

SUBJECT: PLANNING POLICY CHARGES FOR SERVICES RELATING TO CANDIDATE SITE SUBMISSIONS
MEETING: INDIVIDUAL CABINET MEMBER DECISION (Councillor Bob Greenland)
DATE: 4 August 2021
DIVISION/WARDS AFFECTED: ALL

1 PURPOSE

- 1.1 The purpose of this report is to seek authorisation to implement a charging schedule for issuing a Development Viability Model (DVM) to developers/site promoters to undertake a financial viability appraisal (FVA) of a candidate site submission. The charges will cover officer time to personalise and issue the model and to undertake a high-level review of the submitted FVA. This will enable the submission of viability evidence in support of candidate site submissions.

2. RECOMMENDATION

- 2.1 That the Cabinet Member for Governance and Strategic Planning endorses the implementation of a charging schedule for issuing the Development Viability Model to developers/site promoters for the purpose of undertaking a financial viability appraisal of a candidate site submission.

3. KEY ISSUES

Background

- 3.1 Sites proposed for allocation in the Replacement Local Development Plan (RLDP) will need to be evidenced as deliverable and viable. National planning policy guidance, as set out in Planning Policy Wales (Edition 11, February 2021) and the Development Plans Manual (Edition 3, March 2020), requires site-specific viability appraisals to be undertaken as early as possible during the Plan preparation process, although no later than Deposit stage. Candidate site submissions will need to be supported with robust viability evidence to demonstrate that they are deliverable and viable within the Plan period.
- 3.2 The Development Viability Model (DVM) has been created by Burrows-Hutchinson Ltd as a comprehensive, user-friendly model that can be used to assess the financial viability of development proposals. The DVM is used by many local authorities in the Mid and South West Wales and South East Wales regions to assess the viability of candidate sites submitted as part of the LDP process, and it is hoped that it will be adopted across Wales as a consistent approach.
- 3.3 The DVM is an appropriate tool for submitting required viability assessments in support of the RLDP Second Call for Candidate Site submissions. Planning Policy Wales (PPW11) requires that when submitting candidate sites '*land owners/developers must carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites*' (PPW11, para 4.2.19). The DVM can be made available to developers, site promoters, or any other individual/organisation, for the purpose of undertaking a financial viability appraisal (FVA) of a proposed candidate site. This will equip site promoters with a tool that can be used to demonstrate site viability in accordance with the requirements of national

planning policy. It is the intention to use this model for RLDP candidate site viability assessments and we are encouraging site promoters to use this model to ensure a transparent and consistent approach.

DVM Charging Schedule

3.4 The Council proposes to release the DVM to developers and site promoters in a site-specific locked format with an accompanying user-guide, subject to receipt of a standard fee. This is consistent with the approach employed by other LPAs in the Mid and South West and South East regions. The proposed standard charging schedule is as follows (all charges are subject to VAT)¹:

- Sites of 1-9 dwellings or mixed use comprising gross floor space <1000 sqm or site area < 0.5 hectares: £195 plus VAT (£234 at 20% VAT)
- Sites of 10-50 dwellings or mixed use comprising gross floor space ≥1000 but <2000 sqm or site area ≥ 0.5 hectares but <1.0 hectare: £345 plus VAT (£414 at 20% VAT)
- Sites of 51-100 dwellings or mixed use comprising gross floor space ≥2000 but <10,000 sqm or site area ≥ 1.0 hectare but <10 hectare: £495 plus VAT (£594 at 20% VAT)
- Sites of more than 100 dwellings or mixed use exceeding 10,000 sqm floor space or 10 hectare site area: cost (not exceeding £7500 plus VAT) to be agreed by officers depending on size and complexity of proposal. It is highly unlikely that a scheme will be of sufficient size to reach this cap.

Unless a grant funded project, sites submitted by other MCC departments will be exempt from these fees (to avoid the Council simply moving money between departments).

3.5 The charging schedule relates to DVM submissions in support of RLDP Candidate Sites including residential and mixed-use schemes. The standard fees cover officer time necessary to personalise and issue the model for a specific site and to undertake a high-level review of the submitted FVA for a candidate site. A tiered charging structure applies which is based on site size and scale. This tiered approach recognises that the scale and scope of a development proposal will influence the amount of officer time likely to be required to carry out a high-level review of a completed FVA. The payment of a fee will not serve to guarantee site allocation within the RLDP.

3.6 The charging schedule may be applied to future candidate site advice meetings for sites that are progressed to Deposit Plan stage. The DVM can also be used as a tool to evidence the financial viability of a development proposal at the planning application stage, the charging schedule for which will be reported separately to the relevant Cabinet Member.

3.7 The high-level review will check the appropriateness of the information provided by the site promoter as part of the appraisal. The fee will enable the Council to consider whether:

- a) Evidence supplied to support costs and values used in the submitted FVA is sufficient and proportionate;
- b) The suggested timescale for the development is realistic; and
- c) The FVA accords with policy requirements of the Council and with other guidance and/or policy statements that are pertinent to the assessment of viability in a planning context.

¹ Fees will be subject to inflationary uplifts.

3.8 Following completion of the high-level review, the Council will issue a statement to the site promoter to indicate the extent to which it considers the submitted FVA meets the tests outlined above. It is stressed that the standard fee schedule above covers the release of the model and high-level review at the candidate site stage and does not allow for any time debating the results. Additional fees may apply in instances where further officer time is necessary as a result of the site promoter entering into further exchanges with the Council relating to the initial appraisal submitted, and/or if the supporting evidence submitted is insufficient and requires re-submission. The Council may need to call upon Chartered Valuation Surveyors or draw upon expertise from a third party, for example where it is necessary to undertake comprehensive assessments of abnormal costs. The costs associated with this would need to be met by the developer/site promoter.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

4.1 The introduction of the DVM and associate charging schedule will provide a mechanism for site promoters/developers to demonstrate that candidate sites are deliverable and viable and capable of contributing towards sustainable development principles. This will, in turn, help inform the development of the Deposit RLDP, which (as with all stages of the Plan) will be subject to an Integrated Sustainability Appraisal (ISA) (including Strategic Environmental Assessment (SEA), Well-being of Future Generations (WCFG), Health Impact Assessment (HIA), Equality Impact Assessment (EqIA), and Welsh Language Impact Assessment (WLIA)).

4.2 An Equality and Future Generations Evaluation (including equalities and sustainability impact assessment) is attached to this report at **Appendix 1**.

Safeguarding and Corporate Parenting

4.3 There are no safeguarding or corporate parenting implications arising directly from this report.

Socio-economic Duty

4.4 The DVM is a comprehensive, user-friendly model that will be used to assess the financial viability of candidate site submissions. The introduction of the DVM will provide a mechanism for site promoters/developers to demonstrate that sites are deliverable and viable and capable of contributing towards the creation of sustainable and resilient communities. The provision of market and affordable housing in the County is a key RLDP objective and will assist in delivering sustainable and resilient communities. The proposal introduces a discretionary fee, however by definition this fee will be payable by landowners or site promoters seeking inclusion of their site in the Replacement Local Development Plan. This may result in significant costs being incurred promoting sites that are not allocated in the RLDP. However, the fees proposed are very small compared to other fees incurred to promote a site, and these fees would not be a financial burden to the most financially vulnerable people in our communities because by definition the payee will be a land owner or site promoter. The proposed fees are considered to be reasonable, have been set to offset the costs of undertaking the work in question and of commissioning the DVM, and match the fee structure used by other Welsh LPAs who are charging for the service.

5. OPTIONS APPRAISAL

5.1 DVM Charging Schedule

Option	Benefit	Risk	Comment
<p>The Cabinet Member for Governance and Strategic Planning endorses the implementation of a charging schedule for issuing the DVM to developers/site promoters for the purpose of undertaking a FVA of a candidate site submission.</p>	<p>The proposed DVM charging schedule has been successfully implemented by other local planning authorities in the Mid/South West and South East Wales Regions. This approach will enable the Council to use this model for viability assessments in relation to RLDP candidate sites submissions and will ensure consistency in approach.</p>	<p>Site promoters may not be willing to pay the required fee for the release and high-level review of the DVM.</p>	<p>This is the preferred option.</p>
<p>The Cabinet Member for Governance and Strategic Planning agrees an alternative charging schedule for issuing the DVM to developers/site promoters for the purpose of undertaking a FVA of a candidate site submission.</p>	<p>This would enable the Council to use this model for viability assessments in relation to RLDP candidate sites submissions.</p>	<p>An alternative fee structure would not allow for a transparent /consistent approach with other local planning authorities across the Mid/South West and South East Wales Regions.</p>	<p>The proposed DVM charging schedule has been successfully implemented by other local planning authorities in the Mid/South West and South East Wales Regions. This approach will enable the Council to use this model for viability assessments in relation to RLDP candidate sites submissions and will ensure consistency in approach. An alternative charging schedule is not considered appropriate and should, therefore, be discounted.</p>
<p>The Cabinet Member for Governance and Strategic Planning does not endorse the implementation of a charging schedule for issuing the DVM to developers/site promoters for the purpose of undertaking a FVA of a candidate site submission.</p>		<p>The DVM would not be used in assessing candidate site viability. This would negatively impact on the Council's ability to assess FVAs submitted in relation to candidate sites and would be inconsistent with the approach taken by other local planning authorities in the Mid/South West</p>	<p>The option of not endorsing the implementation of a DVM charging schedule would thwart our intention to encourage the use of the DVM for FVAs of candidate site submissions, and of promoting a consistent approach to use the DVM across the region.</p>

Option	Benefit	Risk	Comment
		and South East Wales Regions.	This option should, therefore, be discounted.

6. RESOURCE IMPLICATIONS

- 6.1 The proposed charging schedule is intended to cover the cost of office time of locking and distributing the model, verifying the completed appraisal and providing a high-level review to the developer/site promoter. Any subsequent disputes would need to be verified by an independent arbitrator, the costs of which would need to be met by the developer/site promoter.

7. CONSULTEES

- Cabinet Member for Governance and Strategic Planning has been briefed on the proposal.
- Enterprise DMT.

8. BACKGROUND PAPERS

- Candidate Site Viability Guidance Note.

9. AUTHORS

Craig O'Connor (Head of Planning)

Rachel Lewis (Planning Policy Manager)

10. CONTACT DETAILS

Tel: 01633 644849

E Mail: craigconnor@monmouthshire.gov.uk

Tel: 01633 644827

E Mail: rachellewis@monmouthshire.gov.uk