

## Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to: Overview and Scrutiny Management Board

Date: 26 May 2022

Subject: Developer Contributions Scrutiny Review – Second Monitoring

**Update of Action Plan** 

#### **Summary:**

This report sets out the second monitoring update on the recommendations from Scrutiny Panel A's review on Developer Contributions.

It demonstrates that the Scrutiny Panel's recommendations can be broken down into three headings:

- Involving local councillors more closely in formulating the Council's response to planning applications.
- Providing a "whole council" Developer Contribution response to planning applications, which outlines both the Council's statutory and non-statutory opinions on planning applications, notably to ask for developer contributions to strategic and local priorities.
- Demonstrating to the public that the Council has commented on planning applications.

The report shows that progress in involving councillors more closely in formulating the Council's response has improved since the Scrutiny Panel's review. The Development Management team now send a notification email for every application to local councillors for their comment and the team regularly meets local councillors on site before the Council's comments on applications are made.

It shows that all county council responses to planning applications are published on the Council's website, and that an annual Infrastructure Funding Statement is agreed by the Executive before also being published on the website.

Officers are now working to establish a process which collates Developer Contribution requests on planning applications from teams across the Council; this will augment the comments of local councillors and will enable a full council response to be made. It should, however, be noted that this approach is unusual across the country; an analysis has shown that no other councils produce a whole council response in this

way. Therefore, this new departure may be difficult to communicate successfully to and be received by Local Planning Authorities.

Finally, the report explains that the government is likely to introduce a new set of regulations concerning planning and in particular Developer Contributions which it is suggested could be combined into a single Infrastructure Levy.

## **Actions Required:**

The Board is invited to review and comment on the progress made on implementing the recommendations from the Developer Contributions review.

It is recommended that the Board:

- 1. Welcomes the progress that has been made in involving local councillors in the Council's comments on all planning applications.
- 2. Comments on any improvements which could be made to make councillor comments on applications more effective.
- 3. Supports the continuing publication of the Council's comments on all planning applications on the Council's website.
- 4. Tasks officers with providing detailed briefings on the government's new planning regulations to the Planning and Regulation Committee and the Environment and Economy Scrutiny Committee.
- 5. Supports the implementation of the Developer Contributions Strategic Approach (Appendix B) so that the Council establishes a strategic approach to requesting, co-ordinating and monitoring Developer Contributions, and provides a "whole council" position to Developer Contribution requests. Any changes that come from central government will be analysed at that time and changes to established processes will be considered. The timeframe for implementation will not be immediate due to volume (est 6000 planning applications pa). However, officers will work with the Executive Councillor for Economic Development, Environment and Planning to implement as soon as is practicably possible.

### 1. Background

In September 2020, the Executive Councillor for Economy and Place, Councillor C J Davie, with the backing of Group Leaders, asked Scrutiny Panel A to carry out an urgent short review of Developer Contributions to see how the County Council can maximise the benefits for local communities from such contributions.

The report on Developer Contributions was approved by the Overview and Scrutiny Management Board at its meeting on 17 December 2020.

There were six recommendations contained in the report for the Executive's consideration. On 05 January 2021 the Executive was invited to consider the report and assign responsibility to the relevant Executive Councillor(s) for responding to the report.

The recommendations which were accepted (which included an action plan), are included at Appendix A. Also included against each of the recommendations is an update which has been provided by the assigned lead officer.

The recommendations and action plan indicate the practical steps that will be taken, but the Executive Councillors were keen to ensure that the Council performs the role that it has in planning in a leading, directive, and proactive way.

#### 2. Conclusion

This report meets the obligation to scrutinise the progress on the Developer Contributions recommendations and provides an update since the first monitoring report was presented to the Board on 16 December 2021.

#### 3. Consultation

## a) Risks and Impact Analysis

See the body of the report.

## 4. Appendices

These are listed below and attached at the back of the report:			
Appendix A	Action Plan Arising from Recommendations		
Appendix B	Developer Contributions – Strategic Approach v2		

## 5. Background Papers

Document title	Where the document can be viewed
Developer Contributions	https://lincolnshire.moderngov.co.uk/ieListDocuments.as
Scrutiny Review - Executive	px?Cld=553&Mld=6067&Ver=4
Response and Action Plan –	
Overview and Scrutiny	
Management Board 17	
March 2021	
Final Report from the	https://lincolnshire.moderngov.co.uk/ieListDocuments.as
Developer Contributions	px?Cld=121&Mld=5750&Ver=4
Scrutiny Review – Executive	
5 January 2021	

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#### APPENDIX A - ACTION PLAN ARISING FROM RECOMMENDATIONS

Recommendation	Initial Response	Action	Timescale	Lead Officer
Recommendation 1 That Lincolnshire County Council continues to oppose those aspects of the 'Planning for the future' White Paper which will limit the Council's ability to ensure that new developments have as little negative impact as possible on existing residents, communities, and businesses.	It is imperative that national planning frameworks do not contradict our ambitions for the future of Lincolnshire.  Therefore, strong responses will be made to future consultations.	consultations — all responses to be signed off by the Executive Councillors	Government	Vanessa Strange – Head of Infrastructure Investment

## Update – LEVELLING UP AND REGENERATION BILL Infrastructure Levy

The government wants to make sure that more of the money accrued by landowners and developers goes towards funding the local infrastructure – affordable housing, schools, GP surgeries, and roads – that new development creates the need for. To do this, the Bill will replace the current system of developer contributions with a simple, mandatory, and locally determined Infrastructure Levy. The Bill sets out the framework for the new Levy, and the **detailed design will be delivered through regulations.** 

The Levy will be charged on the value of property when it is sold and applied above a minimum threshold. Levy rates and minimum thresholds will be set and collected locally, and local authorities will be able to set different rates within their area. The rates will be set as a percentage of gross development value rather than based on floorspace, as with the Community Infrastructure Levy at present.

This will allow developers to price in the value of contributions into the value of the land, allow liabilities to respond to market conditions and removes the need for obligations to be renegotiated if the gross development value is lower than expected; while allowing local authorities to share in the uplift if gross development values are higher than anticipated. The government is committed to the Levy securing at least as much affordable housing as developer contributions do now. The Bill will set out the framework to enable this approach, with some of the details set out in regulations.

To strengthen infrastructure delivery further, the **Bill will require local authorities to prepare infrastructure delivery strategies**. These will set out a strategy for delivering local infrastructure and spending Levy proceeds. The Bill will also enable local authorities to require the assistance of infrastructure providers and other bodies in devising these strategies, and their development plans.

Much of the detail of different elements of the new Infrastructure Levy will need to be set in regulations, following consultation. Specifically, the government will:

- Require developers to deliver infrastructure integral to the operation and physical design of a site such as an internal play area or flood risk mitigation. **Planning conditions and narrowly targeted section 106 agreements** will be used to make sure this type of infrastructure is delivered.
- Detail the **retained role for section 106 agreements** to support delivery of the largest sites. In these instances, infrastructure will be able to be provided in-kind and negotiated, but with the guarantee that the value of what is agreed will be no less than will be paid through the Levy.
- Retain the neighbourhood share and administrative portion as currently occurs under the Community Infrastructure Levy.
- Introduce the Levy through a 'test and learn' approach. This means it will be **rolled out nationally over several years**, allowing for careful monitoring and evaluation, in order to design the most effective system possible.

Sites permitted before the introduction of the new Levy will continue to be subject to their CIL and section 106 requirements.

Recommendation	Initial Response	Action	Timescale	Lead Officer
Recommendation 2 That officers continue to work with developers, building a strong relationship so that developers continue to see Lincolnshire County Council as a partner with whom to engage and whose priorities should be adhered to, whatever the recommendations that are made through new legislation next year.	The Council's relationship with developers is critical so that they understand the type of communities that we expect Lincolnshire to have in the future.  Providing clear guidance to developers, but being proactive and accessible to them, is essential.	produced, setting out the Council's	Continual	Warren Peppard – Head of Development Management

**Update** — Development Management officers continue to work directly with developers, building strong relationships. In addition to the 'business as usual' day-to-day contact, notable improvements since approval of these recommendations include: direct meetings are now taking place quarterly with a number of key local developers (Chestnut Homes, Lindum Construction and Ashwood Homes). Direct engagement with developers, local planning authorities, and other risk management authorities also take place at regular Planning and Drainage (PAD) meetings [East Lindsey District Council and Boston Borough Council combined monthly PAD, and South Kesteven District Council monthly PAD]. Developer/S38/Drainage (DSD) meetings with developers also take place and are offered to all developers on submission of technical approvals. These DSD meetings have been in operation since 2019 but are now more regularly advertised and offered to the development industry via the Development Management Newsletter. The Guidance for Developers area on the County Council's website has also been refreshed and now includes links to our main guidance documents, and the new search function to our planning responses to major applications. As and when key updates are made to any of our guidance documents, developers now receive a notification via our newsletter. Two updates have been made since March which have included invites to webinar sessions which have been delivered by Development Management officers. Due to strengthened working relationships with the development industry, over the past year notable reductions have been made in the time that it takes to grant technical approval (4 week reduction), and for sealing of the legal agreements (12 week reduction).

Recommendation	Initial Response	Action	Timescale	Lead Officer
Recommendation 3 That the Council establishes a strategic approach to requesting, co-ordinating, and monitoring Developer Contributions. The Executive Councillor for Commercial and Environmental Management and the Executive Councillor for Economy and Place should work with the Head of Development Management in its establishment.	Alternative version.  The Council's relationship with local planning authorities is as critical as its relationship with developers.  Local planning authorities need to understand in advance the impact of developments on the community and on the services that the County Council provides to those communities.  During the next electoral term we will be much clearer in the way that we articulate these.	produced and communicated to all local planning authorities.  Services within the Council will be supported in analysing the impact of proposed developments, and they — and input from ward members - will be used to advise Executive Councillors of the contribution that is to be sought from developers.	Mar 2022	Warren Peppard – Head of Development Management

**Update** – The highway and lead local flood authority statutory responses to major planning applications have been posted on the county council's website since March 2021. Officers have held several internal service meetings, have been analysing existing processes (to understand the existing service areas working practices), and are currently evaluating the existing software systems available to us. Draft workflows and processes have now been developed and are presented at Appendix B. Given the uncertainty around timescales for the introduction of national changes to Developer Contributions (as reported under update to recommendation 1) I believe that the Council should proceed with the implementation of Developer Contributions – Strategic Approach (Appendix B) so that the Council establishes a strategic approach to requesting,

co-ordinating and monitoring Developer Contributions. Any changes that come from central government will be analysed at that time and changes to established processes will be considered.

Should the Board support the implementation of the Strategic Approach, protocols for all affected service areas will be established. Those protocols will form the basis of the officer and member training as identified in recommendation 6 - objectives 1, 3 and 4.

Recommendation	Initial Response	Action	Timescale	Lead Officer
Recommendation 4 On those occasions where a scheme cannot viably fulfil all requests for Developer Contributions, the Executive should decide which schemes should be prioritised using a published escalation process. The Executive Councillor for Commercial and Environmental Management and the Executive Councillor for Economy and Place should work with the Head of Development Management in its establishment.	Executive Councillors and senior officers to agree a corporate strategic vision of what LCC want from major developments (as above).  Strategic scheme prioritisation is also to be established, to facilitate future decision making.	A Developer Contributions Escalation Process to be established and approved by the Executive.	Mar 2022	Warren Peppard – Head of Development Management

**Update** – Recommendation 4 will follow the completion of Recommendation 3.

Recommendation	Initial Response	Action	Timescale	Lead Officer
Recommendation 5 An Infrastructure Funding Statement (IFS) should be produced annually by the Executive in line with the requirements in the Community Infrastructure Levy Regulations 2019.	The IFS is a procedural requirement. However, if it is only seen as a procedural requirement then its purpose is missed.  LCC has a leading role in the planning process and in supporting communities for the future. Therefore, it is essential that the audience for the IFS is the wider public – it should be readily available and written in plain English to show the pubic how LCC has sought to represent their interests in seeking developer contributions from planning applications.		Annually	Vanessa Strange – Head of Infrastructure Investment

**Update** – On 25 November 2021 the Overview and Scrutiny Management Board was consulted on the Infrastructure Funding Statement 2020/21 and provided feedback to the Executive prior to a decision on 7 December 2021. The Infrastructure Funding Statement for 2021/22 will be presented to the Overview and Scrutiny Management Board towards the end of year 2022.

Objective	Evidence	Action	Completion	Lead Officer
Recommendation 6 - Objective 1 Ensure all councillors are aware of the Developer Contributions process and their role in the process.	A date is being identified for an induction session after the May local elections.	Democratic Services will arrange training for councillors as part of their induction after the May elections and ongoing Councillor Development sessions to be arranged by Local Plan areas. Training to include:  • Overview of the planning process; • What are Developer Contributions? • The Developer Contributions process; • LCC role vs District Council role; • The role of the local member in the Developer Contributions process.  Short guide for councillors including a flow chart of the planning process.	To be agreed by Democratic Services	Nigel West – Head of Democratic Services David Hair – Member Services Manager Warren Peppard – Head of Development Management

**Update** – Democratic Services sent an invitation to all county councillors on 13 August 2021. The invitation was for the training session on Development Contributions which was presented by the Development Management Team to members on 24 September 2021. Of the 70 invitations, 18 members attended the event. Positive feedback was received from members during the training event. The presentation and the recording have also been uploaded to the Councillor Hub, for viewing by those members who were unable to attend, and to allow future reference for all members.

Additional training sessions centred around local plan areas will be arranged with members following the completion of recommendation 3.

Objective	Evidence	Action	Completion	Lead Officer
Recommendation 6 - Objective 2 Improve the process for councillor notification of planning applications in their divisions and their engagement in identifying potential uses for Developer Contributions.		Councillors will receive emails with notification of any planning applications in their divisions. Emails will outline a process that is accessible to all councillors, explain what is expected of councillors in their response and cover all areas of the council.		Warren Peppard – Head of Development Management
		Councillors will input into the development of a list of potential local schemes in their area to fund through Developer Contributions, via the on-going councillor development sessions to be arranged by Local Plan areas.		

**Update** – As part of the member training session on Developer Contributions (Recommendation 6 - Objective 1), members were offered face-to-face engagement with Development Management officers to enhance awareness of planned growth within their divisions. Following implementation of Recommendation 3, the email notification, that is currently sent to county councillors, will be amended to reflect the new established strategic approach.

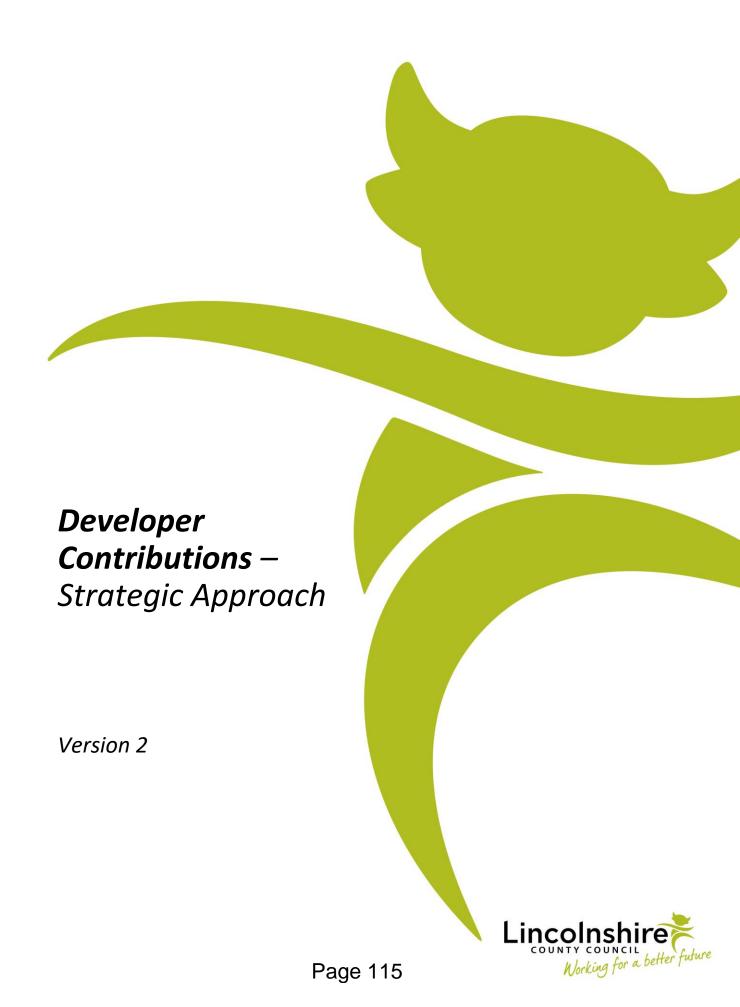
Since the member training sessions, there has been a positive response regarding member/officer engagement. Notably we have seen an increase in member/officer engagement, which has provided opportunity for better awareness of planned growth, and enabled members to input into dialogue regarding community benefit of potential local mitigation schemes.

Objective	Evidence	Action	Completion	Lead Officer
Recommendation 6 - Objective 3 Training for officers in the relevant service areas to raise awareness of the role of the councillors and provide them with the knowledge and skills to answer queries from their constituents, parish councillors and general public concerning Developer Contributions.		The Development Management Team will develop a training package for relevant officers to raise awareness of the role of county councillors and provide them with the knowledge and skills to answer queries from parish councillors and the general public regarding Developer Contributions.		Warren Peppard – Head of Development Management

**Update** – Officer training will follow the implementation of Recommendation 3.

Objective	Evidence	Action	Completion	Lead Officer
Recommendation 6 - Objective 4 To improve awareness of the County Council's role in the Development Contributions process to the public, and parish/district councils.		The Communications Team will develop a Communications Strategy to provide podcasts and guidance to parish/town councils and district councils, and to place on the County Council's website and in libraries to provide clarity of the County Council's role in the Developer Contributions process.		Communications Team

**Update** – To follow implementation of Recommendations 3 and 4.



## **Background:**

The Developer Contributions review has identified the importance of Lincolnshire County Council (LCC) setting a clear vision for the future of the county and of communicating that view to government, local planning authorities, developers, and the public.

This paper intends to address recommendation 3 of the Action Plan, which is that **the council establishes a strategic approach to requesting, co-ordinating, and monitoring Developer Contributions**.

Currently a number of LCC service areas review planning applications in different ways. The highway and lead local flood authority receives planning applications direct from the local planning authorities (LPA), due its statutory function. Education, Public Health and Fire & Rescue rely on reviewing the weekly whitelists published by the LPA, to consider any response that they would wish to make to a planning application. Due to separate service area requests, any subsequent discussions and decisions are not made in a co-ordinated way. Therefore, LCC as a corporate entity does not have full oversight and/or control of its 'one-council' position with the LPA.

Evidently the current working arrangements do not allow the council to have a co-ordinated management of Developer Contributions. Therefore, as recognised by the review there is a need to improve the internal working arrangements of the council, and to identify responsibilities to meet the outcome of recommendation 3.

By improving both internal and external working arrangements, the following benefits will be achieved, enabling the outcomes of recommendation 3 to be met:

- Improved Developer Contribution knowledge (through officer training, establishing service area protocols, and regular review meetings) will be imbedded in affected service areas.
- Creation of a 'one council' approach to co-ordinating Developer Contribution requests and by prioritising those council's requests.
- Better oversight and input (through member training and an improved notification process) from local members.
- Establishing regular communication and partnership working with the LPA's.
- Transparency of the council's requests will be achieved by posting Developer Contribution requests on LCC's website.
- Establish a council lead in Developer Contribution negotiations with the LPA's.
- Form a council lead in monitoring income via monitoring development triggers.
- Initiate regular meetings with finance teams to ensure Developer Contributions get transferred to affected service areas in a timely manner.
- Create regular meetings with affected service areas to ensure Developer Contributions get spent.
- Annual reporting to the council will be delivered via the Infrastructure Funding Statement.

The proposed process which follows provides a commitment to improve and strengthen the way that departments across the whole of the council advise on the corporate ambitions of the council.

As part of the process local ward members will continue to be notified and supported in demonstrating how developments might impact their area. It will also ensure that LCC establish a clear position on the Developer Contributions it would require from any development. This will be a whole council position and it will be clearly and proactively communicated to LPA's and to developers.

In addition, once implemented a Leadership Statement will be produced which will provide a clear statement which will be communicated to partners.

The following process proposal plans to co-ordinate LCC requests, and the monitoring of developer contributions required by LCC.

## Process Proposal (see Appendix 1 for flow chart):

As the highway and lead local flood authority currently receives planning applications direct from the LPA, the intention is that the existing DEF Software system (DEF) will be modified to allow internal consultation with affected service areas (notification to local members will continue and will be improved). Upon receipt of a planning application DEF will notify affected service areas of the planning application, which will include links to the planning application documentation on the LPA's websites. Once the affected service area has reviewed a planning application, fields will be available in DEF for the affected service area to upload any developer contribution request that they would wish to make. At 21 days following receipt of a planning application the statutory highway & lead local authority response will be sent to LPA which will include all LCC asks in relation to developer contributions. This formal statutory response will then be posted on LCC's website, so that the local planning authority, developers, and the community can understand LCC's position on that application.

LCC Development Management Team (DMT) will then be the lead contact for the LPA regarding any developer contribution request. Should concerns be raised prior to determination of the planning application, the DMT will lead and co-ordinate internal discussions/decisions prior to responding to the LPA (this will follow an escalation process once agreed).

If all LCC developer contributions have been accepted by the LPA, the DMT will continue its lead role in co-ordinating input from service areas and Legal Services up to the signing of the S106 legal agreement.

Once the S106 legal agreement has been signed, it shall be recorded on LCC systems to enable monitoring and reporting by the DMT.

The DMT alongside the LPA will monitor development activity until agreed triggers points are met. This monitoring will include regular review meetings with the LPA's. Once the triggers points have been met the DMT will liaise with the LPA and LCC Finance Team (FT) to ensure the necessary funds are transferred to LCC.

The DMT will establish quarterly monitoring meetings with FT, to ensure that funds are transferred to the relevant service areas, to allow the delivery of projects. Following transfer of funds to service areas, the DMT will meet regularly with service areas in order to monitor project progress.

Upon completion of projects any unspent/surplus funds will be returned to the developer by the DMT, as per the terms of the S106 legal agreement.

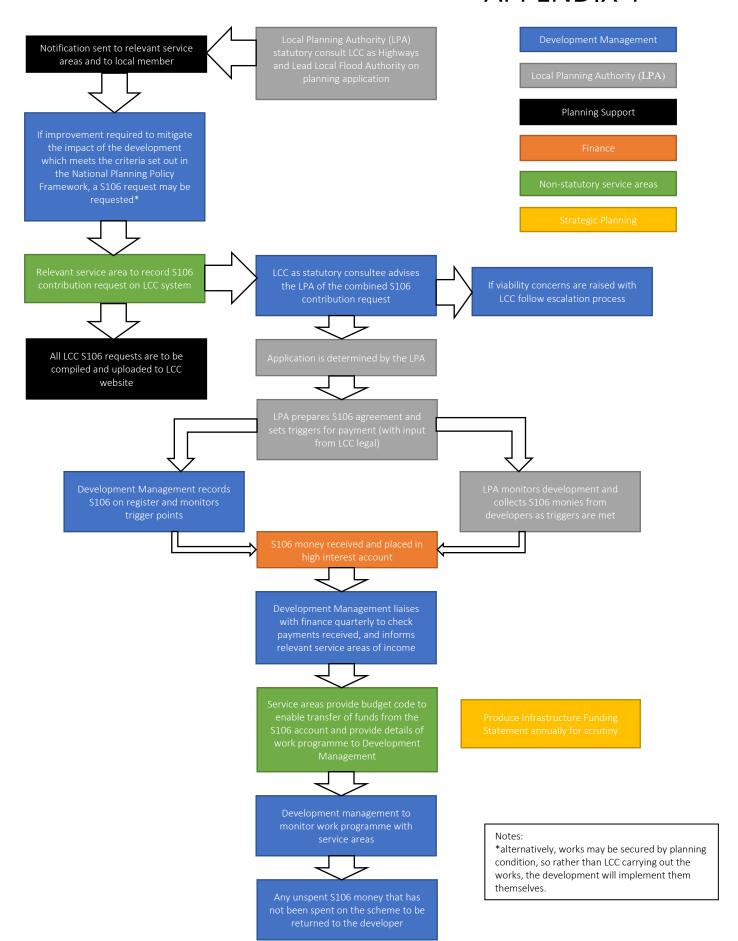
As part of the annual Infrastructure Funding Statement to scrutiny committee, a progress report on developer contribution activity will be included.

#### **Next Steps:**

If agreed, and following implementation of the proposed process, service area protocols will be established. These protocols will form the basis of the officer and member training as identified in objectives 1, 3 & 4. An example of a typical protocol is shown in Appendix 2.

In addition to which, resource and financial implications will also be considered.

# **APPENDIX 1**



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## PROTOCOL EXAMPLE

#### **Highways:**

All but the most modest of developments will predictably have some impact on the highway or transport network around them as a consequence of the construction itself or its subsequent use. New developments usually generate additional travel journeys. To minimise impacts on highway safety, help mitigate this increase in demand, and to provide for a sustainable development the response to a planning consultation may include requirements for general highway infrastructure improvements, and may extend to Travel Plan measures, off-site public transport, and cycling and walking interventions.

As the Highway Authority, LCC must be consulted as a statutory consultee on any matters, affecting the public highway, this includes Public Rights of Way in addition to more traditional carriageways and footways.

Highways and Transport infrastructure requirements will be funded by a range of different mechanisms which will vary depending on site specific circumstances. The vast majority of highways improvements and modifications are secured by planning conditions. These are recommendations made to the LPA, requiring highway and transport works to be carried out as part of the development process, usually in advance of development or prior to part of the development being taken into use.

Transport Assessment - In addition to the assessment of safe and satisfactory access and design by the DMT, developments of a sufficient size also require assessment of the local highway and transport network in terms of capacity and sustainable operation. This is usually carried out by means of a Transport Assessment or Statement. The contents of these documents help inform the need for and nature of off-site Highway and Transportation mitigation works of all kinds. Transport Assessments often include a Travel Plan which identifies how the developer intends to reduce reliance upon the private car use and introduce sustainable travel initiatives to limit trip generation. The Transport Assessment can also include the developer's proposals to improve pedestrian and cycle connectivity and manage private car use by the introduction or enhancement of public transport services.

Section 106 - Where appropriate developer contributions through a Section 106 agreement may be sought to allow the Highway Authority to use developer funding to carry out improvements to the highway network to accommodate the development. This mechanism can also allow the Highway Authority to seek contributions towards Travel Planning, Public Transport services, sustainable travel and pedestrian and cycle infrastructure.

Section 278 - As mentioned above, most highway and transport infrastructure improvement is secured by planning conditions. These require the developer to commission or carry out specified highway works. Where highway objections to proposals can be overcome by improvements to the existing highway, a Section 278 agreement enables the developer to

enter into an agreement with the Highway Authority to pay for or undertake such works. These works may include minor highway realignments, provision of footways, roundabouts, traffic signals, right-turning lanes, passing bays and cycle lanes, together with signage, lighting, drainage and other works. Prior to the commencement of construction, developers are requested to submit full construction drawings for approval and enter into a Section 278 Agreement with a Bond to cover the full road construction. Developers are advised that without such an agreement in place they may not commence any works within the public highway. The ongoing design and construction works are inspected by LCC officers and fees are recovered from the developer to offset this activity.

Section 38 - Where planning applications for residential development involve the creation of new streets, these should be designed to meet the recommendations contained in the current edition of the Development Road and Sustainable Drainage Design Approach, and the Development Road and Sustainable Drainage Specification. The DMT seeks to ensure that designs and planning conditions secure the provision of suitable streets by developers. Where new streets meet the Highway Authority's criteria for adoption as publicly maintainable highway (in terms of layout and construction), LCC can enter into a voluntary agreement under Section 38 with developers to accept the completed streets as highway assets maintainable by LCC.

Prior to the commencement of construction, developers are requested to submit full construction drawings for approval and enter into a Section 38 Agreement with a bond to cover the full road construction costs. The ongoing design and construction works are inspected by LCC officers and fees are recovered from the developer to offset this activity. Without such an agreement in place developers can be required to deposit monies with LCC under the Advance Payments Code to cover the cost of making up the street at some point in the future. Developers are advised that without such an agreement in place they should not commence any works and any construction undertaken is carried out at their own risk and may prejudice the future adoption of the estate roads concerned.

