestrian crossings, pedestrianisation, street lighting
- g) Provision or improvement of footpaths or pathways etc.
- h) Cycle routes, management, safety.

### ***Community Works and Leisure***

- a) Community centres: construction, funding, improvement etc.
- b) Community/cultural/public art.
- c) Town centre improvement/management.
- d) Library, museum and theatre works/funding.
- e) Childcare/crèche facilities, provision and funding.
- f) Public toilets.
- g) Opening hours or noise restrictions.
- h) Health services: Community healthcare, construction of surgeries etc, healthcare funding.
- i) CCTV and security measures.
- j) Waste and recycling facilities.
- k) Religious worship facilities.
- l) Employment and training.
- m) Local regeneration initiatives.

### ***Education***

- a) Schools: development or funding for Education at all levels; nursery, primary, secondary, higher etc.

### ***Other***

## Chapter 2: The National Survey of Local Authorities – Method and Response

### Research Method

2.1 Two previous surveys in England conducted by the research team (Campbell et al 2001, Crook et al 2006) gathered data on the frequency of planning agreements. The English valuing planning obligations study (EVPO) also collected data on the value of planning obligations in 2003/04. This study uses the EVPO survey as the base for data collection. This is for two main reasons. First, the survey tool successfully gathered large quantities of data which enabled an estimate to be made of the value of planning obligations in England. Second, the EVPO results provide data for comparison with the use and value of planning obligations in Wales. Direct comparison enables Wales to be placed in context in terms of obligations frequency, policy, process and value. Establishing the situation in Wales in comparison with England in 2003/04 will allow us: (i) to conclude just how advanced and successful planning obligation policy and practice are in Wales; and (ii) to assess what can be done, based on the English experience, to improve the process.

2.2 The survey used in this study is based on the EVPO with a number of slight modifications. However, there is one major difference between the Welsh and English survey. In England there are detailed data available on the number of affordable housing units agreed and completed through planning agreements. These data are not available in Wales. Consequently, the survey had to be modified to collect these data.

2.3 The Welsh authorities were asked, as a result of piloting the survey, to provide basic data on affordable housing – the number of affordable housing agreements and the total number of units. Authorities were also asked to provide, where possible, more detailed data which aimed to replicate the quality of the data available in England. This resulted in a much longer and more complex questionnaire than the one employed in the EVPO survey.

2.4 In order to establish how the impact of planning obligation policy has changed over time it was decided to employ three surveys. These were

- The survey for the main study period 2005/06
- Supplementary data for the period 2004/05
- Supplementary data for the period 2006/07

This would allow a calculation of change over a 3 year period to analyse the evolution of policy and its impact on the use and value of obligations. Local authorities were asked to first complete the main survey for 2005/06 and then, if they were able, to provide data for the two additional periods.

2.5 The survey collected the following data from local authorities:

1. The details of each planning obligation (*inter alia*, for categorisation).

2. The value of direct payment obligations, where a specified sum has been agreed with the local authority; for example, a total sum for open space provision or for education provisions.
3. The type and extent of in-kind contributions; for example, land transferred to an RSL for affordable housing purposes.
4. Local policy and use of databases for recording details of planning obligations and of related planning permissions.
5. Affordable housing data – agreements, number of units, tenure and data on the average costs of constructing affordable units.

2.6 The national survey establishes the frequency of planning obligations, the extent to which formulas are used to determine direct payments, as well as the payments themselves. The survey also determines the extent and nature of in-kind obligations. This all enables an estimation of the number and value of planning obligations agreed in Wales for the period 2005/06.

## **Survey Design and Piloting**

2.7 Modifications were made to the EVPO survey following a data review and discussions with the Welsh Assembly Government. The main change was the addition of a section to collect data on affordable housing. In England, data are published on the number of affordable units completed and agreed through the planning system. These data are broken down by tenure and by grant funding and were used to estimate the value of affordable housing contributions in England. Such published data do not exist in Wales, so the survey must collect primary data on affordable housing for analysis. Modifications were made to the design of the survey, based upon previous research undertaken by the research team, to collect sufficient data to estimate the value of affordable housing contributions.

2.8 Following the modifications, the survey was then piloted using two local authorities: Cardiff and Denbighshire. Following minor modifications resulting from the pilot, two seminars were convened with local authorities in Wales to promote the project, encourage responses to the survey and gather reaction to the survey instrument. The events turned out to be very effective in addressing a number of issues of definition and question structure not dealt with in the pilot.

2.9 Following the survey pilots and the local authority meetings, a final draft survey was produced for discussion with the Welsh Assembly Government. A simplified questionnaire covering the years 2004/05 and 2006/07 was also produced to enable the main survey results to be compared to activity in the preceding and subsequent year. Information for one year only provides a ‘snapshot’ of planning agreement activity. Additional data would help place 2005/06 in context and identify year on year changes, if any occurred.

2.10 A covering letter was drafted and sent to the chief planning officers and their equivalents and the chief executives of all 25 Welsh local authorities. A covering e-mail was also sent with the survey (See appendix 1).

2.11 There is a number of planning agreements that are attached to permissions in areas of National Parks which overlap with unitary local authorities. In these cases we

asked National Parks to record details of planning agreements ONLY when they were the sole signatory to the agreement. In all cases where a National Park authority and a unitary authority both sign a planning agreement it was down to the unitary authority to record the details of that agreement.

## **Survey Distribution**

2.12 The survey was distributed by e-mail to the contact list of planning officers supplied by the Welsh Assembly Government. The three surveys were distributed in English and Welsh on the 26<sup>th</sup> March 2007 with a closing date for responses of 20<sup>th</sup> April. All surveys were successfully delivered by e-mail. Following the initial closing date for responses all authorities that had yet to return at least the main 2005/06 survey were contacted by the University of Sheffield and the Welsh Assembly Government until a response was received. The final response was received on 21<sup>st</sup> May.

## **Response rates**

2.13 The initial response to the survey was poor. This was due to the complex nature of the information requested and difficulties encountered by local authorities when gathering planning obligation data. This often required reference to a variety of sources. However, after a month of follow up e-mails and phone calls, responses were received in one form or another from all local authorities. Table 2 describes the responses to the main survey, 2005/06.

2.14 The response rate was high enough to allow an accurate estimation of the use and value of planning obligations in Wales for the period 2005/06. The quality of the data varied; especially the data on affordable housing.

2.15 Responses for 2004/05 and 2006/07 were poor. This is mainly due to the resources necessary to complete the survey for a three year period. Table 3 lists those authorities that provided data for the additional years.

2.16 The paucity of responses for the additional years makes it very difficult to draw accurate conclusions on how the use and value of obligations has changed over the three year period. However, there was sufficient data to draw limited comparisons between 2005/06 and 2006/07.

**Table 2: Survey Responses**

<b>Full Responses</b>	<b>Partial responses</b>
Carmarthenhsire	Snowdonia National Park
Cardiff	Blaenau Gwent
Ceredigion	Merthyr Tydfil
Conwy	Brecon Beacons National Park
Flintshire	
Monmouthshire	
Newport	
Pembrokeshire National Park	
Powys	
Torfaen	
Wrexham	
Rhondda Cynon Taff	
Gwynedd	
Denbighshire	
Neath Port Talbot	
Swansea	
Vale of Glamorgan	
Caerphilly	
Bridgend	
Pembrokeshire	
Anglesey	
Full Reponses	21
Full Response Rate	84%
Partial Responses	4
Total Responses	25
Total Response Rate	100%

**Table 3: Responses for 2004/05 and 2006/07**

<b>Responses for 2004/05</b>	<b>Responses for 2006/07</b>
Cardiff	Cardiff
Vale of Glamorgan	Ceredigion
Wrexham	Conwy
Pembrokeshire	Wrexham
Denbighshire	Rhondda Cynon Taff
	Denbighshire
	Vale of Glamorgan
	Pembrokeshire
	Anglesey

## **Chapter 3: The National Survey of Local Authorities – Policy and Process**

### **Introduction**

3.1 This chapter described the results of the national survey for the main study period, 2005/06, relating to local policy and process. References are continuously made to the EVPO survey which collected similar data for English local authorities for 2003/04. Comparisons are important. They place the results of the Welsh survey in context. Just how are Welsh authorities performing in comparison to English authorities, applying the same broad policies? The chapter begins by discussing the frequency of obligations before describing local authority policy and practice. Subsequent chapters describe the frequency and value of obligations before moving on to affordable housing analysis.

3.2 The vast majority of the analysis will be descriptive as there are too few observations to undertake any meaningful statistical analysis (unlike the England study where there were over 100 respondents).

### **The Frequency of Planning Agreements**

3.3 The survey collected data on the number of planning agreements signed during 2005/06. The number of agreements in each authority was compared to development control returns describing data on planning permissions granted. This analysis established the frequency of planning agreements. Table 4 describes the number of agreements under each development category and compares the results to those in England.

**Table 4: Frequency of Obligations<sup>2</sup>**

	Number of Agreements	Number of Permissions Granted	Percentage of Permissions with agreements	Percentage of Permissions with agreements in England 2003/04
<b>Major Developments<sup>3</sup></b>				
Dwellings	116	408	28%	40%
Offices / R&D / light industry	4	40	10%	20%
General industry / storage / warehousing	0	85	0%	12%
Retail, distribution and servicing	14	84	17%	21%
All other major development	10	168	6%	7.5%
<b>Minor Developments</b>				
Dwellings	172	4988	3%	9%
Offices / R&D / light industry	7	234	3%	3%
General industry / storage / warehousing	2	325	1%	1%
Retail, distribution and servicing	9	983	1%	2%
All other minor developments	19	4541	0%	2%
<b>All</b>				
Dwellings	288	5396	5%	14%
Offices / R&D / light industry	11	274	4%	6%
General industry / storage / warehousing	2	410	0%	3%
Retail, distribution and servicing	23	1067	2%	4%
All other developments	29	4709	1%	2%
<b>Total</b>	<b>353</b>	<b>11,856</b>		
<b>Percentage of all permissions with agreements</b>			<b>2.98%</b>	<b>6.90%</b>

<sup>2</sup> Planning Permissions Data were not available for Monmouthshire so assumptions were made based on development activity in 2006/07.

<sup>3</sup> Major developments: residential schemes of more than 10 units; or commercial schemes of more than 1,000m<sup>2</sup>.

3.4 In total, 2.98% of all major and minor developments have a planning agreement attached. The frequency of agreements is lower in Wales than in England for all categories of development.

3.5 28% of major residential permissions granted (over 10 units) had a planning agreement, much lower than the 40% in England. There are several reasons for this, including lower land values (but see Chapter 7), higher affordable housing thresholds which often act as a trigger for planning agreements, a lack of a clear local policy framework and a lack of experience. However, nine local authorities were close to or exceeded the average rate of 40% for England. These were:

- Carmarthenshire
- Cardiff
- Powys
- Torfaen
- Wrexham
- Rhondda Cynon Taff
- Denbighshire
- Vale of Glamorgan
- Isle of Anglesey

3.6 The definition of major developments used in the development control statistics is misleading in the planning obligation context. A major residential development is defined as a development of more than 10 units. Anecdotal evidence and evidence from other research undertaken by the research team suggests that the vast majority of large developments above an authority's affordable housing threshold will attract a planning agreement. The affordable housing threshold is often, perhaps wrongly, regarded as a trigger for the planning obligation policy. With high thresholds in many authorities (such as 40 units in Swansea) it is not surprising that the frequency of planning agreements is so low.

3.7 It is important to note that the figure of 28% of permissions granted having an agreement does not mean that only 28% of all major development sites contribute planning obligations. Not all of the permissions granted will be implemented (we estimate an implementation rate of around 80% in England, see Monk et al 2006) and there may be duplicate permissions which have the same agreement attached. Removing duplicates would effectively increase the proportion of permissions with agreements however the impact is likely to be very small. The survey attempted to quantify the number of planning permissions granted with duplicate agreements but insufficient responses were received to produce a reliable estimate. A record of the number of duplicate applications using a single planning agreement would improve available data.

3.8 The frequency of agreements in all other categories of development in Wales is lower than England in 2003/04. In total, under 3% of all planning permissions attract a planning agreement compared to just under 7% in England. A survey in England in 1998 (Campbell et al 2001) estimated that just under 2% of all planning permissions granted had an agreement attached. This would suggest that practice and outcomes in Wales lag behind those in England by more than 2 years.

3.9 There were, on average, 14 agreements per authority. Seven authorities had more than the average number of agreements. These were:

- Carmarthenshire
- Cardiff
- Ceredigion
- Powys
- Wrexham
- Denbighshire
- Isle of Anglesey

3.10 Conversely, seven authorities reported that they had less than five agreements, including some surprisingly large settlements:

- Pembrokeshire National Park (None)
- Neath Port Talbot
- Swansea
- Pembrokeshire
- Snowdonia National Park (None)
- Blaenau Gwent (None)
- Merthyr Tydfil

3.11 There is no significant relationship between the number of agreements negotiated and the size of settlement or the level of development activity (number of permissions granted). There is a weak relationship with land values but the frequency of planning agreements is very much the outcome of local policy and practice.

## **Planning Policy**

3.12 This section describes the range of planning obligation policies used by local authorities and also their use of standard charging and approaches to negotiation. The survey was designed to collect data on the policies used by local authorities to support the negotiation of planning agreements. The original intention was to use data over a 3 year period to track policy changes within local authorities. This was not possible for 2004/05 because of lack of data. A comparison of policies employed in responding authorities in 2005/06 and 2006/07 showed that they had not changed.

3.13 21 authorities responded to the survey in full and the majority provided data on their planning obligation policies. Only 2 authorities (Vale of Glamorgan and Wrexham) reported that they had up to date Supplementary Planning Guidance (SPG) relating to planning obligations *and* affordable housing. Newport has a published draft SPG relating to planning obligations and affordable housing. Other authorities reported SPGs for affordable housing including Cardiff, Pembrokeshire National Park and Monmouthshire.

3.14 16 authorities described their policies on affordable housing. 10 quoted TAN 2 and PPW as important policy documents. 9 authorities reported specific policies in their UDPs. For general planning obligations, 10 authorities reported specific policies

in their UDPs. For Rural Exception Policies (REP), 11 of the 16 reported defined policies within their UDPs containing varying levels of detail.

3.15 Local authorities were asked to describe who negotiates individual planning agreements. In 2005/06 only a single authority (Newport) out of the 21 respondents employed an officer to negotiate and monitor planning agreements. Vale of Glamorgan have since introduced such a post. Another 6 authorities employed an officer to monitor affordable housing. Outside Newport and Vale of Glamorgan it is typically left to individual case officers to negotiate planning agreements. Other parties are often involved such as solicitors, the development control manager and representatives from other departments with an interest in the agreement, such as Education, Housing and Transport. What is clear is that, in the vast majority of cases, authorities lack a standardised approach to negotiations.

3.16 Standard charging for obligations using set formulas to calculate contributions (a payment per bedroom for open space, for example) is one approach to securing planning obligations. In England for 2003/04 over 60% of local authorities used standard charging to determine Open Space obligations, 55% for Education obligations and just under 30% for Community and Leisure and Transport and Travel obligations. These proportions have undoubtedly risen in the last three years. The study found that in the vast majority of cases, those authorities that used standard charging secured more planning obligations than those that did not.

3.17 The situation in Wales is very different. Table 5 describes the number of authorities (out of a base of 20 respondents) that employed standard charging.

**Table 5: Standard Charging**

	<b>Affordable Housing</b>	<b>Open Space</b>	<b>Transport</b>	<b>Community and leisure</b>	<b>Education</b>
Number Responses	20	20	20	20	20
Authorities with Standard Charging	8	11	1	2	4
Percentage with Standard Charging	40%	55%	5%	10%	20%

3.18 With the exception of open space, the proportion of authorities using standard charging is much lower than in England. Due to the small number of observations it was not possible, with the exception of open space, to calculate the impact of standard charging on obligation values. For open space, obligation values were, on average, almost 50% higher when standard charging was employed (but the analysis is based on a very small sample).

3.19 Authorities using two or more standard charging mechanisms secured, on average, twice as many direct payment obligations as those authorities not using standard charging (18 per authority compared to 9). In this case there is a relationship between the use of standard charging and the number of obligations secured. Standard charging tends to be introduced as policy and practice evolve and as authorities learn from the experiences of others. Development activity is another important factor.

3.20 Finally in the policy section, local authorities were asked if the failure of developers to deliver planning obligations was a problem for them. Of the 15 respondents, 8 replied 'never', 3 'occasionally with only minor changes' and 3 replied that there were 'occasionally major changes to the agreed obligations'. Recent research in England into planning obligation delivery (Monk et al 2006) suggested that the majority of S106 agreements were delivered as intended and there were rarely any major changes to obligations agreed. The experience in Wales seems generally consistent with these findings although there is a higher proportion of major changes to agreements.

## Recording Planning Obligations

3.21 The use of a database system to record and monitor planning obligations was another factor linked to the frequency and value of planning obligations in the EVPO study. Authorities with such a system secured more planning obligations than those without. In Wales a similar relationship exists. Those authorities with a recording system negotiated, on average, 60% more obligations than those authorities without. Again, this is an indication of how advanced the planning obligation process is within an authority. 75% of those responding to the EVPO survey had a database system in 2003/04 (the percentage is likely to be much higher now) compared to 57% in Wales.

**Table 6: Recording Planning Obligations: Respondents with Recording Systems**

	Recording System	Database Records:				
		Obligation Details	Direct Payments	Number of In-kind Obligations	Direct Payments Delivered	In-Kind obligations delivered
Number of Responses	12	9	7	5	6	9
Percentage	57%	43%	33%	24%	29%	43%

## **Chapter 4: The National Survey of Local Authorities – The Number and Value of Planning Obligations**

### **Introduction**

4.1 This chapter describes the number and value of planning obligations agreed in Wales during 2005/06. Although estimating value for a single year only provides a ‘snapshot’ of the policy outcome, it does give a good indication, especially in comparison with England in 2003/04, of just how effective local policy is in Wales. 21 of the 25 local planning authorities responded to the full survey. Of the remaining 4 authorities, 3 secured no planning agreements in 2005/06 and the fourth secured 3 agreements under the Rural Exceptions Policy. The final total is adjusted to take account of the latter authority by using the average value of agreements as the basis of the adjustment.

4.2 The chapter describes the number and value of all obligations, with the exception of affordable housing which is dealt with in chapter 5. It deals first with direct payment obligations, which form the vast majority of all obligations, before moving on to describe in-kind contributions.

### **The Number of Direct Payment Obligations**

4.3 The survey relies upon local planning authorities correctly recording and reporting the number of agreements and the number of planning obligations that they have handled. If this is done rigorously, the analysis will be an accurate reflection of the use and value of planning obligations in Wales. Only just over half of all authorities use a database system to record details of planning obligations. The remaining authorities had to use other sources, such the written agreement itself, to collate the data. It is not possible to verify all the data without visiting each local authority and going through their records. Therefore, we rely on accurate data recording, something which is not always possible given time and resource constraints within local planning authorities. However, the data are the best record of planning obligations in Wales and are assumed to be accurate for the purposes of this analysis.

**Table 7: The Number of Direct Payment Planning Obligations**

<b>1. Open Space and the Environment</b>	<b>Total Number of Obligations</b>
a) Provision of open space within a development, via a direct payment to the LPA.	85
b) General environmental improvements including landscaping	5
c) Ecology and conservation, countryside management and community forests	4
d) Allotments.	0
e) Sport facilities: sports fields, club houses etc.	4
<b>Total</b>	<b>98 (36%)</b>
<b>2. Transport and Travel</b>	
a) Traffic/highway works, temporary or permanent	21
b) Traffic management/calming	15
c) Parking: management or parking restrictions, provision of parking areas	7
d) Green transport/travel plans.	1
e) Public and local transport improvements	39
f) Pedestrian crossings, pedestrianisation, street lighting	5
g) Provision or improvement of footpaths or pathways etc.	5
h) Cycle routes, management, safety	1
<b>Total</b>	<b>94 (34%)</b>
<b>3. Community Works and Leisure</b>	
a) Community centres: construction, funding, improvement etc	3
b) Community/cultural/public art	6
c) Town centre improvement/management	6
d) Library, museum and theatre works/funding	1
e) Childcare/crèche facilities, provision and funding	0
f) Public toilets	0
g) Opening hours or noise restrictions	0
h) Health services: community healthcare, construction of surgeries etc	0
i) CCTV and security measures	3
j) Waste and recycling facilities	2
k) Religious worship facilities	0
l) Employment and training	0
m) Local regeneration initiatives	0
<b>Total</b>	<b>21 (8%)</b>
<b>4. Education</b>	
a) Physical development or funding for education at all levels	<b>19 (7%)</b>
<b>5. Affordable Housing</b>	<b>8 (3%)</b>
<b>Other</b>	<b>34 (12%)</b>
<b>Total</b>	<b>274</b>
<b>Average per Authority<sup>4</sup></b>	<b>11.4</b>

<sup>4</sup> One authority only supplied details on the number of agreements and not obligations so only 24 authorities are analysed here. However, this missing authority only had three agreements and the total value of obligations is revised to reflect an estimate of the value of these three agreements.

4.4 Normally a planning agreement will contain a number of planning obligations, the majority of which are direct payment obligations. In England in 2003/04 there were on average 3.3 obligations per agreements of which 2.1 were direct payment obligations. In Wales the relationship is not so straightforward.

4.5 In Wales there were a total of 353 agreements but only 445 obligations. This is only just over 1.25 obligations per agreement. The analysis suggests that the majority of agreements contain only a single obligation. There is a substantial number of affordable housing agreements, 130, many containing a small number of units and no other obligations. Consequently, very few major agreements are likely to contain more than one obligation.

4.6 The most common direct payment obligation is a payment to the local authority for the provision of open space. Over a quarter of all agreements contained such an obligation. There was a similar number of transport and travel obligations but these were split between a number of categories, the most common being public and local transport initiatives. These accounted for almost 15% of all direct payment obligations compared to 5% in the EVPO study.

4.7 The OTHER category included mostly restrictions of use on developments but also included prevention of advertising, air quality monitoring, revocation of previous consents and a single obligation contributing to local facilities which could not be included in any other category. In total, there were 34 other obligations, the majority of which have no direct measurable value.

4.8 There were eight direct payments (commuted sums) to local authorities for affordable housing. This is 3% of all direct payment obligations, the same proportion as the EVPO study.

4.9 There was an average of just over 9 direct payment obligations per local authority. Local authorities using two or more standard charging mechanisms secured, on average, 19 direct payment obligations and those with a recording system just under 15. It is clear there is a relationship between the evolution of planning obligation policy, as evidenced by these two factors, and the number of obligations secured.

## **The Value of Direct Payment Obligations**

4.10 Each direct payment obligation has a value which is the sum paid to the local authority as defined in the planning agreement. Table 8 describes the total value of direct payment planning obligations under each obligation heading.

**Table 8: The Value of Direct Payment Obligations**

<b>1. Open Space and the Environment</b>	<b>Total Value of DP Obligations</b>	<b>Value per Obligation</b>	<b>Value per Authority</b>
a) Provision of open space	£2,986,768	£35,138	£124,449
b) General environmental improvements	£95,227	£19,045	£3,968
c) Ecology and conservation, etc	£114,027	£28,507	£4,751
d) Allotments.	£0		
e) Sport facilities: sports fields, club houses etc.	£195,000	£48,750	£8,125
<b>Total</b>	<b>£3,391,022</b>	<b>£34,602</b>	<b>£141,293</b>
<b>2. Transport and Travel</b>			
a) Traffic/highway works	£915,316	£43,586	£38,138
b) Traffic management/calming	£220,850	£14,723	£9,202
c) Parking: management or restrictions etc	£49,500	£7,071	£2,063
d) Green transport/travel plans.	£3,000	£3,000	£125
e) Public and local transport improvements	£971,157	£24,901	£40,465
f) Pedestrian crossings, pedestrianisation, etc	£208,000	£41,600	£8,667
g) Provision or improvement of footpaths etc.	£72,625	£14,525	£3,026
h) Cycle routes, management, safety	£3,060	£3,060	£128
<b>Total</b>	<b>£2,443,508</b>	<b>£25,995</b>	<b>£101,813</b>
<b>3. Community Works and Leisure</b>			
a) Community centres: construction, funding etc	£236,716	£78,905	£9,863
b) Community/cultural/public art	£116,887	£19,481	£4,870
c) Town centre improvement/management	£331,906	£55,318	£13,829
d) Library, museum and theatre works/funding	£100,000	£100,000	£4,167
e) Childcare facilities, provision and funding	£0		
f) Public toilets	£0		
g) Opening hours or noise restrictions	£0		
h) Health services: community healthcare etc	£0		
i) CCTV and security measures	£27,500	£9,167	£1,146
j) Waste and recycling facilities	£7,000	£3,500	£292
k) Religious worship facilities	£0		
l) Employment and training	£0		
m) Local regeneration initiatives	£0		
<b>Total</b>	<b>£820,008</b>	<b>£39,048</b>	<b>£34,167</b>
<b>4. Education</b>			
a) Development or funding for education	<b>£1,529,757</b>	<b>£80,514</b>	<b>£63,740</b>
<b>5. Affordable Housing</b>	<b>£2,060,887</b>	<b>£257,611</b>	<b>£85,870</b>
<b>Other</b>	<b>£174,000</b>	<b>£5,118</b>	<b>£7,250</b>
<b>Total</b>	<b>£10,419,182</b>	<b>£38,026</b>	<b>£434,133</b>
<b>Average per Authority<sup>5</sup></b>	<b>£434,133</b>		

<sup>5</sup> One authority only supplied details on the number of agreements and not obligations so only 24 authorities are analysed here. However, this missing authority only had three agreements and the total value of obligations is revised to reflect an estimate of the value of these three agreements.

4.11 There were just under £10.5m of direct payments made to local authorities in Wales in 2005/06. This is an average of around £434,000 per authority. This compares to an average value per authority of £1.5m in England in 2003/04. The North<sup>6</sup> of England had an average value of £412,500 per authority in 2003/04, comparable to the figure for Wales. The average value per obligation was £38,026 which compares to £61,500 in England and £47,350 in the North (which had fewer but larger obligations than Wales). This analysis suggests that the position of Wales in regard to planning obligations is roughly equivalent to the Northern region of England in 2003/04.

4.12 The following authorities secured over £500,000 in total direct payment obligations in 2005/06.

- Cardiff
- Newport
- Caerphilly
- Rhondda Cynon Taff
- Denbighshire
- Carmarthenshire

These are not necessarily all large authorities and there is little relationship with development activity and land value outside the main population centres. This suggests that policy and process are the most important influences on securing planning obligation contributions.

4.13 Open Space is the most significant obligation with an average value of £140,000 per authority. Four authorities secured obligations with a value of over £400,000: Cardiff (over £1m), Carmarthenshire, Denbighshire and Caerphilly. The average value of Open Space obligations was £10,000 higher than in the EVPO study.

4.14 Transport and travel obligations are surprisingly low in value, at just £26,000 per obligation compared to £83,000 in the EVPO. Four Welsh authorities secured over £150,000 in transport contributions; Cardiff, Carmarthenshire, Rhondda Cynon Taff and Caerphilly.

4.15 The value per obligation for Community and Leisure is around two thirds of the value in England, at £39,000. There were only 21 Community obligations, a much lower proportion of the total than was expected. Four authorities secured more than £100,000 in total payments: Cardiff, Monmouthshire, Rhondda Cynon Taff and Denbighshire. The latter two authorities secured the total from just a single obligation.

4.16 Outside of affordable housing commuted sums (average of £257,000), Education has the highest contribution per obligation of over £80,000 (compared to £117,000 in England). The majority of the total sum comes from Cardiff and Newport. In fact Newport received over 75% of their total direct payment

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<sup>6</sup> Analysis of the planning obligation data suggests that the North is the English region closest to Wales in terms of the frequency and value of obligation as well as land values. There are also a very similar number of authorities enabling easy comparisons. The North is used for comparison throughout the analysis.

contributions from four Education obligations. Wrexham and Bridgend also received contributions over £140,000.

4.17 Authorities using standard charges secured almost double the total value of direct payment contributions than those that did not and those with recording systems secured over 50% more. The relationship is skewed by Cardiff; but, when Cardiff is removed, the increases are 50% and 20% for standard charging and recording respectively.

## **The Number and Value of In-Kind Obligations**

4.18 In-kind planning obligations are the most difficult to value. They consist of works undertaken by the developer or landowner rather than of payments to the local authority. As there are no specific values attached to in-kind obligations the survey could only gather data on the number of this type of obligation negotiated by each local authority.

4.19 This estimate uses survey evidence on the number and value of direct payments and the balance between direct payments and in-kind contributions to calculate the total value of planning obligations in Wales for 2005/06. It is important to note that the analysis assumes that the value of in-kind obligations are directly related to direct payment obligations. For example, if the average value of an Open Space obligation is £34,602 per obligation then each in-kind obligation is also assigned a value of £34,602. This is the major weakness of the approach; but without valuing each in-kind obligation separately, it is the most reliable approach available and mirrors the method applied in England.

4.20 Table 9 describes the number and value of in-kind obligations. In-kind obligations account for 41 out of a total of 315 obligations which is only 13%, compared to 35% in England in 2003/04. The lower ratio of direct payments to in-kind obligations in Wales makes the final estimate much less reliant on this method of valuing in-kind contributions. The majority of the total value of £1.157m is attributed to open space obligations. This analysis does not include affordable housing, where the majority of obligations are in-kind. Affordable housing is analysed separately in the next chapter.

4.21 Authorities were asked to record separately where land was transferred for free from the developer to the local authority. Using land values from the Valuation Office Agency (VOA) it was possible to estimate the value of this land contribution. In total, only 0.79 hectares of land were transferred directly to local authorities within four obligations, with an estimated maximum total value of £2.34m. These transfers were either for open space provision or transport and travel obligations. It was assumed that this land could have been used for residential development, so appropriate residential land values per authority were adopted. Therefore, this estimates a maximum possible contribution.

4.22 It is likely that a number of in-kind obligations involve some form of land contribution which is necessary in order for the development to proceed; for example, land for access. In these cases, the obligation is less of a contribution to the local authority than part of the actual development scheme. Consequently, it would not be

included in an assessment of obligation values. Instead, the valuation of in-kind contributions concentrates on the value of the works rather than the land, unless land was specifically recorded by the local authority as being a planning obligation contribution. For future studies, the valuation of in-kind and land contributions needs to be revised to provide a more accurate estimate of value. This would involve a valuation of each individual in-kind obligation in each local authority.

**Table 9: The Number and Value of In-Kind Obligations**

<b>1. Open Space and the Environment</b>	<b>Number of In-Kind Obligations</b>	<b>Total Value of IK Obligations</b>
a) Provision of open space	17	£597,354
b) General environmental improvements	3	£57,136
c) Ecology and conservation, etc	3	£85,520
d) Allotments.	0	£0
e) Sport facilities: sports fields, club houses etc.	1	£48,750
<b>Total</b>	<b>24</b>	<b>£788,760</b>
<b>2. Transport and Travel</b>		
a) Traffic/highway works	3	£130,759
b) Traffic management/calming	1	£14,723
c) Parking: management or restrictions etc	3	£21,214
d) Green transport/travel plans.	0	£0
e) Public and local transport improvements	5	£124,507
f) Pedestrian crossings, pedestrianisation, etc	0	£0
g) Provision or improvement of footpaths etc.	4	£58,100
h) Cycle routes, management, safety	0	£0
<b>Total</b>	<b>16</b>	<b>£349,304</b>
<b>3. Community Works and Leisure</b>		
a) Community centres: construction, funding etc	0	£0
b) Community/cultural/public art	1	£19,481
c) Town centre improvement/management	0	£0
d) Library, museum and theatre works/funding	0	£0
e) Childcare facilities, provision and funding	0	£0
f) Public toilets	0	£0
g) Opening hours or noise restrictions	0	£0
h) Health services: community healthcare etc	0	£0
i) CCTV and security measures	0	£0
j) Waste and recycling facilities	0	£0
k) Religious worship facilities	0	£0
l) Employment and training	0	£0
m) Local regeneration initiatives	0	£0
<b>Total</b>	<b>1</b>	<b>£19,481</b>
<b>4. Education</b>		
a) Development or funding for education	<b>0</b>	<b>0</b>
<b>5. Affordable Housing</b>		
<b>Other</b>	<b>Dealt with in Chapter 5</b>	
	<b>No Obligations with determinable Value</b>	
<b>Total</b>	<b>41</b>	<b>£1,157,546</b>
<b>Average per Authority<sup>7</sup></b>		<b>£48,231</b>
<b>Land Transfers</b>	<b>4</b>	<b>£2,340,000</b>

<sup>7</sup> One authority only supplied details on the number of agreements and not obligations so only 24 authorities are analysed here. However, this missing authority only had three agreements and the total value of obligations is revised to reflect an estimate of the value of these three agreements.

## **Chapter 5: Affordable Housing**

### **Introduction**

5.1 A separate approach was adopted to estimate the value of Affordable Housing obligations. This type of obligation is dominated by in-kind contributions. Previous research has identified very large variations in developer contributions, even between sites in the same local authority. Consequently, resources were concentrated on examining other types of obligation and secondary data was used to estimate the value of affordable housing.

5.2 This chapter first examines local authority policy before describing the method used to value affordable housing obligations. Finally an estimate of value is reported.

### **Affordable Housing Policy**

5.3 There is wide variation in affordable housing policy. This section briefly outlines affordable targets and thresholds because differences between them partially explain why some authorities agreed more affordable housing obligations than others.

5.4 Ten authorities provided details of their affordable housing targets within their UDPs. Four authorities set a 30% target for affordable units, two authorities state up to 30%, one 25%, two 20% and one at least 20%. The remaining authorities that completed the survey either supplied no data or did not have a target or threshold specified in their UDP.

5.5 It is the threshold where the variation is more marked. The large urban centres of Cardiff and Vale of Glamorgan have a very high threshold of 50 units and Swansea's threshold is 40 units. Wrexham, Newport and Flintshire use 25 units in urban centres, while thresholds in smaller authorities are lower; 10 in the urban areas of Carmarthenshire and Torfaen and 15 in Conwy. In Powys the threshold has gradually been reduced to 5 units, with Pembrokeshire National Park using 3 units.

5.6 The high thresholds in the larger, urban centres result in the majority of developments falling outside the affordable housing requirement. Cardiff still secured over 380 affordable housing units through planning obligations, but this figure would have been much higher with a reduced threshold. As the affordable threshold is often the trigger for other planning obligations, such as open space, reducing the threshold has the result not only of increasing affordable units but also of increasing other contributions.

5.7 A clearly defined policy, including a target contribution level, specification of required tenures, information on grant availability coupled with development viability expertise has been shown to maximise contributions (CPRE 2005). Minimum land values are required to support specified contributions but a detailed local housing market assessment can go a long way to defining policy clearly and providing certainty to a developer.

## **The Value of Affordable Housing Obligations**

5.8 Affordable Housing obligations are dominated by large, complex in-kind contributions. Previous research (Crook et al, 2002; Monk et al, 2005) has attempted to quantify developer contributions using a case study approach gathering data on individual sites. Even at the site level the situation is very complex. Information on the financial arrangements for the transfer of units to Registered Social Landlords (RSLs), land values and the loss in market revenues are very difficult to quantify without the co-operation of the parties involved in the agreement. Unfortunately, it is very difficult to collect financial data from developers. Consequently, studies to date have been unable to derive any reliable estimates of contributions that are applicable on a local authority, let alone a national, scale.

5.9 Estimates for the EVPO study were based on published affordable housing data available at the local authority level. In Wales such data are not available so local authorities were asked to provide equivalent returns so that an approach similar to that used in England to estimate the value of affordable housing could be adopted. Unfortunately, with the exception of a small number of authorities, data returned were poor and not of the required level of detail. This is largely due to the poor monitoring of affordable housing agreements and a lack of knowledge of affordable housing issues within many planning departments.

5.10 Almost all local authorities were able to supply some data on the number of affordable housing agreements and the number of units secured under these agreements. Some authorities provided data on tenure and some on funding. Estimates for the value of affordable housing have been based on the number of units secured and the relationship between market and affordable housing land values based on analysis of RSL land transactions. This approach provides an indication of the value of affordable housing agreements, but not an accurate, single point estimation. To obtain this would require analysis of each individual affordable housing agreement and access to the financial details of relevant development and land transactions.

5.11 Table 10 describes the number of affordable housing agreements in Wales for 2005/06. In total, there were 130 agreements containing affordable housing obligations. The majority of agreements were for the on-site provision of various tenures of affordable housing. There were also 8 commuted sums and 41 rural exception policy agreements. The 8 commuted sums agreed amounted to just over £2m split between Cardiff, Torfaen, Denbighshire, Vale of Glamorgan, Bridgend and Pembrokeshire.

**Table 10: Affordable Housing Agreements**

	<b>Total Number of Agreements</b>
On-site provision of various affordable tenures.	80
Off-site provision: development and transfer of units on another site owned by the developer/landowner.	0
On-site provision of land only: land transferred to a RSL or LPA for free or at a rate below the market value.	0
Off-site provision of free or discounted land only	0
Commutated sum: payment of a sum in lieu of actual provision of units.	8
Rural Exception Policy Agreements	41
Other affordable housing contributions	1
<b>Total</b>	<b>130</b>

5.12 The 130 agreements contributed a total of 869 units. Some authorities provided data on the tenure of their units, others on the percentage of total units that were for social renting and others simply provided the total figure. Using the available data the 869 units have been split into tenures as described in Table 11.

**Table 11: Number of Affordable Units**

<b>Category</b>	<b>Number of Units</b>
RSL Social Rented Units	340
RSL Shared Equity Units <sup>8</sup>	180
Discounted Sale Units	69
Rural Exception Policy Units <sup>9</sup>	156
Units where Tenure Unknown	124
<b>Total Number of Units</b>	<b>869</b>
Amount of Free or Discounted Land Transferred to LA (ha)	0

5.13 Fourteen RSL land transactions were analysed to determine whether land was transferred for free or at a discount to RSLs. In all cases the land was transferred at the market value of land for affordable housing and there were no discounts available. Analysis determined the difference between the value of land for market housing development and the value for affordable housing development. This difference is the contribution within the agreement. This is in marked contrast to the situation in England, where land is routinely transferred to an RSL for free or at a discount, as part of a planning agreement. This means that affordable housing contributions are much lower in Wales than in England.

<sup>8</sup> RSL Shared equity units include 90 local authority shared equity units secured by Cardiff. These are treated in the same way as traditional shared equity units.

<sup>9</sup> Many units were recorded as tenure unknown and have been transferred into the REP category for analysis where they could reasonably be identified as REP units.

5.14 Without the planning agreement the landowner would normally have been able to sell the portion of land secured for affordable development at a value reflecting the development of full market units. The planning agreement reduces the value of this land by stipulating only affordable units may be developed. The revenue available to the developer for affordable units is significantly lower than the revenue that could be generated by developing market units. This has a direct impact on the land value. Therefore, the value of the affordable housing obligation is the difference between the land value for market units and affordable units for the quantity of land specified in the affordable agreement. For example, if the land value for the development of market units was £1m and the land value for the development of the same land for affordable units was £670,000 then the affordable contribution would be £230,000, or one third of the land value. This is a simplistic approach but is necessary to avoid analysing each individual affordable housing contribution.

5.15 An estimate of the total land contribution was determined for each local authority, under each affordable tenure, for the number of units secured. A discount has then been applied to the quantity of land secured for affordable housing development for each tenure, based on the analysis of the RSL transactions. The discount on land for social rented units is estimated at 33% and for shared equity units, where the revenue available to the developer is higher, at 25%. Ideally separate discounts would be calculated for each local authority but there was insufficient data to undertake this exercise.

5.16 For Rural Exception Policy (REP) units, a planning agreement permits units to be developed in areas that fall outside the settlement boundary and would not otherwise receive planning permission. The obligation also restricts the occupation of the units. The landowner may have some hope value for residential development, but normally the land value would fall well below the value for affordable housing land. In this case, the planning agreement actually creates value rather than restricts it. Consequently, there is no contribution from the landowner in terms of value, as the landowner receives more revenue for the land than would otherwise have been the case if it were sold in its current use. No contribution is therefore attached to REP units. Developers will still receive their required level of profit as a percentage of development costs. There may be circumstances where there is a contribution from REP units, but without analysing individual obligations generalisations have to be made.

5.17 For units where the tenure is unknown - where the local authority has only supplied data on the total number of affordable units but not the tenure - the units have been distributed throughout the other tenure categories on the basis of the percentage of total units in the other tenure categories. The exception to this are units with no tenure that could reasonably be identified in a specific authority as REP units; these were transferred to the REP category. Units have then been allocated average discounts based on the analysis for Wales as a whole. Table 12 describes the estimate of the value of affordable housing contributions in Wales.

**Table 12: The Value of Affordable Housing Contributions**

Tenure	Value
Rented Units	£9,000,000
Shared Equity	£3,600,000
Discounted OMV	£700,000
REP units	£0
Units where tenure Unknown	£1,500,000
Commutated sums	£2,000,000
<b>Total</b>	<b>£16,800,000</b>

5.18 Cardiff accounts for over 70% of the total value of affordable housing because of the number of units secured (383) and the high value of land there relative to the rest of Wales.

5.19 As the estimate relies on a number of assumptions and uses data of variable quality from local authorities it is prudent to provide a range for the affordable housing contribution rather than a single figure. Therefore the value of affordable housing in Wales lies between **£14m** and **£20m**. This compares to a total value of around £15m for affordable housing contributions in the North of England for 2003/04.

## Chapter 6: The Total Value of Planning Obligations in Wales

6.1 This chapter pulls together the direct payment, in-kind and affordable housing analyses to estimate the total value of planning obligations in Wales. The main assumptions were: (i) that the survey respondents provided accurate data on planning agreements and obligations; and (ii) that the value of in-kind obligations, by type and local authority family, are similar to the value of direct payment obligations. The latter assumption is necessary in the absence of extensive data on the value of individual in-kind obligations.

**Table 13: Total Value of Planning Obligations in Wales 2005/06**

Obligation Type	Value
Open Space and the Environment	£4,179,782
Transport and Travel	£2,792,813
Community Works and Leisure	£839,489
Education	£1,529,757
Affordable Housing	£16,800,000
Other <sup>10</sup>	£274,000
Land Transfers	£2,340,000
<b>Total</b>	<b>£28,755,841</b>

6.2 With the estimate of affordable housing, and allowing for a suitable margin of error in the recording of data by local authorities, the total value of obligations in Wales will fall somewhere between **£26m** and **£31m**. This allows a 10% range either side of the central figure to account for the quality of the available data and the fact that this figure is an estimate rather than an exact number. This is an average of approximately £1.2m per authority, although Cardiff accounts for almost half of the total. Table 14 provides an estimate of the total value of planning obligations for each authority in Wales based on the data supplied by each authority.

6.3 If 80% of planning permissions were implemented in full (see para 3.7) then the value of planning obligations delivered can be estimated at between £18 and £23m. This value would be delivered over a number of years as permissions are built out. The value of obligations delivered in 2005/06 cannot be calculated as it would involve tracking planning agreements signed many years ago and which are still delivering obligations such as affordable housing. Adequate recording and monitoring of agreements would make possible an estimate of the value of obligations delivered in a single year.

<sup>10</sup> The Other category includes an adjustment for the value of the three agreements reported by the authority that did not complete the survey. An average value per agreement (excluding affordable housing as no affordable housing agreements were reported) is used to make the adjustment.

**Table 14: Total value of Planning Obligations by Authority**

<b>Authority</b>	<b>Approximate Value</b>
Cardiff	£14,400,000
Caerphilly	£1,300,000
Bridgend	£1,200,000
Newport	£1,100,000
Denbighshire	£867,000
Rhondda Cynon Taff	£830,000
Wrexham	£785,000
Carmarthenshire	£705,000
Ceredigion	£646,000
Vale of Glamorgan	£622,000
Monmouthshire	£600,000
Torfaen	£500,000
Flintshire	£335,000
Powys	£310,000
Pembrokeshire	£257,500
Gwynedd	£216,000
Swansea	£191,000
Merthyr Tydfil	£100,000
Neath Port Talbot	£70,000
Anglesey <sup>11</sup>	£58,000
Conwy	£45,000
Pembrokeshire National Park	£0
Snowdonia National Park	£0
Blaenau Gwent	£0
Brecon Beacons National Park	£0
Other	£174,000
Land contributions	£2,340,000
Other affordable tenures	£1,500,000
<b>Approx Total</b>	<b>£29,000,000</b>

<sup>11</sup> There was no information provided on affordable housing tenures. The units were assumed to be REP units.

## **Chapter 7: Placing the Value of Obligations in Context**

### **Introduction**

7.1 The estimate for the total value of obligations in Wales produced in the last chapter is for a single year, 2005/06. Although it provides an excellent indication of just how local policy is working in Wales and the level of contributions being received, it does not provide evidence on whether contributions are rising or falling year on year. This chapter examines evidence from previous years in Wales.

7.2 The results of the survey have been analysed with reference to the EVPO study which have shown much higher contributions in England. However, this could be due entirely to higher land values in England. This chapter provides evidence on contributions secured by English authorities with land values in 2003/04 equivalent to those in Wales for 2005/06.

### **Planning obligations 2004-2007**

7.3 Three versions of the survey were distributed to local authorities in Wales. The main survey collected data for 2005/06 and two simplified questionnaires were designed to collect data for 2004/05 and 2006/07. The intention was to compare the frequency and value of planning obligations over three years to examine how local planning obligation policy had evolved over this period. Unfortunately, only five responses were received for 2004/05 and nine for 2006/07.

7.4 There is little data of value that can be extracted from the questionnaire relating to 2004/05. Cardiff responded to 2004/05 but their data dominates any analysis that can be gleaned from the year. With the exception of affordable housing, Cardiff actually recorded over £5m worth of obligations agreed in 2004/05. This is over £2m more than in 2005/06 and 2006/07. This indicates the volatility of planning contributions in a single authority and that a large quantity of data is necessary to smooth data for year on year comparisons. Removing Cardiff from the analysis leaves just 4 authorities and the quality of the data are not sufficient to make comparisons with 2005/06 and 2006/07.

7.5 There were nine responses to the questionnaire relating to 2006/07 and the quality of the data was much better than those for 2004/05. It has been possible to compare the two years of data to determine whether the frequency and value of obligations have changed over this period.

### **The Frequency and Value of Obligations 2006/07**

7.6 Table 15 describes how the number of obligations has increased by 44 (almost 25%) in the space of a year. This equates to an increase of 5 agreements per authority. In England, annual affordable housing data allows an estimation of the rate of increase in planning obligations agreed. Data are not yet available for 2006/07 but the number of affordable housing units agreed between 2004/05 and 2005/06 rose by around 30% (HSSA data 2004/05 and 2005/06). This is consistent with the increase in agreements in Wales.

**Table 15: Frequency of Agreements in 9 Authorities: 2005/06 and 2006/07**

	Number of Agreements		
	2005/06	2006/07	Change
<b>Major Developments</b>			
Dwellings	55	71	16
Offices / R&D / light industry	3	9	6
General industry / storage / warehousing	0	0	0
Retail, distribution and servicing	10	18	8
Waste Disposal	0	0	0
All other major development	9	3	-6
<b>Minor Developments</b>			
Dwellings	70	93	23
Offices / R&D / light industry	5	2	-3
General industry / storage / warehousing	0	0	0
Retail, distribution and servicing	7	12	5
Waste Disposal	0	0	0
All other minor developments	8	9	1
<b>Other Developments</b>			
Minerals	1	0	-1
General Regulations	0	0	0
Householder Developments	5	1	-4
Adverts	0	0	0
All other Granted	5	4	-1
<b>Total Number of Agreements</b>	<b>178</b>	<b>222</b>	<b>44</b>
<b>Average Agreements per authority</b>	<b>20</b>	<b>25</b>	<b>5</b>

7.7 Comparing the total value of obligations (excluding affordable housing) agreed in the 9 authorities for the two periods shows an increase of 17%. Table 16 describes the results. There are rises in all categories of obligations with the exception of education.

**Table 16: The Value of Planning Obligations: 2005/06 and 2006/07**

Obligation Type	2005/06	2006/07	Actual Change	% change
Open Space and the Environment	£2,770,352	£3,606,391	£836,039	30%
Transport and Travel	£1,902,783	£2,224,889	£322,107	17%
Community Works and Leisure	£624,292	£771,270	£146,978	24%
Education	£624,948	£302,400	-£322,548	-52%
Total Value of Obligations	£5,922,375	£6,904,951	£982,575	17%

7.8 For affordable housing agreements the changes are less clear cut. There was a small rise in the number of agreements but a fall in the number of units. However, there was a big rise in the value of commuted sums paid to the local authorities.

**Table 17: Affordable Housing Changes: 2005/06 and 2006/07**

	2005/06	2006/07	Actual Change	% change
Number of Agreements	57	61	4	7%
RSL Social Rented Units	261	255	-6	-2%
RSL Shared Equity Units	124	86	-38	-31%
Discounted Sale Units	58	84	26	45%
Commuted Sums	£1,473,237	£3,181,321	£1,708,084	116%

7.9 Evidence suggests that the number and value of agreements have risen since 2005/06 and this is likely to be because of a gradual increase in skill and experience and a clearer process within the local authorities rather than due to significant changes in land values.

### **Evidence from Local Authorities – was 2005/06 a typical year for planning obligations?**

7.10 Within the survey, local authorities were asked whether 2005/06 was a typical year for planning obligations. Of the 16 responses, half stated it was a typical year and half that it was not. This is not particularly helpful in determining whether 2005/06 is an accurate reflection of planning obligations in Wales. Some of the reasons why 2005/06 cannot be considered to be a typical year are described below:

- A lack of data on alternative years for comparison
- Affordable housing agreements have increased since 2005/06
- UDP uncertainty held back a number of applications in 2005/06
- Under resourced planning department during the year which may have led to fewer than normal obligations
- Fewer in number than normal

7.11 For the reasons described above, a single value figure is likely to be misleading but the estimate of £25m - £33m provides clear evidence on the extent of obligations.

## Planning Obligations and Land Values

7.12 Analysis was undertaken on responses to the EVPO survey for authorities with land values in 2003/04 equivalent to those in Wales for 2005/06. This was to establish whether the value of planning obligations in Wales is much lower than England because of relative land values. 51 English authorities had residential land values below £2.5m per hectare (roughly the average for Wales). The average value of planning obligations for these 51 authorities was £3.2m compared to just under £1.2m in Wales. The difference in value is partly due to higher affordable housing contributions in England, but direct payment obligations were over twice as high; £950,000 compared to £434,000.

7.13 Table 18 provides a comparison of 10 authorities in England and Wales with similar land values. Affordable housing values are removed but the number of units is recorded. Even though the average land values in England for the 10 authorities is significantly lower than in Wales, there are more obligations with a higher value in England. There are also far more affordable units agreed in the English authorities. This suggests that the level of contributions in England is related more to local policy and process than to land values.

**Table 18: Comparison of Planning Obligations in England 2003/04 and Wales 2005/06.**

<b>England 2003/04</b>			
<b>Land value per hectare</b>	<b>Number of Obligations</b>	<b>Total Value of Obligations less AH</b>	<b>Number of Affordable Units</b>
£2,300,000	88	£1,244,758	125
£2,130,000	19	£3,337,978	21
£1,870,000	29	£4,165,746	52
£1,830,000	32	£5,397,058	110
£1,800,000	42	£1,803,536	198
£1,700,000	38	£0	160
£1,600,000	28	£9,125,543	390
£1,570,000	17	£240,560	121
£1,030,000	26	£140,781	0
£830,000	15	£2,456,155	4
<b>£1,666,000</b>	<b>33</b>	<b>£2,791,211</b>	<b>118</b>
<b>Wales 2005/06</b>			
<b>Land value per hectare</b>	<b>Number of Obligations</b>	<b>Total Value of Obligations less AH</b>	<b>Number of Affordable Units</b>
£4,500,000	84	£2,972,486	383
£3,000,000	12	£760,109	22
£2,500,000	8	£269,129	47
£2,470,000	13	£823,451	34
£2,220,000	17	£804,864	3
£1,900,000	6	£177,173	0
£1,700,000	32	£783,441	24
£1,230,000	14	£236,025	151
£1,000,000	18	£704,606	0
£1,000,000	17	£581,097	34
<b>£2,152,000</b>	<b>22</b>	<b>£811,238</b>	<b>70</b>

7.14 Table 19 compares contributions in Wales to two regions in England; the North and North West. Contributions in Wales are very similar to those in the North but much lower than those in the North West. From this the conclusion may be drawn that the situation in Wales is very similar to that in the North two years previously. Contributions are not just a function of land values but of many additional factors which include the strength of local authority policy, skill and experience in negotiations and relationships with landowners and developers. This is very important for the future development of planning obligation policy in Wales.

**Table 19: Regional Comparisons: England 2003/04 and Wales 2005/06**

	<b>Number of Authorities</b>	<b>Total value of Obligations excluding AH</b>	<b>Average per authority</b>	<b>Total Value including Affordable Housing</b>
North West	24	£23,066,672	£961,111	£70,179,048
North	26	£12,755,159	£490,583	£27,473,035
Wales	25	£11,855,841	£474,234	£27,618,549

## **Chapter 8: Conclusions and Recommendations**

8.1 This report has used evidence on planning obligations collected from all 25 local authorities to describe the use and value of planning obligations in Wales. 21 of the 25 authorities responded in full to the survey, although the quality of data was variable. Local authorities were also asked to provide data for 2003/04 and 2006/07 to generate data over a three year period but only sufficient data were provided to analyse returns for 2006/07.

8.2 The total value of planning obligations in Wales for 2005/06 is between £25m and £33m, with affordable housing contributing around 60% of that value. Authorities secured, on average, £1.2m per authority but removing Cardiff, where the revenue was over £14m, leaves around £580,000 per authority. This is well below the equivalent figure for England in 2003/04 of around £3m per authority. Wales as a whole secured revenues very similar to those in the North of England for 2003/04. This is not because land values in Wales are similar to those in the North two years ago, in fact they are significantly higher, but is rather a function of local policy and process.

8.3 Evidence from 2006/07 indicates that the number of agreements and the value of obligations are rising, although further data are necessary to determine whether this is a trend.

8.4 What is clear from the evidence is that there is substantial scope for local authorities to increase revenues generated through planning obligations. There is a weak relationship between land values and planning obligation revenues in England. It is the strength and clarity of local policy and the negotiation process that are much more important in generating revenues. In Wales, Cardiff secures almost half of the total value of obligations in Wales. This is because of two factors. First, the level of development activity and land values are much higher in Cardiff than the rest of the country; and second, and crucially, Cardiff has a clear policy in place and has generated experience in the process from continuous planning obligation activity over a number of years.

8.5 Authorities with low land values such as Denbighshire and Carmarthenshire have secured much greater revenues than many larger authorities. Carmarthenshire, for example, has a S106 officer, has policies on obligations and affordable housing in its UDP, uses standard charging for affordable housing, open space and education and has a database to record obligations. Policy has a direct impact on the amount of revenue secured.

### **Implications for Planning Gain Supplement (PGS)**

8.6 The proposed planning gain supplement would have a major impact on the way planning obligations are structured in England and Wales. Although negotiations to secure affordable housing and other obligations related directly to the development environment of a site - for example some open space and transport obligations - would remain, the other obligation types would no longer be negotiated on a site by site basis. This would mean that a proportion of open space and transport and travel

obligations and all education and community and leisure obligations would fall outside the scaled back obligations process to be replaced by the PGS tax.

8.7 The tax would be levied on the vast majority of sites, both residential and commercial, so would potentially result in a significant increase in the number of development sites contributing to local infrastructure revenues when compared to the current system. The vast majority of the PGS value would come from residential schemes and currently fewer than 30% of major residential development permissions contribute planning obligations. Under a PGS, the remaining 70% of permissions that do not have agreements would provide revenue to local authorities.

8.8 It is very difficult to determine just what type of obligations will fall outside the scaled back S106 to be replaced by the PGS. Assuming the following obligations fall within the scaled back policy:

- Affordable Housing
- Direct provision of open space
- Direct traffic and highways works and parking restrictions

Then these account for around 60% of the total number of obligations and around 75% of the value. This would mean 25% of the total value, around £7m, would need to be replaced by PGS for Wales to be in a similar position to 2005/06.

8.9 Analysis published by the research team (Rowley et al 2006) describes how a PGS would increase revenues in those local authorities that are currently ‘performing poorly’ under the current planning obligation policy. By largely removing the negotiated element of planning obligations, with the exception of affordable housing, sites escaping contributions would be brought within the new tax liability. However, the PGS could have the opposite effect on authorities generating significant revenues under the current system. An authority generating large education contributions, which currently go directly towards the funding and provision of education in the local authority, would see these contributions disappear. Obligations would now be collected as one payment to the local authority and education services would then have to apply for funds from a single pot. The PGS may actually reduce revenues in authorities that are generating significant contributions under the current policy.

8.10 Evidence for Wales suggests that there is substantial scope for increasing planning obligation revenues in all local authorities. Given the current level of activity, a PGS would potentially increase revenues in Wales although they would be structured differently in comparison to the current system. However, improving the current policy has the potential to deliver even greater revenues than the PGS.

## **Recommendations**

8.11 There is considerable scope for local authorities to increase contributions from planning agreements. Improved negotiation skills, the use of SPG, clearer and stronger policies and the sharing of experience will all have an impact on the level of contributions that can be secured.

8.12 **Authorities can learn from each other.** Those authorities with little experience in obligation negotiation can learn from those that have more effective procedures in place. Seminars have a vital role to play in increasing skill levels. Recent guidance from the Department for Communities and Local Government on planning obligations and affordable housing should be utilised by local authorities (CLG 2006a, 2006b, 2007a) as well as TAN 2 in Wales.

8.13 **Clarity of local policy is crucial.** If a developer is aware of the required planning obligation contribution in advance of purchasing land then an adjustment can be made to the purchase price to reflect the additional costs. The landowner then pays for the contributions through the uplift in revenue generated from the granting of permission. This is how the process is supposed to work. However, if the developer has no idea of the contributions required they may pay too much for the land, so it will be in his/her interest to minimise contributions. A clear policy smoothes negotiations, reduces delays and leads to better relationships between local authorities and developers. There is no doubt that contributions are linked to experience in the negotiation process. The value of contributions will gradually increase but the speed of this increase is dependent on the formulation of clearer, stronger policies within local development plans as well as increased skill levels within authorities. An individual can effectively drive the process.

8.14 **A dedicated planning obligation officer** leading on negotiations and monitoring agreements can have an impact. The officer quickly generates experience in the process and is aware of all contributions within a local authority. This provides useful information for negotiations. The officers should lead a team comprising members of all interested local authority parties such as housing, highways, education etc to avoid the situation where one department enters negotiations at a late stage and demands a contribution from the developer. There should be a partnership approach to contributions rather than a competition.

8.15 There is a role for **development viability analysis** in securing plan led affordable housing contributions. Land values are relatively high in Cardiff yet RSLs still have to purchase the land from landowners/developers. Development viability analysis can show that developments can actually support the transfer of free or discounted land and still be viable. Land values in Wales can support much higher affordable housing contributions in many areas. The Valuation Office Agency have available a development viability model which could help local authorities assess whether their development sites could support affordable housing contributions and, if so, determine the appropriate level of contribution. Many authorities currently lack the skills to make such judgements and securing such expertise, either directly or through training, could significantly increase contributions.

8.16 Local planning authorities need to put in place a **standardised database system** for recording the details of planning agreements, including affordable housing. This will help them to monitor the delivery of planning agreements as well as calculating their value. Such a system would remain in use even if the PGS was introduced. The Welsh Assembly Government should consider continuously monitoring the frequency and value of planning obligations.

8.17 In England HSSA data, published by CLG, describe the number of affordable units agreed and completed on an annual basis. These data record the number of units by tenure and by grant funding and also record details of commuted sums and land transfers. These data are vital, in combination with land value data, in estimating the value of affordable housing. Such data are not currently recorded in Wales. Starting to record and publish these data will increase the transparency of the planning obligation system as well as providing a source of data vital for future updates on the value of planning obligations.

## Appendix: National Survey

### Survey Covering E-mail

#### Welsh Assembly Government - Valuing Planning Obligations Survey

Dear Name,

As you will know the Welsh Assembly Government has commissioned the University of Sheffield to examine the use and value of planning obligations in Wales. We have designed a survey to collect data on planning obligations which will be used to examine current policy and calculate the value of developer/landowner contributions. These data are vital to monitor and improve existing policy and to provide evidence for the consultation of the proposed Planning Gain Supplement.

The survey is an excel based spreadsheet. The main survey asks you to record data for the period 1<sup>st</sup> April 2005 – 31<sup>st</sup> March 2006. Full instructions for completing the survey are included in the survey itself. We are asking all authorities to provide data for 2005/06. However, if we can gather data on additional years it will allow us to determine how planning obligation policy is evolving in Wales and whether the value of obligations is increasing. Consequently, I also attach 2 additional surveys designed to collect data for 2004/05 and 2006/07. These are simplified versions of the main 2005/06 survey. If data are available which allow your authority to complete returns for one or both of these years we would be really grateful if you could complete the survey(s) as it will greatly add to the quality of research and subsequent consultations.

There will be a number of planning agreements that are attached to permissions in areas of National Parks which overlap with unitary local authorities. In these cases we ask National Parks to record details of planning agreements ONLY when they are the sole signatory to the agreement. In all cases where a National Park authority and unitary authority both sign a planning agreement it is down to the unitary authority to record the details of that agreement.

If you have any questions regarding the survey please contact Professor John Henneberry and/or Dr Steven Rowley. The quickest way to elicit a response is to e-mail BOTH [j.henneberry@sheffield.ac.uk](mailto:j.henneberry@sheffield.ac.uk) AND [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk) and one of us will reply to you as soon as we can. Alternatively contact telephone numbers are provided in the survey.

Please send the completed survey(s) by e-mail to Steven Rowley ([s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk)) by **Friday 20<sup>th</sup> April**.

The Welsh Assembly Government and University of Sheffield are very grateful for you help in this very important piece of research.

Professor John Henneberry and Dr Steven Rowley, University of Sheffield  
Rosemary Thomas, Head of Planning Division, Welsh Assembly Government.

## **Survey Introduction**

### **Planning Obligations in Wales - 2005/06**

As part of its ongoing work on planning obligations and the possible introduction of the Planning Gain Supplement (PGS), the Welsh Assembly Government has commissioned research to estimate the value and use of planning obligations in Wales.

This survey of all Welsh local planning authorities is part of the work. The aim is to determine the number and type of planning obligations that are agreed under the current system.

This questionnaire asks for details of all planning agreements signed by your local authority between 1st April 2005 and 31st March 2006 which relate to outline and full planning permissions. Details of agreements relating to reserved matters permissions should only be recorded if they contain obligations not covered in the agreement attached to the 'parent' outline permission.

Agreements may be made under S106 and S299A of the Town and Country Planning Act 1990, as substituted by the Planning and Compensation Act 1991 and under S278 of the Highways Act 1980 (as amended), where works are directly related to the planning agreement, and are subsequently called 'planning agreements'. Unilateral undertakings are also considered to be planning agreements although are not strictly agreed or signed but rather lodged during the study period. Planning obligations are the actions or contributions detailed within planning agreements. There may be one or more separate planning obligations in a planning agreement. We refer to a planning agreement and its constituent obligations as 'agreed' when the legally binding planning agreement has been signed off by all relevant parties.

To complete the questionnaire you will need the following data:

- The number of planning agreements signed between 1 April 2005 and 31 March 2006.
- Information on individual obligations in each agreement, covering
  - Type of obligation (categorised under the following general headings: Affordable Housing; Open Space and the Environment; Community and Leisure; Transport and Travel; and Education);
  - The value of any direct payments under each obligation; and
  - The number of in-kind contributions under each obligation.
- Affordable Housing units agreed and completed under planning agreements

We appreciate that the collection and assembly of the data required to complete this survey may take some time. However, these data are vital to inform the development of effective policy relating to planning obligations and to determine the impact of the proposed PGS.

There will be a number of planning agreements that are attached to permissions in areas of National Parks which overlap with unitary local authorities. In these cases we ask National Parks to record details of planning agreements ONLY when they are the

sole signatory to the agreement. In all cases where a National Park authority and unitary authority both sign a planning agreement it is down to the unitary authority to record the details of that agreement.

Section 4 of the questionnaire asks for details of planning obligations agreed and section 5 for data relating to affordable housing. As an alternative to completing the section, relevant extracts from database systems containing the required data may be sent to [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk). However, we do ask that the remaining questions are completed as normal.

Please complete as much of the questionnaire as you can and return it to [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk) by Friday April 20th.

A partially completed questionnaire is better than a non-response.

The easiest way for us to deal with any queries is for e-mails to be sent to BOTH [j.henneberry@sheffield.ac.uk](mailto:j.henneberry@sheffield.ac.uk) AND [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk). One of us will then deal with the query as quickly as possible. Alternatively phone John Henneberry on 0114 2226911 or Steven Rowley on: T: 01252 322338

Professor John Henneberry and Dr Steven Rowley  
Department of Town and Regional Planning, University of Sheffield, Sheffield S10 2TN.

# The Use and Value of Planning Obligations in Wales – National Survey

## GENERAL INFORMATION

**Name of Local Planning Authority:**

**Name of Respondent(s):**

**Job Title(s):**

**Contact Telephone No.:**

**Contact E-mail(s):**

## SECTION 1: NUMBER OF PLANNING AGREEMENTS

**Q1. Please complete the following table to record the number of planning agreements signed in 2005/06 and which relate to full and outline planning permissions**

Enter the number of planning agreements signed between 1 April 2005 and 31 March 2006 and which relate to full and outline planning permissions for each type of development.

Details of agreements relating to reserved matters permissions should only be recorded if they contain obligation/s not covered in the agreement attached to the 'parent' outline permission. The developments are categorised as in the Development Control Quarterly Summary

	<b>Number of Planning Agreements</b>
<b>Major Developments</b>	
Dwellings	
Offices / R&D / light industry	
General industry / storage / warehousing	
Retail, distribution and servicing	
Waste Disposal	
All other major development	
<b>Minor Developments</b>	
Dwellings	

Offices / R&D / light industry	
General industry / storage / warehousing	
Retail, distribution and servicing	
Waste Disposal	
All other minor developments	

**Other Developments**

Minerals	
General Regulations	
Householder Developments	
Advertisements	
All other Granted	

**Q2. Where possible, please record the total number of dwelling units that were granted planning permission.**

**Q3. If possible, please record how many square metres of commercial floorspace were granted planning permissions.**

**Q4. In order to determine the proportion of planning applications granted that have agreements attached, please estimate the proportion of development sites that have multiple planning permissions attached to them.**


**SECTION 2: SPG, STANDARD CHARGING AND MONITORING**

**Please record data for 2005/06 i.e. details of those policies in place during that period**

**Q5. Do you have up to date SPG for Planning Obligations?**

**Q6. Do you use standard charging or formulas to calculate obligations for:**

(Please tick all boxes that apply)

Affordable Housing

Open Space and the Environment

Community and Leisure

Transport and Travel

Education

Other (please provide details below)


**Q7a. Do you have an officer(s) within your Local Authority dedicated to NEGOTIATING planning agreements?**

**Q7b. Do you have an officer(s) within your Local Authority dedicated to MONITORING planning agreements?**

**Q7c. Please briefly describe who negotiated Planning Agreements in your authority during 2005/06.**

**Q8. Please list the official guidance used to inform your planning obligation policies.**

### **General Planning Obligations**

#### **Affordable Housing**

**Q9a. What is your affordable housing threshold?**

Units

**Q9b. Please provide brief details of you Rural Exceptions Policy, if applicable.**

**Q10. What is your percentage target for affordable housing contributions as specified in your development plan or SPG?**

**Q11a. To what extent do developers fail to deliver agreed planning obligations?**

**Q11b. In your experience, are changes to planning agreements more likely to be sought when a site changes hands from one developer to another?**

**SECTION 3: Recording Planning Obligations**

**Q12. Do you use an electronic database to record the details of planning obligations agreed by your authority ?**

**Q13. If YES does your database system record (please tick all boxes that apply):**

Details of the obligation/s covered by the planning agreement/s

Payment/s to be made under 'direct payment'\* obligations

The number and descriptions of 'in-kind'\* obligations agreed

The value of direct payment obligations *delivered* in 2005/06

The number of in-kind obligations *delivered* in full in 2005/06


\* definitions of 'direct payment' and 'in-kind' obligations are given in Section 4

## **SECTION 4: The Number, Type and Value of Planning Obligations**

### **Q14. Please record the details of the planning obligations agreed in 2005/06.**

Please record in the table below the type and number of direct payment and in-kind obligations agreed between 1st April 2005 and 31st March 2006.

Direct payment obligations are those obligations where the developer agrees to pay a defined monetary sum to the local authority. In-kind obligations are those obligations where the developer agrees to undertake specified works, or to provide defined facilities or services themselves, or to follow some other similar action.

The obligations may be constituted of either direct payment or in-kind obligations or both (e.g. open space (1a) can be provided through direct payments to local authorities and/or by developers setting aside open space within developments - in-kind contributions).

Affordable Housing is dealt with separately in section 5.

If you have a database which records the relevant data and you would like to send the database (or relevant extracts) instead of completing the table below, then please e-mail the database to [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk)

For each type of obligation record:

(i) the total number of direct payment obligations agreed for each obligation type;

(ii) the total value of direct payments agreed (eg. if there were 4 Education contributions, each of £100,000, for Education enter 4 in column (i) and £400,000 in column (ii)); and

(iii) the number of in-kind obligations agreed (eg. if there were 2 obligations involving actual traffic works then enter 2 in column 2a iii).

(iv) if there are agreements where free land is transferred to the local authority as part of an in-kind obligation then record the amount of land in hectares in column iv. For example, 200m<sup>2</sup> of land is transferred to the local authority for the provision of open space. In this case enter 0.2 in 1a iv). This is still an in-kind contribution so you would still enter 1 in the number of in-kind obligation column.

If you have a planning obligations database that records such data and you would prefer to send a copy to us instead of completing the table, then please e-mail the database (or the relevant parts) to [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk)

<b>1 April 2005 - 31 March 2006</b>	<b>Direct Payment Obligations</b>		<b>In-Kind Obligations</b>	<b>Land Contributions</b>
<b>Obligation Types</b>	(i) Number of Obligations	(ii) Total value of direct payments	(iii) Number of Obligations	(iv) Amount of Free land (Hectares)
<b>1. Open Space and the Environment</b>				
a) Provision of open space either within a development or via a direct payment to the LPA.				
b) General environmental improvements including landscaping				
c) Ecology and nature conservation, countryside management and community forests				
d) Allotments.				
e) Sport facilities: sports fields, club houses etc.				
<b>Total</b>				
<b>2. Transport and Travel</b>				
a) Traffic/highway works, temporary or permanent				
b) Traffic management/calming				
c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas				
d) Green transport/travel plans.				
e) Public and local transport improvements				
f) Pedestrian crossings, pedestrianisation, street lighting				

g) Provision or improvement of footpaths or pathways etc.				
h) Cycle routes, management, safety				
<b>Total</b>				
<b>3. Community Works and Leisure</b>				
a) Community centres: construction, funding, improvement etc				
b) Community/cultural/public art				
c) Town centre improvement/management				
d) Library, museum and theatre works/funding				
e) Childcare/crèche facilities, provision and funding				
f) Public toilets				
g) Opening hours or noise restrictions				
h) Health services: community healthcare, construction of surgeries etc, healthcare funding				
i) CCTV and security measures				
j) Waste and recycling facilities				
k) Religious worship facilities				
l) Employment and training				
m) Local regeneration initiatives				
<b>Total</b>				
<b>4. Education</b>				

a) Physical development or funding for education at all levels; nursery, primary, secondary schools, higher education facilities etc.				
<b>5. Other Obligations</b> (please describe obligation)				
a)				
b)				
c)				
d)				
e)				

**Q15 Was this a typical year for planning obligations?**

**Q 15a. If Not why Not?**

**Q16. If you are able, please estimate the total value of direct payment planning obligations actually *delivered* in 2005/06**

**Q17. If you are able, please estimate the number of in-kind planning obligations actually *delivered* in 2005/06**

**Q18. What percentage of *Full* Planning Permissions granted with a planning agreement would you expect to be implemented in full?**

**Q19. What percentage of *Outline* Planning Permissions granted with a planning agreement would you expect to be implemented in full?**

## **SECTION 5: AFFORDABLE HOUSING - NUMBER OF AGREEMENTS AND UNITS**

### **1 April 2005 - 31 March 2006**

This section asks you to record details of affordable housing agreed through the use of planning agreements. Affordable housing includes social rented units, units for shared equity, discounted sale units and any other tenures defined by your local authority as affordable.

Q20 requests details of the number of planning agreements which include affordable housing. Please complete Q20 by recording the number of specific affordable housing contributions. For example, if you negotiated 2 agreements which contained affordable housing contributions of type *a) On-site provision* then enter 2 in the box next to provision type a). If you negotiated 1 commuted sum enter 1 in the box next to description e).

Affordable housing data are complex and some authorities may not have easy access to the required information. As a result there are two alternative Q21s. For both questions we require data on the actual number of units granted permission in 2005/06. Units granted permission are those which are included in planning agreements signed between 1 Apr 2005 and 31 Mar 2006.

The first Q21 asks for very simple data on affordable housing requiring an estimate of the number of affordable units agreed and the proportion that are for social rent. We also ask for an estimate of the number of units which are likely to receive full grant funding. These data will allow us to estimate the developer's subsidy and calculate the value of affordable housing in your local authority.

The supplementary Q21, identified by the shaded boxes, request more details on units of specific tenures. If your authority can provide these data it will permit a much more accurate calculation of the value of affordable housing contributions. Please complete either of the Q21s.

We would prefer you complete the more comprehensive Q21 but appreciate many authorities will find it very difficult to collect these data.

Q22 and Q23 request additional data, indicated by the shaded boxes that will help us calculate the value of affordable housing. If you can record these data it would prove very useful to us but, again, we appreciate it may be difficult for many authorities to gather these data.

For those authorities that do not already record these data then this exercise will aid the monitoring of your affordable housing policy and could form the basis of recording such data in the future. You may need to contact your RSL partners to aid data collection but will certainly wish to refer this to you housing department colleagues.

<b>Type of Affordable Housing Contribution - Number of AGREEMENTS</b>
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<b>Q 20. Affordable Housing AGREEMENTS</b>	<b>Number of Agreements Containing Affordable Housing</b>
a) On-site provision of various affordable tenures.	
b) Off-site provision: development and transfer of units on another site owned by the developer/landowner.	
c) On-site provision of land only: land transferred to a RSL or LPA for free or at a rate below the market value.	
d) Off-site provision of free or discounted land only	
e) Commuted sum: payment of a sum in lieu of actual provision of units.	
f) Rural Exception Policy Agreements	
g) Other affordable housing contributions	
<b>Total</b>	

<b>Number of Affordable UNITS Granted Permission through Planning Agreements</b>
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<b>Q21. Number of Affordable UNITS Agreed (If you can provide a more detailed breakdown of affordable units please record data in the shaded boxes below)</b>
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- |  |  |
|--|--|
| a) Please estimate the total number of affordable units agreed                     |  |
| b) Please estimate the proportion of all affordable units that are for social rent |  |

c) Please estimate the proportion of all affordable units that are likely to receive full grant funding

<b>Q21 Supplementary Data: Number of Affordable UNITS</b>	<b>Granted Permission/Agreed</b>	<b>Discount on OMV (%)</b>
a) RSL Social Rented Units		
b) RSL Shared Equity Units		
c) Discounted Sale Units		
d) Rural Exception Site Units		
e) Other Units - List tenure below		
f)		
g)		
h) Other Units where Tenure Unknown		
i) Commuted Sums (Financial Payments to LA) (£)		
j) Amount of Free or discounted Land transferred (ha)		

<b>Q22. Grant Funding - Public Subsidy</b>	
<b>Please complete where possible</b>	<b>Granted Permission</b>
a) Number of Units receiving FULL Grant Funding	
b) Number of Units Receiving SOME Grant Funding	

<b>Q23. General Information</b>				
Please complete where possible	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
a) Cost of Constructing an average Affordable Unit				
b) Average Discount on construction costs on transfer to RSL				
c) Average Monthly Rent payable for affordable Unit				

**Thank you for your time.**

**This valuable information will be used for the purpose of informing the development of future planning obligation policy and provide evidence for the Planning Gain Supplement Consultation**

**Please e-mail the completed document to [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk)**

**Dr Steven Rowley,  
Department of Town and Regional Planning,  
University of Sheffield,  
Sheffield S10 2TN.**

**For any queries or further details please contact John Henneberry on 0114 2226911 or Steven Rowley on: T: 01252 322338; F: 0114 272 2199;**

**The easiest way to deal with queries is to e-mail both [j.henneberry@sheffield.ac.uk](mailto:j.henneberry@sheffield.ac.uk) AND [s.rowley@sheffield.ac.uk](mailto:s.rowley@sheffield.ac.uk).  
One of us will respond as quickly as possible**

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