

Cardiff Capital Region Strategic Development Plan – Cost Analysis (June 2019)

Introduction

1. This paper has been prepared to support the report seeking authorisation to proceed with the Strategic Development Plan (SDP) for the Cardiff Capital Region. It sets out the likely cost of preparing the SDP on this scale using best available evidence at this time. Evidence includes the Welsh Government’s Regulatory Impact Assessment Methodology for the Planning (Wales) Bill alongside actual costs for Local Development Plan preparation in the region over recent years and planned spend on current LDP preparation. The WG’s cost estimate for the SDP was circa £3.5m however this was a total cost and included costs such as LPA Members, LPA consultees and press notices which are not included below as explained in the report where appropriate. This report concludes that the estimated cost of preparing the SDP for the Cardiff Capital Region will be circa £3.14m over 5 years.
2. The cost associated with preparing the SDP will need to be met by the constituent Local Authorities, albeit Welsh Government have indicated a willingness to support this collaboration project with some financial contribution which has yet to be agreed.
3. The Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016 set out the expenditure of a panel that is “qualifying expenditure” to be met by the constituent local planning authorities and includes: staff costs; remuneration of nominated and co-opted members of the panel; costs associated with the hire / occupation of premises; consultancy and technical fees; equipment costs and other costs associated with enabling a panel to undertake its functions under Part 6 of the 2004 Act.

Initial project set up costs

4. To date a significant amount of officer time has been dedicated to this process on a collaborative basis with input from officers across the region. If all Councils agree to proceed with the SDP, this will increase further in the short term before the SDP Team and Panel are established. Therefore, it is considered necessary to establish an initial budget to cover officer time involved in this project which varies between constituent authorities but is of benefit to the region as a whole and thus should be covered by the region.
5. Initial tasks will include:
 - Preparation and formal submission of SDP Proposal to the Minister including justification for the Strategic Planning Area (60E of the Planning Act)
 - Liaison with WG on SDP draft regulations and guidance
 - Support to constituent LPAs on SDP matters such as attendance at Member and Officer briefings
 - Recruitment of SDP Team
 - Procuring appropriate office and meeting accommodation for SDP Team and Strategic Planning Panel (SPP) as appropriate

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6. There are potential costs associated with these tasks such as staff time (with on costs), travel expenses, legal advice and other technical support as required.
7. It is considered that £50,000 will be adequate to cover staff costs for this initial work, whilst any underspend can be carried forward to the main project. It is proposed in the main report that each constituent LA contribute their share towards this cost to the Responsible Authority following agreement by all Councils to proceed with the SDP. The Responsible Authority will administer the fund in the first instance and enable other Local Planning Authorities (LPAs) to charge their costs to the SDP project as appropriate.
8. The proportional split of funding recommended in the main report is shown in the list below, and attributes this initial project set up cost as follows:

| Local Authority | % cost based on SPP votes | £ |
|------------------------|----------------------------------|---------------|
| Blaenau Gwent | 4.35 | 2,175 |
| Bridgend | 8.7 | 4,350 |
| Caerphilly | 13.04 | 6,520 |
| Cardiff | 21.74 | 10,870 |
| Merthyr Tydfil | 4.35 | 2,175 |
| Monmouthshire | 13.04 | 6,520 |
| Newport | 8.7 | 4,350 |
| Rhondda Cynon Taff | 13.04 | 6,520 |
| Torfaen | 4.35 | 2,175 |
| Vale of Glamorgan | 8.7 | 4,350 |
| Total | 100.01 | 50,005 |

SDP Team Staff costs

9. The delivery of the SDP will require focus and commitment and significant staff time. It is therefore considered that the best method for delivery would be to establish a dedicated regional SDP team to undertake the project (see Resources paper at Appendix E for justification of this approach).
10. It is essential that the lead officer for the SDP Team is a person with a detailed knowledge of planning policy with proven experience of delivering a complex major project like the SDP. They will need to have a range of skills and personal attributes to enable them to deliver the project on time and within budget. The job will involve collaboration with 10 Local Authorities, including building relationships and trust with Members and Chief Officers across the region and supporting the Strategic Planning Panel. The position and salary therefore needs to be competitive to attract the very best person for the job and to reflect the seniority and responsibility that the role has for delivering strategic planning in the region. It is therefore recommended that the job is a Head of Service level equivalent to the Head of Service roles within the City Deal Office Leadership Team and the proposed salary below reflects this.

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11. Similarly, the Policy Officers appointed to the SDP team need to be experienced officers with detailed knowledge of planning policy and proven experience of working on a complex major project like the SDP. To deliver the SDP, the team will have to understand and resolve a wide range of land-use planning issues that will vary significantly across the Cardiff Capital Region. Their work will inform plan-making in the region for the future and it must therefore be of the highest quality. In order to attract the very best people for the job, it is considered appropriate that the salaries reflect the more complex nature of the work at a strategic / regional level and are higher than the nearest equivalent role within Local Planning Authorities. The proposed salaries below reflect this.
12. It should be emphasised that these are indicative salaries at this stage for the purpose of estimating a cost for the preparation of the SDP. They would need to be scrutinized through a job evaluation process in due course once job description and person specifications have been devised.
13. Given the scope and nature of the project it is considered the following team structure would be appropriate:
- Head of SDP Team – up to £69,318
 - Policy Officers x 4 – up to £41,675
 - Technical support x 1 up to £32,878
14. The WG regulatory assessment assumed 60% on-costs which are 4% higher than those of a LPA due to estimated higher accommodation costs and were taken from a Welsh Government funded body. These are considered to be robust assumptions for this report¹.
15. Initially, it is thought that only the Lead Officer plus 2 in support would be required to start the project and set out the work programme for the delivery of the SDP, with the team growing to full strength once the plan preparation is underway. Therefore, the staff costs for the 5 year delivery programme are set out in Table 1 assuming mid-point salary range and 60% on-costs.

Table 1: SDP Team Staff Costs (including on-costs)

| | Year 1 | Year 2 | Year 3 | Year4 | Year 5 |
|---|----------|-----------------------|----------|----------|----------|
| Head of SDP £100,958 (£63,099 + £37,859) | £100,958 | £100,958 | £100,958 | £100,958 | £100,958 |
| Policy Officer £64,390 (£40,244 + £24,146) | £64,390 | £64,390 | £64,390 | £64,390 | £64,390 |
| Policy Officer £64,390 (£40,244 + £24,146) | £64,390 | £64,390 | £64,390 | £64,390 | £64,390 |
| Policy Officer £64,390 (£40,244 + £24,146) | £0 | £32,195 (6 months) | £64,390 | £64,390 | £64,390 |
| Policy Officer £64,390 (£40,244 + £24,146) | £0 | £32,195 (6 months) | £64,390 | £64,390 | £64,390 |
| Technical £50,011 | - | £50,011 | £50,011 | £50,011 | £50,011 |

¹ Note that Vale of Glamorgan Policy Team on-costs are currently approximately 40%.

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|---------------------|------------|----------|----------|----------|----------|
| (£31,257 + £18,754) | | | | | |
| Annual Total | £229,738 | £344,139 | £408,529 | £408,529 | £408,529 |
| Overall Total | £1,799,464 | | | | |

16. Total staff costs including on costs for the 5 year SDP Preparation are therefore estimated at £1,799,464. This is slightly higher than the estimate used by WG of £1,739,350, who assumed lower salaries but a larger team of 7 with a hierarchy of Principal, Senior and Planning Officers. The Planning Policy Lead Officers in the region have considered this matter in light of their own management experience in delivering LDPs and consider the proposed team structure above to be more appropriate for the SDP project.
17. In their analysis WG estimated ‘start up costs’ for an SDP team of £12,572 for desks, storage, IT, phones, and printing equipment, which appears reasonable. Therefore, a total staff cost of £1,812,036 is considered a reasonable estimate for the 5 year project.
18. Once the SDP is adopted, it is considered that the SDP Team will continue to have a significant role to play in spatial planning in the region, including: monitoring and review of the SDP, involvement and support for LDPs / LDP Lite, regional evidence base review and close working arrangements with the Regional Transport Authority. Furthermore, given their skills and experience they will be able to offer services (commercially) to other regions in Wales and beyond embarking on regional spatial planning. Therefore, it is recommended that the SDP Team is established on a permanent basis with a predicted annual cost of approximately £408,529 although this has not been included in the cost appraisal for the initial preparation and adoption of the SDP.
19. In addition to the core team, there is likely to be specific projects that could be undertaken either by consultants or by officers with relevant expertise within the region who could be seconded or tasked to deliver a specific project (e.g. population projections). These costs are included in the ‘Evidence Base’ section. Secondment from existing local authority teams could result in LPA’s having difficulty in progressing their own LDPs to meet Delivery Agreement timeframes. Any secondments will need to be programmed to ensure that the ability of the affected authorities to deliver their plans, in accordance with their delivery agreements, is not prejudiced.

Strategic Planning Panel

20. The Panel will comprise of two thirds locally elected members and one third from social, economic and environmental partners. It is estimated that the Panel will comprise of up to 23 local elected members (see paragraphs 2.13-2.16 of main report) and up to 11 nominated members for the South East Wales area.
21. It is estimated that the Strategic Planning Panel will be required to meet on a quarterly basis for half a day. Therefore it is estimated that 20 meetings, which is equal to 10 full days over the five year plan period will be required.

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22. When preparing the SDP, it is anticipated that all Members of the strategic planning panel will sit on sub committees. It is anticipated that 4 sub committees would be formed to consider the main strategic issues of population, housing, transport and infrastructure. It is assumed that 9 members of the strategic planning panel will sit on each sub group (consisting of two thirds members and one third stakeholders). Each sub committee would meet for a full day, four times a year, over a three year period, therefore 12 days per sub group. This equates to 12 days x 4 subgroups = 48 days for 9 members.
23. In addition, it is expected that the SDP Lead Officer will meet individually (or jointly as appropriate) with Members of constituent authorities during the preparation of the SDP to discuss Strategic issues and their impact within the Local Authority area.
24. The Regulations prescribe that the costs of remuneration of a constituent local planning authority member of a panel is not “qualifying expenditure”. This will require time and commitment from Councillors but it is expected that this involvement is covered by existing budgets and no additional budget will be expected to cover these costs.
25. The Regulations do include remuneration for nominated and co-opted members of the panel as qualifying expenditure to be met by the constituent local planning authorities. It is expected there will be up to 11 such Members of the panel², attending an estimated 20 meetings of the Panel and a further 12 days for sub-committee meetings. Based on a total 32 days throughout the process Remuneration is expected to be £26,400 in total for the 10 nominated Members of the Panel³.

Additional costs associated with the Panel

26. The undertaking of the SPP’s role and function is likely to incur additional costs in relation to expenses, room hire etc. WG estimated that this would cost the SPP £34,290 over the five year plan preparation period which appears reasonable.

Additional staff within local authority

27. WG’s regulatory impact assessment assumed the time spent by LPAs on the SDP and light touch LDP would be the same as for inputting on the LDP in the basis there would be no increase in their work load, but a redistribution of their time between the SDP and light touch LDP. It was estimated they would spend two thirds of their time inputting to the SDP and one third on the light touch LDP.
28. However, in practice this will not be the case for the first SDP, which will be prepared at a time when at least 5 LPAs in the region are working on LDPs, hence the need to establish a separate team responsible for delivering the SDP (as set out above). With this in mind, there will only be limited involvement of those constituent LPA officers which does not amount to an increase in

² Note this is a ‘maximum scenario’ that assumed 23 SPP voting LA Members being 2/3 of the panel and 11 co-opted Members being 1/3 of the panel

³ Remuneration is equivalent to that paid to appointed persons at National Park Authorities of £3625 per annum equating to a daily rate of £75 / day.

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cost to individual LPAs. There will inevitably be cost-savings arising from shared evidence base and the SDP evidence base being useful to LDPs in preparation but it is difficult to quantify this at this stage given the varying stages of LDP preparation across the region.

29. In addition, there will be some involvement from other consultees within Local Authorities such as Highways, Ecology, Landscapes, Education, Housing, Parks, Drainage, Environmental Health etc. However, given the strategic level of the document, their input will be less detailed than at LDP stage (where site allocations will be made) and should be covered within existing budgets. Therefore, no additional cost has been attributed here.

Evidence base

30. WG estimated that on average the cost of gathering the LDP evidence base for a single authority would be between £195,000 and £265,000. This varies from area to area depending on the prevalent land use issues and depending on capacity and capability within LPA teams and the use of consultants to undertake projects. The approximate cost of evidence base work within the region for previous LDPs is shown below:

- Blaenau Gwent - £127,000
- Bridgend - £250,000
- Caerphilly - £200,000
- Cardiff - £418,000
- Merthyr Tydfil - £106,000
- Monmouthshire - £489,000
- Newport - £210,000
- Rhondda Cynon Taff - £300,000
- Torfaen - £200,000
- Vale of Glamorgan – £168,000

31. The above indicates an average cost in the region of £247,000. The scope of the studies required for the SDP will be similar to those prepared for an LDP however the SDP will consider broad principles and scale of provision, whilst the detail, such as site identification will be reflected in LDPs. These studies include:

- Sustainability Appraisal and Strategic Environmental Assessment
- Habitats Regulations Assessment
- Equalities Impact Assessment
- Health Impact Assessment
- Local Housing Market Assessment
- Population and Household Projections
- Gypsy and Traveler Accommodation Assessment
- Affordable housing viability
- Employment sites and market appraisal
- Retail assessment
- Renewable Energy
- Landscape

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- Recreation/ open space / green infrastructure
- Flooding – Strategic Flood Consequences Assessment
- Minerals
- Waste
- Transport

32. For an area such as South East Wales WG estimated that the evidence base could cost approximately three times the cost of preparing an individual LDP's evidence base i.e. £795,000 based on WG's upper estimate, which is considered to be a reasonable assumption.

Examination

33. WG's estimated cost of a SDP examination for South East Wales was £283,180 taking into account the cost of two Inspectors and programme officer, accommodation costs and expert evidence. This is considered reasonable having regard to examination costs experienced for individual LDPs⁴.

Printing costs

34. WG estimated that the printing costs for a SDP are approximately £55,000. In practice, it is questionable whether it will be necessary or appropriate to print the SDP and associated consultation documents in paper form as most authorities only have electronic versions of their LDP available now. However, the cost has been included in the overall assumptions to ensure the overall cost assumptions are realistic and robust.

Translation costs

35. WG estimated translation costs to be £1,660 based on £83 per 1000 words for a 20,000 word document. These costs are still relevant today (VOG costs £80 per 1000 words). WG estimated that the SDP would be approximately 50% of the size of an average LDP (40,000 words at that time) and noted as a comparison, in Scotland, the adopted TAY Plan (10,300 words) SES Plan (17,000 words). However, more recent analysis of LDPs suggests the average length is closer to 80,000 and therefore, a more accurate cost assumption based on it being half the length of an LDP is £3,320.

36. WG did not include any cost estimate for translation of all the supporting information, letters and documents associated with preparing an SDP, however, this is a cost that will be incurred. Whilst it is difficult to judge at this stage without knowing the word count of the examination and supporting documents, based on similar LDP documents, a reasonable assumption would be 625,000 words costing £51,875.

Cost of adverts

⁴ Examination costs for LDPs: Cardiff £300,000; Vale of Glamorgan £155,000; Blaenau Gwent £75,000; Bridgend £80,000; Caerphilly £147,000.

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37. WG assumed in 2015 that adverts would be required by regulations at the following SDP stages; Delivery Agreement; Preferred Strategy; Strategic Sites; Deposit; Submission; Examination and Adoption. It was assumed that one advert could cover two local planning authorities, therefore giving a 50% saving and cost of £44,100.

38. Since then the LDP amendment regulations⁵ have removed the requirement to advertise in the local press in recognition of the fact that there are more effective ways of engaging local communities. Therefore, officers will expect WG to omit these requirements in the SDP Regulations. Therefore, this cost has been excluded from this analysis.

IT Support

39. The responsible authority will be able to provide normal ICT support to the team at nominal cost which is not included. However, there will be specific costs associated with the SDP, including an SDP database to manage the process such as the various stages of consultation. WG estimated the cost of an IT consultation database to be the same as for an individual local planning authority (estimated to be £15,000 to £20,000). An additional £10,000 is assumed for software licenses and support.

Conclusion

40. The overall cost of the SDP based on a 5 year delivery programme is estimated to be £3,141,101 (rounded to £3.14m) as follows:

- Initial project set up costs £50,000
- SDP Team Staff costs £1,812,036
- Strategic Planning Panel £26,400 plus existing budget for LPA Members
- Additional costs associated with SPP £34,290
- Additional staff within local authority – existing budget
- Evidence base £795,000
- Examination £283,180
- Printing costs £55,000
- Translation costs £55,195
- Cost of adverts - None
- IT Support - £30,000

41. Based on the proportional split of funding recommended in the main report the estimated cost would be shared between the constituent Councils as follows:

Table 2: SDP Costs per Local Authority

| Local Authority | % cost based on SPP Member votes | Total cost (£) | Annual cost (£) |
|-----------------|----------------------------------|----------------|-----------------|
| Blaenau Gwent | 4.35 | 136,590 | 27,318 |
| Bridgend | 8.70 | 273,180 | 54,636 |
| Caerphilly | 13.04 | 409,456 | 81,891 |

⁵ The Town and Country Planning (Local Development Plan) (Wales) (Amendment) Regulations 2015

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|-------------------|----------------|------------------|----------------|
| Cardiff | 21.74 | 682,636 | 136,527 |
| Merthyr Tydfil | 4.35 | 136,590 | 27,318 |
| Monmouthshire | 13.04 | 409,456 | 81,891 |
| Newport | 8.70 | 273,180 | 54,636 |
| Rhondda Cynon Taf | 13.04 | 409,456 | 81,891 |
| Torfaen | 4.35 | 136,590 | 27,318 |
| Vale of Glamorgan | 8.70 | 273,180 | 54,636 |
| Total | 100.01% | 3,140,314 | 628,062 |

42. In addition, Local Authorities will need to consider the cost of their own LDP work that will vary between Authorities depending on the stage they are at, as indicated below:

- Blaenau Gwent - adopted on 22nd November 2012, Expires 2021; Undertaking plan review.
- Bridgend - adopted 18th September 2013, Expires 2021; Undertaking plan review.
- Caerphilly - adopted 23rd November 2010, Expires 2021.
- Merthyr Tydfil - adopted 25th May 2011, Expires 2021; Undertaking plan review.
- Monmouthshire - adopted 27th February 2014, Expires 2021; Undertaking plan review.
- Rhondda Cynon Taf - adopted 2nd March 2011, Expires 2021.
- Torfaen - adopted 3rd December 2013, Expires 2021; Undertaking plan review.
- Cardiff – adopted 28th January 2016, Expires 2026.
- Newport – adopted 27th January 2015, Expires 2026.
- Vale of Glamorgan – adopted 28th June 2017, Expires 2026.