Department for
**Communities and
Local Government**

Valuing Planning Obligations in England

Final Report

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Communities and Local Government

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Department of Town and Regional Planning:University of Sheffield

The Halcrow Group

May 2006

Department for Communities and Local Government: London

The research described in this report was undertaken by a team drawn from:

The University of Sheffield, Department of Town and Regional Planning: Prof. Tony Crook, Prof. John Henneberry, Dr. Steven Rowley, Dr. Malcolm Tait and Dr. Craig Watkins. The main researcher was Steven Rowley. They were responsible for the local authority survey and for the analysis and interpretation of the survey and case study data.

The Halcrow Group Limited: Paul Carr, Mayanga Karunadasa, Lolita Lei, Claire Simmons, James Wells and Anna Woodhams, who were responsible for the case study work.

The report was written by Tony Crook, John Henneberry, Steven Rowley, Craig Watkins and James Wells. The project manager was John Henneberry.

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone 020 7944 4400
Web site www.communities.gov.uk

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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. 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 two empirical elements:

- A survey of all English local authorities. 109 authorities (31%) responded, providing data on 3,940 planning obligations; and
- Case study work in 42 local authorities which provided more detailed information on 622 planning obligations.

This evidence was augmented with secondary data relating to Affordable Housing obligations.

The following were the main results of the study:

- The proportion of planning permissions accompanied by planning agreements (including unilateral undertakings) has risen from 1.5% of all permissions in 1997/98 to 6.9% in 2003/04.
- Planning agreements are now attached to 40% of planning permissions for major residential developments; the equivalent proportion in 1997/98 was 26%.
- There are huge variations in the number and value of obligations secured within local authority families and regions and within individual local authorities.
- The proportion of major planning permissions accompanied by planning agreements is highest in the South East (40%) and lowest in the North (7.5%).
- London authorities secured the highest average value per obligation (£107,776), followed by Rural Towns. The value of obligations secured by authorities in London and the South East was almost double that secured by authorities in the North.
- In the vast majority of cases, those authorities using standard charging secure more planning obligations than those that do not.
- Open Space obligations are the most numerous, followed by obligations relating to Transport and Travel, Community and Leisure, Affordable Housing and Education.
- Affordable Housing has the highest average value per obligation at just under £250,000, followed by Education (£118,000), Transport and Travel (£83,000), Community and Leisure (£59,000) and Open Space (£25,000)

- The estimated value of affordable housing obligations agreed during 2003/04 is about £1.2bn. The value of other types of obligations agreed in 2003/04 is about £700m, giving an overall estimated value of obligations agreed in 2003/04 of about £1.9bn.
- The estimated value of affordable housing delivered through planning obligations is approximately £600m for 2003/04. The total value of all types of obligations delivered in 2003/04 is estimated to be about £1.15bn.

CHAPTER 1

INTRODUCTION AND RESEARCH METHODS

Introduction

1.1 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. Agreements can thus be negative (where they place restrictions on development) or positive (where they oblige developers to do or pay for something). With respect to the latter, 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.

1.2 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 beyond powers (granted by law) 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, Government policy now enables planning authorities to use planning obligations to secure affordable housing on all but small-scale residential development sites. They can do this either by including affordable housing within the market site or on another site, although the Government's policy to encourage mixed communities favours on-site rather than off-site contributions (Crook et al, 2002; Monk et al, 2005).

1.3 Current Government policy and advice on planning agreements is set out in Circular 05/05 (ODPM, 2005). 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. 'Properly used planning obligations may enhance the quality of development and enable proposals to go ahead which might otherwise be refused' (ODPM, 2005).

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

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

1.5 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 been encouraged to experiment with formulae and standard charges, as well as with standard agreements.

1.6 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).

1.7 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 Government has accepted the Barker recommendations and has recently consulted on the proposed Planning-gain Supplement (HMT/HMRC/ODPM, 2005).

1.8 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. The most recent national survey relating to planning obligations related to activity in 1997/98 (Campbell et al, 2001). The research described in this report was commissioned to update and widen knowledge of planning obligations, thereby supporting a more informed debate about them.

The study had two main objectives:

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

Valuing Planning Obligations: the General Approach

1.9 There are two elements of planning obligations which may be measured. Firstly, the value of all obligations **agreed**[1] 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 authorities (district council, county council, etc), 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 much more resources than valuing agreed obligations.

1.10 The research focused 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.
- 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.

1 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.

1.11 The research adopted two typologies, the first to define planning obligations and the second to categorise local authorities.

Typology of Planning Obligations

1.12 A typology of planning obligations was adopted to aid the collection of a consistent set of data and to provide a framework for its subsequent analysis. The typology used was based on the work of GVA Grimley (2004) and Campbell et al (2001), supplemented by a web search of the obligation policies of a range of local authorities and the results of a small number of scoping case studies. 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

1.13 Under these main headings are grouped a total of 34 with other included subheadings which are described in Table 1.1. It is worth noting that planning agreements are now commonly used by some authorities to restrict use and to implement car free agreements and other management schemes. Significant restrictions of use will have an impact on the value of a development and may have a value to the local authority, although this would be very difficult to measure and no attempt was made to do so.

Typology of Local Authorities

1.14 Our initial scoping study suggested that the most efficient and effective means of deriving a gross estimate of the total value of planning obligations would be: (i) to establish the average value of obligations (by obligation type) in a sample of local authorities; and (ii) to use these values in combination with information derived from a survey of local authorities and with planning decision (PS2) data to compute the value of obligations for England. In order to improve the accuracy of the grossing-up exercise similar weights (averages) were applied to authorities that possessed similar characteristics. The degree of similarity between local authorities was established on the basis of an existing general purpose classification of them developed by the University of Leeds for the ONS (Vickers et al, 2003).

1.15 This typology creates groups of local authorities that are similar in terms of the characteristics of their residents. Consequently, the members of each group do not need to be contiguous. The groups reflect the urban/rural character and socio-economic profile of the local authorities. The main source of data is the census of population and the clusters are derived using k-means cluster analysis. On the basis of data on 129 key variables (which are initially collapsed using Principal Components Analysis), this approach partitions the 434 UK local authorities into a pre-determined number of clusters. Each cluster contains the local authorities that are most alike. The approach does not assign equal numbers of authorities to each cluster.

1.16 At the broadest level of analysis, 5 'families' are identified. These are sub-divided into a total of 13 groups. For the purposes of this study we focus on England only and this reduces the number of families and groups to 4 and 12 respectively. Table 1.2 summarises these and indicates the number of local authorities in each group.

Table 1.1 **Full Planning Obligation Typology**

Affordable Housing

a) On site provision of various tenures: social rented, shared ownership, key worker etc. Units developed and transferred to a registered social landlord (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 local authority (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. *Usually a formula calculation.*

b) General environmental improvements.

c) Ecology and nature conservation, countryside management and Community forests.

d) Allotments.

e) 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.

Table 1.1 **Full Planning Obligation Typology** *(continued)*

Transport and Travel Schemes *(continued)*

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

a) Other

Table 1.2 The Local Authority Typology

Families	Sub-Groups
Urban UK (76)	Industrial Legacy (28)
	Established Urban Centres (30)
	Young and Vibrant Cities (18)
Rural UK (176)	Rural Britain (82)
	Coastal Britain (36)
	Averageville (57)
	Isles of Scilly (1)
Prosperous Britain (76)	Prosperous Urbanites (22)
	Commuter Belt (54)
Urban London (26)	Multicultural Outer London (11)
	Mercantile Inner London (7)
	Cosmopolitan Inner London (8)

Source: derived from Vickers et al (2003)

Amended Local Authority Typology

1.17 The study adopted an amended version of the local authority typology developed by Vickers et al (2003) for the case study research. This consists of 6 local authority families which are described in Table 1.3 below (a full list of local authorities by family is given in Appendix 1). The use of 6 local authority families allows us to take account of the variability between authorities of different types.

Table 1.3 Local Authority Families in England*

Family	Number of Member Authorities
Established Urban Centres	30
Urban England	46
Rural Towns	119
Rural England	57
Prosperous Britain	76
Urban London	26
Total	**354**

*National Parks excluded

Research Methods

1.18 The study consisted of two empirical elements. First, a survey of all English local authorities was used to assess how many planning permissions are accompanied by planning obligations. A previous survey by the research team (Campbell et al 2001) found that in the year ending June 1998 1.5% of all planning permissions had a planning obligation attached. The new survey allowed these figures to be updated to 2003/04 to identify the extent of the increase in the use of planning obligations in the last 5 years. The second element was case study-based work which concentrated on obtaining data on planning permissions granted in 2003/04 and the planning agreements associated with them. This information was used to calculate the unit value of direct payment and in-kind obligations.

1.19 The calculation of the value of planning obligations relating to affordable housing posed particular problems. Previous work by the Universities of Sheffield and Cambridge (Monk et al 2005) failed to establish the extent of developer contributions for affordable housing for the majority of a large number of case study sites. Research to establish accurately the value of affordable housing contributions would require much longer, more intensive case study-based analysis with extensive co-operation from developers and registered social landlords (RSLs). Resource constraints did not permit this. Consequently, the estimation of the value of affordable housing obligations was approached in an alternative manner. Instead of data being collected on specific obligations, secondary data were utilised. These data on land values, on house prices and on affordable housing completions associated with planning agreements provided an estimate of the value of affordable housing.

CHAPTER 2

THE NATIONAL SURVEY OF LOCAL AUTHORITIES

Introduction

2.1 This chapter describes the results of the national survey of local authorities[2] in England. The survey was implemented between October and December 2005 and gathered data on:

- The number of planning agreements relating to major and minor developments;
- The extent of the application of standard charging to planning obligations;
- The use of databases to record and monitor planning obligations;
- The number and value of direct payment planning obligations; and
- The number of in-kind planning obligations.

2.2 The data were analysed using statistical and econometric software, adopting the local authority and planning obligation typologies described in Chapter 1. The technical details of the survey are described in Appendix 2.

2.3 None of the outliers were removed from the survey results since in any year there will be authorities that have very large development schemes which involve significant planning obligation contributions. There will also be authorities that have made no planning obligations. Removing such outliers would reduce the accuracy of the overall estimate for the total value of planning obligations for the specified year.

2.4 The values by local authority family and obligation type are reliable estimates for 2003/04 but can only act as a guide for previous and subsequent years. Contributions will vary temporally and spatially in line with changes in development activity and planning policy. However, the overall estimate provides a good indication of the total value of obligations agreed by local authorities in England.

[2] The research covered the 354 local authorities in England and the 36 County Councils but excluded other bodies with planning powers such as National Parks and Urban Development Corporations. It is important to note that both National Parks and Urban Development Corporations have powers to grant planning permissions and therefore will have negotiated some planning agreements.

The Survey Response

- The overall response rate was 31%.
- A response rate of over 25% was achieved for each local authority family.
- Responses were well distributed between regions
- County Council data were clustered in certain regions.

2.5 Table 2.1 describes the response rate to the survey by local authority family. The overall response rate to the survey was 31%, which compares well with other similar surveys (see for example Campbell et al, 2001 with 25% and Crook et al, 2002 with 40%). The spread of responses across local authority families was excellent.

Table 2.1: **The Survey Response**

	Number of Local Authorities	Number of Responses	Response Rate (%)
Urban England (UE)	46	16	35
London (L)	26	8	31
Rural England (RE)	119	33	28
Rural Towns (RT)	57	15	26
Established Urban Centres (EUC)	30	8	27
Prosperous Britain (PB)	76	29	38
County Councils (CC)	36	12	33
Total	**390**	**121**	**31**

2.6 The responses are also well distributed across regions. Within each region data were provided from at least 22% of their authorities (see Table 2.2). The responses were sufficient to allow comprehensive analysis at the regional level. While the report concentrates on analysis by local authority family, detailed results by region are presented in Appendix 3.

Table 2.2: **Survey Response by Region (excluding County Councils)**

	Number of Local Authorities	Number of Responses	Response Rate (%)
North	23	7	30
Yorks and Humber	21	7	33
North West	43	10	23
East Midlands	40	14	35
West Midlands	34	16	47
South West	45	10	22
East	48	13	27
South East	67	22	33
London	33	10	30
Total	**354**	**109**	**31**

2.7 The responses of county councils do not provide a representative sample of England and, as such, analysis of data provided by them must be treated with caution (see Table 2.3). The responses are grouped in the West Midlands, South West and South East and provide reliable data only for these three regions. However, subsequent analysis reveals that the value of obligations attached to county council planning permissions form only a very small proportion of the total (see Chapter 4).

Table 2.3: **County Council Responses**[1]

	Number of Local Authorities	Number of Responses	Response Rate (%)
Yorks and Humber	1	1	100
North West	3	0	0
East Midlands	5	0	0
West Midlands	4	3	75
South West	7	3	43
East	6	1	17
South East	7	4	57
Total	**36**	**12**	**33**

[1] Not including Unitary Authorities or Metropolitan Counties

The Frequency of Planning Obligations

- The proportion of planning permissions accompanied by planning agreements (including unilateral undertakings) has risen from 1.5% of all permissions in 1997/98 to 6.9% in 2003/04.
- Planning agreements are now attached to 40% of major residential planning permissions; the equivalent proportion in 1997/98 was 26%.
- There has been a rise in the proportion of permissions with agreements for all other categories of development.
- The proportion of major planning permissions accompanied by planning agreements is highest in the South East (40%) and lowest in the North (7.5%).
- There are major variations in the number and type of agreements secured by authorities within the same families and regions.
- Differences in the number of planning permissions explain some of the variation in the number of agreements.
- There are major variations in the relationship between the number of planning permissions and the number of planning agreements.

2.8 Table 2.4 compares the proportion of planning applications granted with a planning agreement in 1997/98 and 2003/04. Campbell et al (2001) surveyed all local authorities in England and Wales and gathered data on the number of permissions granted with planning agreements. They used the PS2 returns from local authorities as the basis for data collection. Their method was replicated within this study so the results can be compared directly. There has been a significant rise in the proportion of planning permissions that had a planning agreement attached. Planning agreements are now more frequently negotiated for both major and minor development, with the biggest rises relating to residential permissions. 40% of planning permissions relating to major residential developments are now accompanied by a planning agreement.

Table 2.4: Proportion of Planning Permissions with Planning Agreements

	Major[1]		Minor		All	
	1997/98	**2003/04**	**1997/98**	**2003/04**	**1997/98**	**2003/04**
Dwellings	25.8%	40.0%	3.5%	9.2%	7.1%	13.9%
Offices/R&D/ Light Industry	13.1%	20.4%	1.3%	2.6%	2.6%	5.8%
General Industry/ Storage/ warehousing	5.6%	12.0%	0.6%	0.9%	1.4%	3.4%
Retail, distribution and servicing	18.9%	21.4%	1.5%	1.8%	2.7%	3.7%
All other major development		7.5%		1.8%	0.7%	2.3%
North[2]	14.8%	18.3%	1.5%	1.7%	1.4%	4.0%
South[3]	22.9%	29.4%	1.9%	6.4%	1.6%	8.9%
Percentage of All Permissions with agreements					**1.50%**	**6.90%**

[1] Major developments: residential schemes of more than 10 units or carried out on a site having an area of 0.5 hectares or more; or commercial schemes with more than 1,000m^2 of floorspace or carried out on a site having an area of 1 hectare or more.

[2] North, North West, Yorkshire & Humber, East Midlands and West Midlands (and Wales for 1997/98 analysis).

[3] London, East, South East and South West.

2.9 The gap relating to the use of planning obligations between the North and South has grown. In 1997/98 the North secured agreements on only 15% of major developments as opposed to 23% for the South, a difference of 8 percentage points (or 55%). Now the difference is 11 percentage points (or 60%). The gap is even more significant for minor developments, the difference growing from 0.4 percentage points (or 27%) to 4.7 percentage points (or 277%).

2.10 In 2003/04 there was an average of 11 planning agreements made by each local authority. The highest average number of agreements was made by authorities in London and Urban England (see Table 2.5). The variation in the number of agreements between authorities in the same family is significant. The lowest variation is in dwelling agreements.

Table 2.5: The Numbers of and Variations in Planning Agreements

		Dwellings	Offices/ R&D/ Light	General Industry/ warehouse Industry	Retail distribution and servicing	All other major dev.
ALL	No. of Agreements	883	89	41	73	111
N* = 109	Average Per LA	8.1	0.8	0.4	0.7	1.0
	CoVar[3]	1.0	2.0	2.3	2.1	1.7
UE	No. of Agreements	151	28	3	19	25
N = 16	Average Per Auth	9.4	1.8	0.2	1.2	1.6
	CoVar	1.2	1.6	2.9	1.9	2.0
L	No. of Agreements	75	18	1	4	12
N = 8	Average Per LA	9.4	2.3	0.1	0.5	1.5
	CoVar	0.8	1.1	2.8	1.5	1.2
RE	No. of Agreements	206	7	18	9	24
N = 33	Average Per LA	6.2	0.2	0.5	0.3	0.7
	CoVar	1.1	2.0	2.2	1.9	1.7
RT	No. of Agreements	136	3	6	14	13
N = 15	Average Per LA	9.1	0.2	0.4	0.9	0.9
	CoVar	1.2	2.8	2.1	2.0	1.4
EUC	No. of Agreements	59	1	5	4	5
N = 8	Average Per LA	7.4	0.1	0.6	0.5	0.6
	CoVar	0.6	2.8	1.7	1.1	1.7
PB	No. of Agreements	256	32	8	23	32
N = 29	Average Per LA	8.8	1.1	0.3	0.8	1.1
	CoVar	0.6	1.4	2.4	1.8	1.4

* N = Number of respondents

2.11 Table 2.6 provides an indication of how the use of planning obligations varies throughout the country. Over 40% of the variation in dwelling agreements can be explained by levels of development activity. The relationship is strongest in authorities in Urban England and Rural England. The remaining variation is due to local authority policy and the implementation of this policy.

[3] The coefficient of variation (CoVar) measures variability around the mean in relation to the size of the mean and is calculated by dividing the standard deviation by the mean. This provides a standard measure of variation that allows direct comparison between data of different magnitudes. The higher the figure, the greater is the variation of the data around the mean. A CoVar of 1 means that the standard deviation is equal to the mean.

Table 2.6: **Relationship between Agreements and Permissions (Correlation[4])**

	Major Agreements	
Major Dwelling Permissions	0.424*	
Major Offices/R&D/Light Industry	0.332*	
Major General Industry/Storage/Warehousing	0.161	
Major Retail, Distribution and Services	0.147	
All other Major Development	0.096	
	Major Dwellings	**Major Office**
Urban England	0.818*	0.497**
London	0.036	0.313
Rural England	0.74*	0.248
Rural Towns	0.034	0.551**
Established urban Centres	0.485	0.424
Prosperous Britain	0.076	0.214

* Significant at 1% level, ** Significant at 5% level

2.12 Appendix 3 (Tables 4 – 6) provides more details of the variation in the use of planning agreements within local authority families and regions.

The Impact of Planning Policy on the Frequency of Planning Agreements

- Almost 62% of local authorities use standard charging for Open Space and Environment contributions. The equivalent figures are 55% for Education, 51% for Affordable Housing, 29% for Transport and Travel and 28% for Community and Leisure.
- 75% of respondents use an electronic database to record details of planning agreements. Authorities that use databases secure more agreements than those that do not.
- In the vast majority of cases, those authorities using standard charging secure more planning obligations than those that do not.
- No relationship was found between the status of Supplementary Planning Guidance (SPG) or Supplementary Planning Document (SPD) and the number of agreements secured.

4 The correlation coefficient is used in Table 2.6 to indicate the strength of the relationship between the number of agreements and of planning permissions across local authorities. The closer the figure is to 1, the stronger is the relationship between the variables. Where the relationship is referred to as 'significant at 1% level', this means that in only 1% of cases might the observed relationship be due to chance alone.

2.13 There is a number of mechanisms used within local authorities to implement planning obligation policy. Up-to-date Supplementary Planning Guidance (SPG) and Supplementary Planning Documents (SPDs) are used by 45% of authorities, and a significant number of LAs is preparing to update this guidance for inclusion in their local development frameworks (LDFs). Standard charging is frequently applied, either through a pre-defined charge per dwelling or through guidance to the developer on the potential contribution for a specified obligation. Over 60% of local authorities use standard charging to determine Open Space obligations, 55% do so for Education obligations and just under 30% for Community and Leisure and Transport and Travel obligations (see Appendix 3, Tables 8 and 9).

2.14 75% of local authorities responding to the survey use an electronic database to record the details of planning obligations agreed by the authority. This may have implications for the reliability of the survey. The survey required complex information on the number and value of individual obligations. As a result, there is a risk that the local authorities that responded to the survey were those that had effective and efficient systems to record planning agreements. They may also have the most effective policy frameworks and the most experienced officers. Consequently, it is possible that the survey respondents are biased towards local authorities that secured more planning obligations than non respondent authorities. Therefore any estimate of the value of planning obligations has to be treated with caution.

2.15 To examine the impact of planning policy on the number of agreements secured, local authorities were split into two groups reflecting the number of planning agreements secured as a percentage of major permissions granted. Those authorities with less than the average proportion of agreements (see Table 2.7) were analysed to examine whether there is any relationships with policy variables.

Table 2.7: **Percentage of Local Authorities where the Proportion of Major Dwelling Planning Permissions with a Planning Agreement was Below 40%**

	Percentage of Authorities
ALL	51
Urban England	56
London	38
Rural England	58
Rural Towns	47
EUC	63
Prosperous Britain	45

2.16 Table 2.8 examines the relationship between the use of standard charging and the number of obligations secured. For each general obligation heading, the percentage of low agreement authorities using standard charging was compared to high agreement authorities. The difference figure in Table 2.8, when positive, indicates that higher agreement authorities use standard charging more frequently than low agreement authorities. For example, 62% of high agreement authorities use standard charging for Open Space obligations, compared to 51% of low agreement authorities. This provides a clear indication that those authorities using standard charging are more likely to secure more planning obligations in the vast majority of cases, with the exception of Established Urban Centres. Of course, standard charging is only one indicator of planning obligation policy. Individual officers can also have a significant impact on practice (see Crook et al, 2002 and Monk et al, 2005).

Table 2.8: **The Use of Standard Charging in Low Agreement Authorities**

	Affordable Housing		Open Space and the Environ-ment		Community and Leisure		Transport and Travel		Education	
	%	Diff	%	Diff	%	Diff	%	Diff	%	Diff
All	49	2	51	11	24	4	26	4	53	2
Urban England	11	1	44	12	22	9	33	*–2*	22	3
London	33	17	33	17	33	4	33	4	0	50
Rural England	63	10	53	11	21	0	16	2	58	*–3*
Rural Towns	57	3	43	17	14	*–8*	14	26	71	2
Est. Urban Centres	50	*–21*	50	21	25	*–11*	25	*–11*	75	*–18*
Prosperous Britain	54	*–4*	62	3	31	16	39	*–3*	62	3

2.17 The presence of up-to-date SPG/SPD or the use of an electronic database was shown to have little impact on the number of planning agreements secured. This provides some evidence that the respondents to this survey are a representative sample of the survey population as a whole. (see Appendix 3, Tables 10-16)

The Number and Value of Direct Payment Planning Obligations

- The survey collected data on 2,545 direct payment obligations, almost half of which were Open Space obligations.
- There are huge variations in the number of obligations secured within local authority families and regions.
- Affordable Housing has the highest average value per obligation at just under £250,000, followed by Education (£118,000), Transport and Travel (£83,000), Community and Leisure (£59,000) and Open Space (£25,000)
- The total value of direct payments agreed by the responding authorities was just under £157 million.
- London authorities secured the highest average value per obligation (£107,776), followed by Rural Towns. The value of obligations secured by authorities in London and the South East was almost double that secured by authorities in the North.
- Standard charging has a positive impact on the value of obligations agreed for Open Space and Affordable Housing but a negative impact on the value of Community and Leisure obligations.

2.18 102 of the 109 district and unitary authorities that responded to the survey supplied data on the number and value of obligations. It is assumed that the authorities have provided complete and accurate data but errors cannot be discounted. Consequently, the results of this analysis should be treated with caution. However, it remains the most comprehensive survey of planning obligations yet undertaken.

2.19 Table 2.9 describes the number and value of direct payment obligations. A full breakdown is given in Appendix 3 (Tables 17-21). The highest number of obligations relate to Open Space and the Environment. Over 1,100 such obligations were recorded, with an average of 11 per authority. The majority were for the on-site provision of open space or payments to the local authority for the provision of, or improvements to, existing open space. There is a significant number of minor applications that attract Open Space contributions; more than any other obligation. The next most common type of planning obligation is that for Transport and Travel. 745 were recorded. The majority consist of payments for traffic and highways improvements associated with developments but there are also 119 payments for the improvement of public transport. Over half of Community and Leisure contributions were payments for community centres and general payments for community improvements as defined by the local authority. There was a small number of contributions towards library and museum facilities. There were 254 payments to local authorities for Education facilities. Other obligations related mostly to restrictions of use and to legal fees or were obligations that local authorities did not include under any specific obligation heading.

Table 2.9: **The Number and Value of Direct Payment Obligations**

Obligation Types	Number of Direct Payment Obligations	Total value of direct payments	Average Payment per obligation
Affordable Housing	73	£18,199,896	£249,314
Open Space and the Environment	1128	£27,896,905	£24,731
Transport and Travel	745	£61,928,226	£83,125
Community Works and Leisure	305	£17,937,283	£58,811
Education	252	£29,668,393	£117,732
Other	42	£972,663	£23,159
Overall Total	2545	£156,603,367	£61,534

2.20 The variation in the number of obligations within local authority families and regions is extreme, with the coefficient of variation (CoVar) ranging between 1 and 2.5 in the vast majority of cases (see Table 2.10). Some of this variation can be explained by the relationship with development activity discussed earlier, but the analysis indicates that even supposedly similar authorities secure vastly different numbers of obligations. Obligation types where standard charging is frequently applied also display significant variation, even within local authorities let alone within local authority families (see Chapter 4). Transport and Travel obligations display the lowest variation in the number of obligations per authority.

Table 2.10: **The Number of Direct Payment Obligations by Local Authority Family**

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	Other	All Obligations
All (102)							
No. of Observations	73	1128	745	305	252	42	2545
Average	0.7	11.1	7.3	3	2.5	0.4	25
CoVar	2.3	2.6	1.5	2.9	1.9	2.8	1.6
UE (16)							
No. of Observations	9	166	123	69	10	13	390
Average	0.6	10.4	7.7	4.3	0.6	0.8	24.4
CoVar	2	1.4	1.3	2.3	2.7	2	1.2
London (8)							
No. of Observations	8	28	50	9	17	1	113
Average	1	3.5	6.3	1.1	2.1	0.1	14.1
CoVar	1.8	0.7	1.1	1.5	2.7	4	0.9
RE (30)							
No. of Observations	18	406	112	14	68	16	634
Average	0.6	13.5	3.7	0.5	2.3	0.5	21.1
CoVar	2.5	3.5	1.9	1.8	1.7	3	2.3
RT (13)							
No. of Observations	5	103	69	10	33	2	222
Average	0.4	7.9	5.3	0.8	2.5	0.2	17.1
CoVar	2.3	1.7	1	1.8	1.3	2	1.1
EUC (7)							
No. of Observations	0	49	37	12	2	5	105
Average	0	7	5.3	1.7	0.3	0.7	15
CoVar	0	1.1	1.6	1.5	1.7	2.1	0.9
PB (28)							
No. of Observations	33	376	354	191	122	5	1081
Average	1.2	13.4	12.6	6.8	4.4	0.2	38.6
CoVar	1.8	1.6	1.3	2.1	1.5	2.5	1.3

2.21 Local authorities secure, on average, just under £62,000 per obligation (see Table 2.11). The highest values are commuted payments for affordable housing. The average value of direct payments per local authority is around £1.5m which varies from over £2.5m in Prosperous Britain authorities to under £0.5m in Established Urban authorities. The low figure for Established Urban Centres can perhaps be explained by the quantity of development on brownfield land and the way that the associated costs of such development can minimise the scope for obtaining planning obligations because of the remediation or other abnormal costs that are involved. Indeed, there is some evidence of a relationship between land values, the nature of development sites and the value of obligations (see Chapter 4).

2.22 The total value of planning obligations agreed by local authorities in the South East is over eight times higher than values in the North and North West. This is due to the number of obligations negotiated and the higher values per obligation (£78,000 in the South East compared to £47,000 in the North; see Appendix 3, Table 22 for a regional analysis). Again the degree of variation within types is very large. The lowest variation occurs in Open Space obligations because of the frequent use of standard charging. The other types of obligation display major variations in the value of obligations between local authority families and regions.

2.23 The data on the number and value of direct payment obligation comes directly from local authorities and records the actual payment to the local authority as stated in the planning agreement. Such data provide an accurate record of the sums received by the local authority. However, there may be other clauses in the obligation which could also have value and which may not be recorded by the local authority. For example, the majority of open space payments are payments for off-site open space and leisure facilities or for improvements to existing facilities. However, there may be cases where the developer has agreed a £100,000 payment to the local authority relating to open space that is to be provided on the development site and will be transferred to the local authority. In this instance, an in-kind obligation is combined with a direct payment and both should be valued. It cannot be discounted that local authorities record just the financial payment and not the in-kind element of the obligation. The case study research was designed to identify the frequency of land transfers, but these were rare occurrences. Consequently, caution must be exercised when interpreting the value of direct payments because a minority of obligations (usually on large development sites) may provide land in addition to financial payments; land which may not have been recorded for the survey by the local authority.

Table 2.11: **Average Direct Payment Values and Variation by Obligation**

	Affordable Housing	Open Space and the Enivronment	Transport and Travel	Community and Leisure	Education	All Obligations
All (102)						
Value per LA	£178,430	£273,499	£607,139	£175,856	£290,867	£1,542,435
Value per oblig.	£249,314	£24,731	£83,125	£58,811	£117,732	£61,819
CoVar	3.0	1.3	4.3	3.9	2.9	2.3
UE (16)						
Value per LA	£107,191	£313,818	£682,733	£338,379	£105,392	£1,623,210
Value per oblig.	£190,562	£30,248	£88,811	£78,465	£168,627	£66,593
CoVar	3.7	1.2	1.8	2.3	2.8	1.5
London (8)						
Value per LA	£77,875	£323,365	£237,319	£816,125	£67,033	£1,522,342
Value per oblig.	£77,875	£92,390	£37,971	£725,444	£31,545	£107,776
CoVar	2.8	1.6	1.0	2.6	2.7	1.7
RE (30)						
Value per LA	£207,086	£238,958	£182,297	£30,154	£180,220	£850,508
Value per oblig.	£345,144	£17,657	£48,829	£64,616	£79,509	£40,245
CoVar	3.2	1.7	2.1	3.2	2.1	1.3
RT (13)						
Value per LA	£38,874	£180,624	£264,285	£164,361	£870,290	£1,518,434
Value per oblig.	£101,072	£22,797	£49,793	£213,669	£342,842	£88,917
CoVar	2.5	1.1	1.2	2.3	2.2	1.6
EUC (7)						
Value per LA	£0	£245,044	£212,950	£13,529	£21,429	£494,637
Value per oblig.	£0	£35,006	£40,288	£7,892	£75,000	£32,976
CoVar	0.0	1.2	1.8	1.3	2.1	1.0
PB (28)						
Value per LA	£326,567	£323,455	£1,382,525	£102,078	£377,696	£2,516,462
Value per oblig.	£277,088	£24,087	£109,352	£14,964	£86,684	£65,181
CoVar	2.1	1.1	3.5	1.5	2.0	2.3

The Impact of Planning Policy on the Number and Value of Direct Payment Planning Obligations

- Standard charging has a positive impact on the number of obligations secured for all types of obligation.
- Commuted sums secured using standard charging are nearly three times higher than in those instances when it is not used.
- Open Space obligations where standard charging is used are almost double the value agreed without standard charging but standard charging has little effect on the value of Transport and Travel and Education obligations.
- The value of Community and Leisure obligations that were negotiated directly was almost three times higher than similar obligations negotiated using standard charging.

2.24 It is worth exploring the impact of standard charging on the value of obligations negotiated by local authorities. By examining the average value of direct payments for each type of obligation and comparing those authorities that use standard charging with those that do not, it is possible to identify the impact of standard charging (see Table 2.12).

Table 2.12: **Impact of Standard Charging on the Value of Direct Payment Obligations**

	Number of authorities	Number of Obligations	Obligations Per Authority	Total Value of Obligations	Average Value of Obligations
Affordable Housing					
Standard Charging	51	47	0.92	£15,080,141	£320,854
No Standard Charging	51	26	0.51	£3,119,755	£119,991
Open Space and the Environment					
Standard Charging	61	766	12.6	£23,161,648	£30,237
No Standard Charging	41	362	8.8	£4,735,257	£13,081
Transport and Travel[1]					
Standard Charging	30	421	14	£21,168,263	£50,281
No Standard Charging	71	319	4.5	£14,759,964	£46,269
Community and Leisure					
Standard Charging	29	234	8.07	£9,818,910	£41,961
No Standard Charging	73	71	0.97	£8,118,373	£114,343
Education					
Standard Charging	56	220	3.93	£25,558,968	£116,177
No Standard Charging	46	32	.70	£4,109,425	£128,420

[1] Tonbridge and Malling removed, for the purposes of this table, because of a single payment of £26m that would dominate the analysis. It is included in all other analysis.

2.25 Obligations agreed through the use of standard charging display clear patterns. Where standard charging is employed, more obligations of all types are secured, especially for Transport and Travel and Community and Leisure. There are also noticeable differences in the value of obligations agreed. The average value of Affordable Housing obligations is over 2.5 times greater in cases where standard charging is used than when it is not used. Similar differences exist for Open Space and for Community and Leisure obligations. Although there are many more Transport and Travel obligations obtained through standard charging than otherwise, around the same value per obligation is secured. However, for Community and Leisure obligations, those authorities without standard charging secured almost three times the value of those using standard charging. For Education, direct negotiation secures obligations of slightly more value, but they form only a small minority of such obligations.

In-Kind Planning Obligations

- 35% of all obligations agreed are for in-kind contributions. The proportion of in-kind contributions is greatest for Affordable Housing (82%) and the small number of ‘Other’ obligations.
- Only 18% of Open Space and 6% of Education obligations are in the form of in-kind contributions.
- London has the highest proportion of in-kind contributions, which account for 70% of obligations.

2.26 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. Table 2.13 describes the number of in-kind obligations and the ratio to the number of direct payments. This ratio is the key to establishing the total value of obligations. Appendix 3 (Tables 23 and 24) describes in-kind obligations in more detail. Apart from Affordable Housing obligations, those for Transport and Travel attract the highest proportion of in-kind contributions. This is to be expected because developers carry out the works necessary to service the development site. There was a large number of parking restrictions and management schemes particularly associated with new urban brownfield development where the on-site provision of affordable housing is the biggest single in-kind contribution: 330 were recorded (with only three off site contributions). Less than one in four obligations are in-kind for Community and Leisure and one in five for Open Space and the Environment. Almost all Education obligations are direct payments to the local authority.

Table 2.13: The Number of In-Kind Planning Obligations

	Number of Obligations	Percentage of Obligations that are In-Kind
Affordable Housing	333	82%
Open Space and the Environment	241	18%
Transport and Travel	450	38%
Community Works and Leisure	101	25%
Education	15	6%
Other	255	85%
Overall Total	**1,395**	**35%**

2.27 Significant intra-family variations are evident in the number and proportion of in-kind obligations agreed by local authorities (see Table 2.14). London has the highest proportion of in-kind obligations at 70%. The figure is influenced by the large number of Transport obligations, including car parking restrictions, coupled with a large number of 'reasonable legal cost' obligations. Open Space and Education contributions which are commonly negotiated on the basis of standard charging have the lowest proportion of in-kind obligations. The only in-kind obligations for Education are the provision of facilities on very large scale residential developments.

Table 2.14: In-Kind Obligations by Local Authority Family

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	Other	All Obligations
All (number of obligations)	333	241	450	101	15	255	1395
% In-Kind	82%	18%	38%	25%	6%	86%	35%
UE	31	28	70	17	2	68	216
	78%	14%	36%	20%	17%	84%	36%
London	51	13	136	15	0	50	265
	86%	32%	73%	63%	0%	98%	70%
Rural England	57	71	58	28	9	31	254
	76%	15%	34%	67%	12%	66%	29%
Rural Towns	48	19	67	6	3	15	158
	91%	16%	49%	38%	8%	88%	42%
EUC	5	19	17	0	0	4	45
	100%	28%	32%	0%	0%	44%	30%
PB	141	91	102	35	1	87	457
	81%	20%	22%	16%	1%	95%	30%

The Number and Value of Planning Obligations: County Councils

- County councils directly negotiate only a very small number of planning obligations.
- The estimated value of planning obligations agreed by county councils is £6.6m.

2.28 In the survey, county councils were treated differently from unitary and district authorities. Counties were asked to record details of obligations attached only to permissions granted directly by them; for minerals and waste applications for example. Although county councils benefit from Education, Transport and other types of obligation, the unitary and district authorities are responsible for negotiating the 'source' planning agreements and for recording these data. Consequently, the value of direct payments received by county councils as a result of granting permission is very low (see Table 2.15).

2.29 Almost all the obligations for County Councils are for Transport and Travel works associated with development. There are occasional obligations to improve the environment and 10 in-kind obligations for community art. The value of planning obligations agreed by county councils is negligible when compared to district and unitary authorities. The 12 responses are not representative of the population but because the value of the direct payments agreed by county councils was so low, it had a minimal impact on the estimation of the total value of obligations.

Table 2.15: **The Number of County Council Planning Obligations**

Obligation	Direct Payment	Value of Direct Payments	In-Kind
Open Space and the Environment	2	£10,000	4
Transport and Travel	30	£545,032	82
Community Works and Leisure	0	0	10
Overall Total	**32**	**£555,032**	**96**

2.30 The total value of direct payment obligations agreed by all county councils was estimated by multiplying the value of direct payments by three (there was a 33% response rate from County Councils). There are three times as many in-kind contributions as direct payments. It is assumed (see Chapter 3) that the value of in-kind contributions is similar to direct payments. Thus we can calculate the total value of obligations in the manner described in Table 2.16.

Table 2.16: **Total Value of County Council Obligations**	
Number of Direct Payment Obligations	32
Value of Direct Payments	£555,032
Proportion of population (36/12)	3
Total Value of Direct Payments	**£1,665,096**
Value per Direct Payment Obligation	£17,345
Number of In-kind Obligations	96
Value of In-kind Obligations – Respondents	£1,665,096
Total Value of In-kind Obligations	£4,995,288
Total Value of County Council Obligations	**£6,660,384**

2.31 A more reliable estimate of the value of obligations agreed by county councils would involve the direct valuation of in-kind obligations. The case study element of this research was designed to establish the value balance between direct payment and in-kind obligation. However, it was not possible to gather sufficient data to establish this relationship with any certainty (see Chapter 4). The estimate above is the most reliable method given the available data.

CHAPTER 3

THE TOTAL VALUE OF AFFORDABLE HOUSING SECURED THROUGH PLANNING OBLIGATIONS IN ENGLAND IN 2003/04

- The estimate of the value of Affordable Housing obligations is approached differently from other types of obligation because of the predominance of complex, in-kind obligations.
- In contrast to other types of obligation, the value of Affordable Housing contributions was estimated on the basis of delivered and of agreed obligations.
- The total value of Affordable Housing obligations delivered in 2003/04 was estimated to be about £600m.
- The total value of Affordable Housing obligations agreed in 2003/04 was estimated to be about £1.2bn.

3.1 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.

3.2 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, the studies have been unable to derive any reliable estimates of contributions that are applicable on a local authority, let alone a national, scale.

3.3 This section produces two estimates for affordable housing; first for delivered obligations and, second, for agreed obligations. There are more reliable data available for the number of units actually completed through planning agreements, including a breakdown of unit funding by tenure. For agreed units, Housing Investment Programme (HIP) data provides the number of units granted planning permission through planning agreements. The problem with these data is that the double counting of units cannot be discounted. A unit can be completed only once. However, a developer may submit several applications for the development of a single site. Consequently, an initial estimate of the total value of Affordable Housing obligations was made that is based on delivered units. The extra, and potentially more reliable, data derived from this exercise were then used to develop an estimate of the value of agreed Affordable Housing obligations.

The Value of Affordable Housing Obligations: Units Delivered.

3.4 The Housing Investment Programme data provides a starting point for any estimate. 16,380 affordable units were completed in 2003/04 through planning policy using S106 agreements. Local authorities also estimated the value of free land contributed by the developer (£37m; see Table 3.1), again in lieu of the actual physical provision of units. HIP data also records the value of direct payments delivered to local authorities: £32m in 2003/04 (see Table 3.1).

Table 3.1: **Contributions for Affordable Housing (HIP Data)**

Commuted Sums (direct payments)	£32,117,000
Free or Discounted Land (in-kind contribution)	£36,974,000
Total	**£69,091,000**

3.5 A method of valuing the contribution of 16,380 units is required to determine the remaining (dominant) in-kind contribution of affordable housing. This section sets out a number of approaches to determine a range of possible values. For a more reliable and robust estimate a much larger research project is necessary. This estimate uses the following base data:

- Median house prices[5] for 3 bed dwellings in all local authorities for January 2004. Median house prices are used as they reflect the characteristics of the social housing market more reliably than average house prices in a local authority. The latter can be skewed by transactions involving large, expensive units.
- Average residential land values from the Valuation Office Agency for all local authorities for January 2004.
- The total number of affordable units completed through the planning system for 2003/04. This includes a breakdown of social rented, shared ownership and discounted open market units.

3.6 Crook et al (2002) estimated from their site by site evaluation of developer contributions that, on average, the developer contributes around 5% of the gross development value of the scheme. If this is applied to total private sector completions on sites above the affordable housing threshold it is possible to identify the contribution (see Table 3.2). It is assumed that around 50% of private sector completions attract affordable housing contributions (the affordable housing threshold and implementation of policy having a significant impact on the number of units outside the range of contributions).

[5] The median house price for each local authority was used drawn from Land Registry data for 2004.

Table 3.2: **Contribution based on the Gross Development Value of Residential Development**	
Private Sector completions with Planning Agreements attached say 70,000 units	
GDV of 70,000 Units	£9,160,752,960
at 5% GDV	£458,037,648
Direct Payments	£69,091,000
Total Value of Obligations	**£527,128,648**

3.7 This will underestimate the contribution as it is based on median private market house prices for 3 bed properties and does not reflect the contribution from larger, more expensive units. However, it does give an indication of the scale of contributions.

3.8 Another method of estimation is to assume an average contribution per affordable unit. The following assumptions[6] are made given available data:

- The cost of land and construction is around 50% of the median price of a 3 bed market unit.
- Social rented units with no public subsidy require a 50% developer contribution, with the RSL funding the balance. For funded shared ownership units the developer subsidises 20% of the construction cost (including land contribution).
- Social rented units with public subsidy require a 20% contribution which is achieved through a discount on land. Shared ownership units with public subsidy require no developer contribution.
- Discounted open market value units are assumed to be discounted by 20% of the median 3 bed house price.

[6] Assumptions based on evidence gathered from the following studies: Crook et al 2002, 2005; Monk et al 2005, 2006.

Table 3.3: **Average Contribution Per Unit Base: Delivered Obligations**

Tenure and Subsidy	Value Estimate
Social Rented Units, No Public Subsidy, 50% developer subsidy on construction costs (including land) If price of private market unit is £150,000, a 50% developer subsidy would be £75,000 including land and construction costs.	£202,229,358
Shared Ownership Units, No Public Subsidy, 20% subsidy on construction costs (incl land) If price of private market unit is £150,000 a 20% developer subsidy would be £30,000 including land and construction costs.	£49,739,888
Discounted OMV Units, 20% discount 20% discount on the median price of a market unit so if £150,000 subsidy is £30,000	£23,259,592
Social Rented Units, public subsidy available, 20% subsidy on construction costs (incl land) If price of private market unit is £150,000 a 20% developer subsidy would be £30,000 including land and construction costs.	£263,867,960
Direct payments	£69,091,000
Total Value of Obligation	**£608,187,799**

3.9 These estimates are very sensitive to assumptions made (especially relating to development densities) hence three approaches are used to estimate a total value.

3.10 If a standard developer contribution in all local authorities for affordable tenures based on the availability of public subsidy is assumed, then an estimate for the total value of obligations may be derived. It amounts to just over £608m. (see Table 3.3). A more reliable method would be to adjust the subsidy rates to reflect the policy of each local authority relating to the availability of public subsidy and to reflect the balance between the cost of land, construction and house prices, again at the local authority level.

3.11 A third alternative is to base the value of the contribution around land values combined with a subsidy on the physical costs of construction where no public subsidy is available. To do this the following assumptions are made:

- The density of development is between 40 and 60 units per hectare. From this, it is possible to calculate the amount of the land contribution in each local authority. For example, an authority wide contribution of 50 affordable units at a density of 50 units per ha is a contribution of 1ha of land.
- The land contribution is assumed to be the market value of residential land. If there was no planning agreement the RSL would have to purchase land elsewhere in the local authority at market values.

- There is extreme variation in affordable housing contributions. Land is often transferred to the RSL for free but there are also agreements where the land is discounted and even where the RSL has to pay market price for the land. It is assumed that where there is no public subsidy, land is transferred for free in a specified percentage of agreements.
- For funded rented units, land is again contributed for free in a specified percentage of cases. For shared ownership units with funding there is no land contribution.
- The physical cost of constructing an affordable unit (excluding land) is assumed to be the same in all local authorities at £70,000. The land cost will vary dramatically but there are relatively small variations in labour and material costs throughout England (perhaps up to 20%).
- Where there is no public subsidy for social rented units, developers contribute 20% of the construction cost. The figure is 10% for shared ownership units with no funding.
- Where public subsidy is available there is no developer subsidy on shared ownership units but a 10% construction cost subsidy on social rented units.

3.12 These are general assumptions and a much more accurate assessment could be made by deriving actual values for each local authority. Table 3.4 provides the analysis based on a density of 50 units per hectare and adopting the assumptions described above. Appendix 4 sets out further calculations based on alternative densities.

Table 3.4: **Affordable Housing Contribution Based on Land and Construction Cost Subsidy: Delivered Obligations**

	50 ha density
Rented Units, No funding 80% free land contribution	£159,016,267
Shared Ownership, No funding, 60% contribution	£86,894,560
Rented Units, Funded, 25% free land	£157,385,650
Rented Units, Funded (10% cost subsidy)	£55,699,000
Rented units not funded (20% cost subsidy)	£38,710,000
Shared Ownership units not funded (10% cost subsidy)	£10,381,000
Discounted open market value (OMV) 20%	£23,259,592
Direct Payments	£69,091,000
Total	**£600,437,069**

Table 3.4: **Affordable Housing Contribution Based on Land and Construction Cost Subsidy: Delivered Obligations** *(continued)*

	50 ha density
Rented Units, No funding 100% free land contribution	£198,770,333
Shared Ownership, No funding, 80% contribution	£115,859,413
Rented Units, Funded, 40% free land	£251,817,040
Rented Units, Funded	£55,699,000
Rented units not funded	£38,710,000
Shared Ownership units not funded	£10,381,000
Discounted OMV 20%	£23,259,592
Direct Payments	£69,091,000
Total	**£763,587,379**
Rented Units, No funding 60% free land contribution	£119,262,200
Shared Ownership, No funding, 40% contribution	£57,929,707
Rented Units, Funded, 15% free land	£94,431,390
Rented Units, Funded	£55,699,000
Rented units not funded	£38,710,000
Shared Ownership units not funded	£10,381,000
Discounted OMV 20%	£23,259,592
Direct Payments	£69,091,000
Total	**£468,763,889**

3.13 These three methods of estimating the value of the Affordable Housing obligations provide a range of values between £500m and £765m. Given the different assumptions, a reliable estimate would fall somewhere within this range of values. For this report, the total value of Affordable Housing obligations is estimated to be about £600m. This equates to a contribution of just over £36,600 per unit for land and construction costs. It is recommended that further research is conducted in this area to produce a more robust estimate, one that is based upon the wide range of contributions within individual local authorities and reflecting policies dictating the use of public subsidies.

The Value of Affordable Housing Obligations: Units Agreed

3.14 HIP data provide the number of units granted planning permission through planning agreements. The accuracy of these data is questionable as they do not exclude the double counting of units where a developer submits more than one application for a specific site. No funding details are available either, so to apply the methods described above further assumptions must be made.

3.15 The delivery of affordable housing differs from that of other obligations. Direct payment obligations are usually delivered in advance of construction. In some cases they are phased to coincide with the completion of a certain number of market units. For affordable housing, the delivery is almost always tied to the delivery of the market units. For larger schemes, the delivery of affordable units granted permission could span several years. Research by Monk et al (2006 forthcoming) identifies the delays that can occur on larger sites. For example, it may take a large development of 3,000 units with an affordable housing contribution of 25% over 10 years to complete from the date of planning permission. Therefore, the delivery will be over a number of years. Indeed, many will never be delivered because planning permission may not be fully implemented for a variety of reasons. In 2003/04, the number of units granted permission was just over 31,500 but completions were 16,380. Allowing for a lag of 2 years between planning permission and completion, the number of units granted permission was around 18,500 in 2001/02. The difference reflects permissions not implemented and longer completion periods; but it also incorporates units granted permission in earlier years that have now been delivered.

3.16 The significant rise in the number and proportion of residential planning permissions that have associated planning agreements reflects the much wider use of this approach. It has replaced other traditional sources of affordable housing. Total affordable completions have remained fairly stable over the last 3 years.

3.17 The estimate of the total value of the 31,500 units granted permission uses the methods described above – with the exception of the Gross Development Value method described in Table 3.2 because data are not available on the total number of private market units granted permission. The gap between permissions and completions is growing. Around 20-25% of planning permissions are not implemented and, to allow for double counting, it is assumed that 15% arises from duplicate applications. This gives a figure of 26,775 units agreed. These units are likely to be delivered over the next few years. The funding balance identified for completed units has been applied to units with permission, in the absence of other data. This will reflect the prevailing policy of local authorities in respect of public subsidy. For example, authorities where no public subsidy is available for affordable units are assumed to apply the same policies when the agreed units are delivered.

3.18 The value of commuted sums agreed is estimated from the survey of local authorities. The national survey estimates that the total value of direct payments agreed was £58.6m in 2003/04. There are no figures for land contributions so an assumption of £67.5m is made based on the delivered figure and the ratio between agreed and delivered commuted sums (even though they are from different data sources). This gives a total value of such payments (land and commuted sums) of £126m.

3.19 It is possible to apply the subsidy per unit estimated for delivered units (where the data are more reliable) to value the number of units agreed. This gives an estimate of around £1.1bn for the value of affordable housing agreed in 2003/04 (see Table 3.5).

Table 3.5: **Estimated Value of Agreed Obligations Based on Developer Subsidy for Delivered Units**

Number of Units	26,755
Subsidy per Unit	£36,600
Direct Payments	£126,134,586
Total Estimate of the value of Agreed Affordable Housing	**£1,105,367,586**

3.20 Tables 3.6 and 3.7 describe the estimate of the total value of agreed Affordable Housing obligations using the same set of assumptions that was applied to the estimate for delivered units (Table 3.4).

Table 3.6: **Estimated Value of Agreed Obligations Based on Average Contribution per Unit**

Social Rented units, 50% developer subsidy on construction costs	£331,447,864
Shared Ownership Units 20% subsidy on construction costs	£165,484,749
Discounted OMV Units	£36,193,824
Social rented units, 20% subsidy on construction costs	£426,774,305
Direct payments	£126,134,586
Total Value of Obligation	**£1,086,035,328**

3.21 The value of agreed affordable housing obligations, based on the assumptions described above, is between £900m and £1.5bn. For the purposes of this study it is estimated to be £1.2bn. This figure is based upon all five estimates with the greatest weighting placed on the first estimate of Table 3.7. The latter incorporates the most realistic assumptions, given the evidence available to date. It assumes that the units granted planning permission through the planning system are actually delivered. This sum would be spread over a number of years but can be added to the value of the remaining obligations types estimated below. Both estimates assume that the HIP data are an accurate record of planning agreements. While this is open to question, they are the most reliable data of affordable housing numbers available at national level.

Table 3.7: **Affordable Housing Contribution Based on Land and Construction Cost Subsidy: Agreed Obligations**

Land and Construction Subsidy	**50 ha density**
Rented Units, No funding 80% free land contribution	£267,043,307
Shared Ownership, No funding, 60% free land contribution	£265,707,364
Rented Units, Funded, 25% free land contribution	£282,327,250
Rented Units, Funded (10% construction cost subsidy)	£96,013,224
Rented units not funded (20% construction cost subsidy)	£64,663,553
Shared Ownership units not funded (10% construction cost subsidy)	£34,375,321
Discounted OMV 20%	£36,193,824
Direct Payments	£126,134,586
Total Value of Obligation	**£1,172,458,428**
Rented Units, No funding 100% free land contribution	£333,804,133
Shared Ownership, No funding, 80% free land contribution	£354,276,485
Rented Units, Funded, 40% free land contribution	£451,723,600
Rented Units, Funded (10% construction cost subsidy)	£96,013,224
Rented units not funded (20% construction cost subsidy)	£64,663,553
Shared Ownership units not funded (10% construction cost subsidy)	£34,375,321
Discounted OMV 20%	£36,193,824
Direct Payments	£126,134,586
Total Value of Obligation	**£1,497,184,726**
Rented Units, No funding 60% free land contribution	£200,282,480
Shared Ownership, No funding, 40% free land contribution	£177,138,243
Rented Units, Funded, 15% free land contribution	£169,396,350
Rented Units, Funded (10% construction cost subsidy)	£96,013,224
Rented units not funded (20% construction cost subsidy)	£64,663,553
Shared Ownership units not funded (10% construction cost subsidy)	£34,375,321
Discounted OMV 20%	£36,193,824
Direct Payments	£126,134,586
Total Value of Obligation	**£904,197,580**

CHAPTER 4

THE TOTAL VALUE OF PLANNING OBLIGATIONS IN ENGLAND IN 2003/04

- The total value of planning obligations agreed in England for the year 2003/04 is about £1.9bn.
- Of this sum, £1.2bn is from affordable housing obligations.
- Transport and Travel obligations contribute around £300m to the total.
- The total value of obligations delivered in 2003/04 is estimated to be about £1.1bn.

Introduction

4.1 This chapter provides an estimate of the total value of planning obligations in England for 2003/04. This total is likely to be growing annually in line with increases in the number of obligations agreed and in land values in many parts of the country. Because of the complex nature and great variation in the number and value of planning obligations within and between local authorities, a number of assumptions had to be made. The main assumptions were: (i) that the survey respondents are representative of the population of local authorities as a whole; 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. The case study element of this research provides evidence on the value of in-kind obligations and how they relate to direct payment obligations. However, the heterogeneity of in-kind obligations rendered the quantity of data collected insufficient for this element of the research.

4.2 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 England for 2003/04. It is important to note than 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 £30,000 per authority in Urban England then each in-kind obligation is also assigned a value of £30,000. This is the major weakness of the approach. The case study element of this research was designed to establish the value of in-kind obligations but it was not possible to collect sufficient evidence to establish reliable values. The calculation assumes that the survey respondents are representative of the total population of local authorities.

4.3 The estimation uses the average value of direct payment obligations under each general obligation type within each local authority family. This average value is also applied to in-kind obligations in a similar way. The total number of obligations in each local authority family is derived from the survey. Appendix 5 (Table 3) provides the full estimate of the value of agreed obligations. To this is added the estimate of the total value of agreed Affordable Housing obligations (see paragraph 3.21).

Table 4.1: **Estimated Value of Obligations Agreed in England in 2003/04**

Total Value of Obligations		**Total Value of Obligations**	
Open Space	£115,518,981	Urban England	£105,957,703
Transport and Travel	£279,522,108	London	£111,660,927
Community and Leisure	£111,325,259	Rural England	£107,627,225
Education	£118,828,835	Rural Towns	£120,626,727
Other	£64,618,282	EUC	£22,489,077
County Councils	£6,660,384	Prosperous Britain	£221,451,804
		County Councils	£6,660,384
	£696,473,847		**£696,473,847**
Affordable Housing	£1,200,000,000	*Affordable Housing*	£1,200,000,000
Total	**£1,887,649,938**	**Total**	**£1,887,649,938**

4.4 The above estimate assumes that direct payments are similar in scale to in-kind contributions. The sensitivity of the calculation to a range of direct/in-kind relationships was explored and the results are described in Table 4.2. These estimates incorporate a range of direct payment/in-kind ratios between 0.25 to 2. The final column of the table applies the ratios derived from the limited case study data described in Chapter 5. They are based on a small number of residential agreements and range from 0.54 for Open Space to 6 for Community and Leisure. The latter ratio dominates the results by increasing the value estimate for the obligation from £85m to £381m. Where there are no in-kind observations to establish a ratio the 1:1 value assumption remains. These ratios provide a range of total value estimates from £500m to £1bn.

Table 4.2: **Varying the Value Relationship between Direct Payment and In-kind Obligations (£ millions)**

	Direct Payment/In-kind Ratio					
Type of Obligation	**0.25**	**0.5**	**1**	**1.5**	**2**	**Case study ratio**
Open Space	£99	£105	£116	£127	£138	£105
Transport and Travel	£209	£233	£280	£326	£373	£295
Community and Leisure	£71	£84	£111	£138	£165	£381
Education	£110	£113	£119	£125	£131	£119
Other	£22	£36	£65	£93	£122	£65
County Councils	£7	£7	£7	£7	£7	£7
Total	**£518**	**£578**	**£696**	**£809**	**£934**	**£971**

4.5 The £696m is an estimate of the total value of obligations (other than Affordable Housing obligations) agreed in 2003/04. The actual value of obligations delivered will differ as not all planning permissions are 'built out'. The survey determined that 80% of full planning permissions and 75% of outline planning permissions are actually implemented. If 80% of the agreed £690m was delivered as intended, the value of delivered obligations (spread over a number of years) is £552m. 55 authorities were able to record the total value of obligations actually delivered in 2003/04. This allows a basic estimate of the total value of obligations delivered at **£523,150,932** to which the value of the affordable housing obligation can be added. However, this is based on only 55 observations. Adding the £600m estimate for agreed affordable housing gives a total of around £1.1bn of obligations delivered in 2003/04.

4.6 The total value of agreed obligations for 2003/04 is £1.2bn for affordable housing and £696m for the remaining obligations giving a total of just under £1.9bn given a defined set of assumptions. These figures are very sensitive to assumptions about development densities, construction subsidies and the value relationship between direct payment and in-kind obligations. **Using a range of estimates the total value of planning obligations agreed in 2003/04 lies between £1.5bn and £2.5bn.**

Modelling the Number and Value of Planning Obligations

4.7 An alternative estimate of the total number of (direct and in-kind payment) obligations has been produced using a quantitative modelling approach. This approach is based on the assumption that there will be a stable, systematic relationship between the number and average value of planning obligations and a variety of local, contextual factors including demand side variables such as the value of land and housing, local social and economic conditions, and supply side variables like the number of planning permissions granted and the performance of the planning authority. The exercise combines the results of our Local Authority Survey with secondary data drawn from the Census of Population, HM Land Registry, the Valuation Office, the Index of Multiple Deprivation, official Household Projections as well as the DCLG's PS2 and Best Value returns.

4.8 Two separate models are developed as inputs into the 'grossing up' calculations. The first seeks to explain the variable number of planning obligations in the local authorities who responded to the survey using secondary data that are available for all local authority areas. It is assumed that the relationships estimated for the survey respondents will hold for the local authorities who failed to respond. The models are described in Appendix 6.

4.9 The model of the number of obligations (Appendix 6, Table 1) has a relatively low explanatory power (adjusted R-sq=0.16[7]). It appears that the agreements volume has a statistically significant relationship (at the 10% level) with the rate of house price inflation, the projected rate of household growth (in the next five years), and the number of planning applications processed within Best Value (8 and 13 weeks for minor and major applications respectively) target

[7] That is, 16% of the observed variation in the number of obligations across local authorities can be explained by the model.

times. There is a negative relationship between both the Best Value scores and price inflation and the number of obligations. It may be that the Best Value indicator takes a high value, and the planning authority responds quickly, where there have been few obligations negotiated. This would be possible given the length of time it takes to negotiate a planning agreement.

4.10 Interestingly, the model suggests that there is no meaningful relationship between factors such as average land values, socio-economic conditions (as measured by the Index of multiple Deprivation, unemployment rates or levels of economic activity), the number or proportion of planning applications granted and the number of obligations obtained. This points to the extreme variations in obligations negotiated both within and between authorities.

4.11 The average value of obligations has been influenced by both supply and demand side variables (see Appendix 6, Table 2). Again this model has a relatively low explanatory power (adjusted-R-sq = 0.16). On the supply side, the number of applications processed within Best Value targets (which might be expected to act as a proxy for the efficiency of the planning department) has an impact. The most significant positive influence on the value of obligations is average land values. In addition, the proportion of all major and minor applications granted has a positive impact on the value of obligations, while the values are depressed in areas with high unemployment rates.

4.12 There is both considerable between-authority and, as outlined elsewhere in the report, within-authority variation in the value and number of obligations (even relative to permissions granted). The models do not produce significant or systematic differences in performance for different local authority types. Indeed, it seems that there is little obvious explanation for the differentials in the number and average value of obligations secured across the sample of local authority areas.

4.13 Nevertheless, despite the relatively weak performance of the models, the estimates of the number of obligations and their average value can be combined to compute the total value of obligations in non-respondent areas. When these estimates of total value for non-respondent areas are added to the data provided by survey respondents, it suggests that, at the national level, the total value of obligations is £1.16 billion.

4.14 This figure includes only an estimate of the value of affordable housing based on direct payment obligations. Thus it underestimates the value of the affordable housing obligation for which the majority of obligations are in-kind payments. If the estimate of the total value of planning obligations includes an estimate of affordable housing based solely on the value of direct payments, then the estimate is £981m, a difference of around 20%. This is derived from adding the value of agreed obligations (£687m) to the value of the affordable housing obligation, based on direct payment data. The affordable housing value was calculated by determining the average value of direct payments for each local authority typology and multiplying by the estimated number of direct payment obligations. This same average value was multiplied by the estimated number of in-kind obligations to give the total value of in-kind obligations (clearly undervaluing the in-kind element of the obligation). The two values were added to give an affordable housing obligation value of just under £294m. In half the cases more than 25 observations were available for unit value analysis in each cell.

CHAPTER 5

A CASE STUDY ANALYSIS OF THE VARIABILITY OF PLANNING OBLIGATIONS

Introduction and Approach

5.1 The case study element of the research was designed to gather data on individual planning obligations. By calculating the unit value of direct payment and in-kind obligations the case study results would inform the estimate of the total value of planning obligations. Through the valuation of in-kind obligations, the value balance between direct payment obligations (the overall, rather than the unit values of which were gathered by the national survey) and in-kind obligations could be established to provide a more accurate estimate of the total value of in-kind obligations. The objective was to obtain data on a minimum of 25 individual obligations of each general type for each local authority family. The number of in-kind obligations required was determined by the balance between the number of direct payment and in-kind obligations identified from the survey.

5.2 Data were collected not only on the obligations but also on defined characteristics of the developments to which they related. This allowed unit values of obligations to be calculated and permitted direct comparisons to be made between obligations of different types. For residential agreements, the unit was the number of bedrooms and for commercial agreements the unit was the area of floorspace in square metres. The number of bedrooms is preferable to the number of dwellings because there are variations in some standard charging mechanisms based on the former. For example, many Education contributions are related to the number of pupils generated by a dwelling unit and the larger the unit the greater the potential number of pupils. Values per dwelling unit assume that a 5 bedroom house would generate the same level of contribution as a one bedroom flat. However, the contribution per dwelling is commonly used to compare contributions within local authorities, so values per dwelling are also reported (see below).

5.3 Appendix 7 describes the methods employed to gather the data and also summarises the number of obligations on which information was collected by type and local authority family.

Data Collection

5.4 Table 5.1 summarises the data available for analysis. These data differ from the actual number collected because a single planning agreement may contain a number of individual obligations under one general obligation heading. For example, general highways works, traffic calming and improvements for pedestrians would be summed to provide a single contribution for the Transport and Travel obligation. This ensures consistency with the approaches used for the model of obligations and for the estimate of value based upon the survey results (see Chapter 4). In the majority of cases more than 25 observations were available for each cell.

Table 5.1: Unit Value Observations

	Open Space	Transport and Travel	Community and Leisure	Education
Established Urban Centres				
Residential Unit Values[1] (IK[2])	32	12 (1)	27	14
Commercial Unit Values (IK)	2 (1)	10(1)	2 (3)	0
London				
Residential Unit Values (IK)	13	11	9	29
Commercial Unit Values (IK)	5 (2)	21 (2)	9 (2)	0
Prosperous Britain				
Residential Unit Values (IK)	24 (2)	12 (2)	14 (3)	27
Commercial Unit Values (IK)	3 (1)	5 (1)	4 (1)	0
Rural England				
Residential Unit Values (IK)	21 (1)	15	22	25
Commercial Unit Values (IK)	0	4	0	0
Rural Towns				
Residential Unit Values (IK)	27	9 (1)	6	18
Commercial Unit Values (IK)	0 (1)	22 (7)	9	0
Urban England				
Residential Unit Values (IK)	38 (2)	37 (6)	13	21
Commercial Unit Values (IK)	7 (2)	29 (1)	14	0
Total				
Direct Payment obligations	172	187	129	134
In-kind obligations	11	22	9	0

[1] Number of Direct Payment Unit Values

[2] Number of In-kind Unit Values

5.5 The main problem with the data is the lack of in-kind unit values for analysis. Under half of the required data were available. With so few observations it was not possible to establish the balance between direct payment and in-kind unit values. This information would have allowed a more robust estimate of the total value of obligations to be made than that derived solely from the survey data. The limited evidence suggests that the unit value for in-kind obligations for Open Space and Transport and Travel are very similar to their direct payment equivalents, but that the value for in-kind Community works is much higher. However, because there are so few observations, little reliance can be placed upon these aggregate results.

5.6 The case studies are thus described from a more qualitative perspective. Where the data are available, the unit values of in-kind obligations and the relationship with direct payment obligations are described. Any future analysis of planning obligations should concentrate on in-kind values. The analysis presented here describes, by obligation type, the extent of the variation in the unit value of obligations both within and between authorities.

Comparison of Unit Values

5.7 Table 5.2 describes the results of the unit value analysis which is based on information relating to over 600 planning obligations. More details and an analysis of the variation are presented in Appendix 8. Average unit values range from £49 per bedroom for Community contributions in Rural England to £823 per bedroom for Education contributions in Prosperous Britain. For commercial unit values the range is £7 per square metre for Open Space obligations to £135 per square metre for Transport and Travel. The variation in average unit values between local authority families is significant with a range of almost £500 for Open Space obligations and of £561 for Education obligations. The variation is much more limited for Transport obligations,.

Table 5.2: Residential and Commercial Unit Values

Residential Unit Values per Bedroom	Open Space	Transport and Travel	Community	Education
London	£749	£499	£333	£800
Urban England	£472	£378	£388	£637
EUC	£677	£217	£255	£262
Prosperous Britain	£438	£399	£348	£823
Rural England	£441	£382	£370	£504
Rural Towns	£251	£240	£49	£697
Average	**£505**	**£352**	**£290**	**£621**
Range	**£498**	**£282**	**£339**	**£561**
Commercial Unit Values per m^2 floorspace				
London	£43	£117	£104	
Urban England	£7	£97	£97	
EUC	£7	£22		
Prosperous Britain	£64	£135		
Rural England		£42		
Rural Towns		£89	£19	
Average	**£30**	**£83**	**£74**	

In-Kind Unit Values

5.8 Data on 42 in-kind unit values were available for analysis. They are described in Table 5.3. The comparisons in the table should be treated with great caution because a single, large value may have a large impact on the average. Appendix 7 describes how the unit values were calculated. The variation in residential unit values is extreme ranging from £39 to £1,690 per bedroom for Transport obligations. This reflects the different type and scale of the works required under planning agreements. The variation for commercial Community payments is even greater, ranging from £0.50 per m2 to almost £4,000 per m^2.

Table 5.3: **In-Kind Unit Values**

	Residential Unit Values			Commercial Unit Values		
	Open Space	Transport	Community	Open Space	Transport	Community
	£348	£128	£243	£3.56	£4	£2,000
	£32	£98	£3,237	£0.04	£2	£3,933
	£472	£150	£1,786	£1.53	£6	£383
	£357	£106		£1.55	£71	£2
	£160	£204		£5.79	£9	£0.5
		£52		£8.31	£33	£10
		£39		£1.56	£6	
		£1,479			£17	
		£1,690			£4	
		£158			£1	
					£5	
					£5	
IK Avg	**£274**	**£410**	**£1,755**	**£3**	**£14**	**£1,055**
DP Avg	**£505**	**£352**	**£290**	**£30**	**£83**	**£74**

5.9 The limited data indicate that direct payments for Open Space obligations are much higher than in-kind contributions. Residential direct payments and in-kind contributions for Transport obligations are similar in scale but direct payments are much higher than in-kind contributions for the commercial equivalents. The biggest differences relate to Community obligations where in-kind works have a unit value that is much higher than direct payments. The results are due entirely to four significant obligations. Three of these obligations were for regeneration initiatives on large development schemes and one for the provision of a Community building from a residential development.

Adjustment to the Total Value Estimate

5.10 The number of unit values – specifically those relating to in-kind contributions – derived from the case studies is not sufficient to make reliable adjustments to the estimates of the total value of obligations derived either from the modelling approach or from the survey of local authorities. Further data would allow a more accurate estimate of the balance between the values of direct payment and in-kind obligations. The available data indicate that a major adjustment would need to be to the value of the Community obligations, reflecting the higher level of in-kind payments and that there would have to be downward adjustments to the value of the other types of obligations, reflecting the opposite relationship between direct payment and in-kind contributions.

The Variation of Unit Values by Local Authority Family

5.11 This section of the report explores the range and variation of obligation unit values by local authority family (the detailed results are presented in Appendix 8). Average unit values do not vary significantly between local authority families in the majority of cases.

London

5.12 Although all Open Space obligations took the form of contributions to general open space, local parks and the greening of the local environment, contributions still varied from £139 to £749 per bedroom (see Table 5.4). For Transport and Travel the range of values was even greater although the extent of the variation was similar to that for Open Space. Commercial obligations displayed greater variation than residential contributions. Examples of Transport contributions include general highway works and improvements, pedestrian works and facilities, a green travel plan, traffic calming, paving and lighting. Common Community obligations include public art, CCTV measures, library contributions and public toilets. Once again, variation was significant: even payments for library facilities varied from £20 to £240 per bedroom in one authority. Education obligations always took the form of payments to fund education facilities where the development generates additional pupils and existing facilities require expansion. The unit value per bedroom might be expected to display little variation but maximum values were up to 6 times greater than minimum values within some individual local authorities. This clearly shows the impact of site specific negotiations reflecting both the development characteristics of the development and the negotiating skills of individuals.

Table 5.4: Unit Value Contributions in London

Residential Unit Values

London	Open Space	Transport and Travel	Community	Education
Min	£139	£120	£10	£90
Max	£1,111	£1,844	£974	£3,459
Mean	£749	£499	£333	£800
CoVar	0.99	0.98	1.03	0.88

Commercial Unit Values

London	Open Space	Transport	Community	Education
Min		£3	£7	
Max		£691	£347	
Mean		£117	£104	
CoVar		1.42	1.30	

Urban England

5.13 Open Space contributions were for formal and informal open space, the provision of children's play facilities, enhancement of existing facilities and payments for tree maintenance. There was a number of obligations contributing to large scale transport schemes; for example, the Eastern Area Corridor plan in Cambridge, and a number of public transport contributions to improve existing facilities such as park and ride and night bus services. The variation is considerable (see Table 5.5). The provision of general Community facilities, local employment initiatives and leisure facilities along with the most common obligation, public art, form the basis for Community contributions in Urban England. The variation in Education payments is the lowest of the six local authority families although there is no obvious reason for this.

Table 5.5: Unit Value Contributions in Urban England

Residential Unit Values

Urban England	Open Space	Transport and Travel	Community	Education
Min	£40	£10	£31	£115
Max	£1,508	£1,575	£1,333	£1,377
Mean	£472	£378	£388	£637
CoVar	0.81	0.94	0.99	0.58

Commercial Unit Values

Urban England	Open Space	Transport	Community	Education
Min		£1	£2	
Max		£700	£627	
Mean		£90	£97	
CoVar		1.88	2.15	

Established Urban Centres

5.14 There are the usual Open Space obligations in Established Urban Centres, with associated variation between schemes (see Table 5.6). Traffic regulation and calming measures are more common in this than in other local authority families, but general highway works and improvements are also frequent. The majority of Community payments are for general community facilities although public art and library contributions also appear. Education contributions display significant variation.

Table 5.6: **Unit Value Contributions in Established Urban Centres**

Residential Unit Values

EUC	**Open Space**	**Transport and Travel**	**Community**	**Education**
Min	£37	£18	£9	£77
Max	£1,667	£667	£719	£1,000
Mean	£677	£217	£255	£262
CoVar	0.66	0.88	0.97	0.91

Commercial Unit Values

EUC	**Open Space**	**Transport**	**Community**	**Education**
Min		£0		
Max		£91		
Mean		£22		
CoVar		1.46		

Prosperous Britain

5.15 Prosperous Britain is partly defined as authorities in both rural and urban areas with high land values. Unit values are no higher than those in other local authority families, although the survey suggests such contributions are more numerous in Prosperous Britain. There was a significant number of contributions to leisure facilities in local public open spaces (see Table 4.7). The usual Transport and Travel obligations are common although one agreement required transport improvements within 2km of the development site. For Community obligations, unusual contributions included payments towards improving air quality in an area and the provision of a canopy over a public square. Average Education payments are higher in Prosperous Britain than any other family.

Table 5.7: **Unit Value Contributions in Prosperous Britain**

Residential Unit Values				
EUC	**Open Space**	**Transport and Travel**	**Community**	**Education**
DPB				
Min	£47	£35	£21	£21
Max	£1,154	£836	£1,671	£2,717
Mean	£438	£399	£348	£823
CoVar	0.73	0.68	1.36	0.92
Commercial Unit Values				
PB	**Open Space**	**Transport**	**Community**	**Education**
Min		£3		
Max		£238		
Mean		£135		
CoVar		0.84		

Rural England

5.16 The usual Open Space, Transport and Travel and Community obligations were present in Rural England authorities with associated variations within and between authorities (see Table 5.8). Education contributions varied from £4 to £1,000 per unit in a single authority.

Table 5.8: **Unit Value Contributions in Rural England**

Residential Unit Values				
RE	**Open Space**	**Transport and Travel**	**Community**	**Education**
Min	£65	£21	£9	£83
Max	£1,154	£1,455	£1,667	£1,881
Mean	£441	£382	£370	£504
CoVar	0.62	0.95	1.18	0.68
Commercial Unit Values				
RE	**Open Space**	**Transport**	**Community**	**Education**
Min		£1		
Max		£97		
Mean		£42		
CoVar		1.19		

Rural Towns

5.17 Unit value contributions were generally lower in Rural Towns than in the other families. Open Space contributions provided funds for general open space improvements and, in one case, to improve existing allotment facilities. Unusual Transport obligations included a contribution towards a parking attendant in a town centre, although general highways works and public transport improvements were the most common obligations. For Community contributions one authority concentrated on library provision and another on security measures, hence the low Community unit values. Library contributions were between £60 and £100 per bedroom. Education contributions ranged from £73 to almost £2,500, the figure dependent upon what the development scheme could support and the funding requirements of local schools.

Table 5.9: Unit Value Contributions in Rural England

Residential Unit Values

RE	Open Space	Transport and Travel	Community	Education
Min	£14	£3	£30	£73
Max	£611	£1,200	£92	£2,475
Mean	£251	£240	£49	£697
CoVar	0.87	1.59	0.45	0.77

Commercial Unit Values

RT	Open Space	Transport	Community	Education
Min		£3	£6	
Max		£833	£63	
Mean		£89	£19	
CoVar		2.33	0.90	

Case Study Summary

5.18 Although there were not sufficient unit value data to inform the estimate of the total value of obligations as originally intended, the case study exercise provides valuable evidence of the variation in the nature of obligations agreed and in the value of those obligations, both within and between authorities. For a 2 bedroom house with a planning agreement which required average contributions for Open Space, Transport and Travel, Community and Leisure and Education the contribution per dwelling would be around £3,500. At a density of 50 dwellings per hectare this is a contribution of £175,000 per hectare. If average land values are £2.5m this is a contribution of 7% of the land value. Added to this would be an affordable housing contribution of perhaps 15 units at £40,000 per unit, giving a total contribution of £775,000. If the 50 market units sold for £150,000 each the contribution would amount to about 10% of the gross development value of each dwelling.

5.19 The variation within local authorities described in Appendix 8 highlights the importance of the characteristics of the development scheme and of individual local authority practice in determining the value of obligations. Even for authorities with standard charging mechanisms in place, a seemingly straightforward Education contribution can vary very significantly. The variation is due to two main factors. First, the development costs of the scheme and secondly, the negotiation process of the local authority. For greenfield development in areas of high land values, a wide range of planning obligations can be extracted before the contribution has an significant impact on the land value. For brownfield development where land values are much lower and development costs much higher, a much lower total obligation contribution can be afforded.

5.20 Various reports on delivering affordable housing (Crook et al, 2002; Monk et al, 2005; ODPM, 2005) highlight the importance of the local authority in securing obligations. The policy, supplementary guidance and the performance of individuals all have an impact on the level of contribution secured from landowners and developers. Individuals can maximise contributions through the use of experience gained in previous negotiations and the support of a clear policy framework. However, if the scheme cannot support the level of contributions required by the local authority, then there is a chance of endangering the viability of that development.

CHAPTER 6

CONCLUSIONS

6.1 The aims of this report were to provide estimates of the number of planning applications attracting planning obligations and of the total value of planning obligations agreed in England in 2003/04.

6.2 The research combined the use of the results from a national survey of local authorities with case study work which produced unit values for different types of planning obligation. The research methodologies utilised two working typologies to provide a framework for gathering and analysing data: they defined types of planning obligation and families of local authorities.

6.3 The national survey of local authorities achieved a response rate of 31%; a reasonable return, given the complex nature of the data requested. The responses were evenly distributed between local authority families. The survey produced the following findings:

- The proportion of planning permissions accompanied by a planning agreement has risen from 1.5% in 1997/98 to 6.9% in 2003/04.
- Planning agreements are now attached to 40% of major residential planning permissions. All other categories of development have seen a rise in the proportion of planning permissions accompanied by planning agreements in the last six years.
- The proportion of major planning permissions accompanied by planning agreements is highest in the South East (40%) and lowest in the North (7.5%).
- There are tremendous variations in the number of agreements secured by authorities within the same families and regions. The variation in the number of permissions granted explains some of the variation in the number of agreements.
- Almost 62% of local authorities use standard charging for Open Space and Environment contributions. The equivalent figure is 55% for Education, 51.4% for Affordable Housing, 29% for Transport and Travel and 28% for Community and Leisure obligations.
- In the vast majority of cases those authorities using standard charging secure higher numbers of planning obligations than those that do not. However, there is no relationship between the status of SPG or SPD and the number of agreements secured.
- The survey collected data on 2,545 direct payment obligations, 1,128 of which were Open Space obligations. There are huge variations in the numbers of obligations secured within local authority families and within regions.
- Affordable Housing displays the highest average value per obligation, at just under £250,000, followed by Education (£118,000), Transport and Travel (£83,000), Community and Leisure (£59,000) and Open Space (£25,000)

- The total value of direct payments recorded by the 102 authorities providing complete data was £156.6m
- London authorities secured the highest average obligation value (£108,000), followed by Rural Towns. The average value of planning obligations in London and the South East was almost double the value of obligations in the North.
- Standard charging has a positive impact on the number of obligations secured of all types and on the value of obligations for Open Space and Affordable Housing; but it has a negative impact on the value of Community and Leisure obligations.
- 35% of all obligations take the form of in-kind contributions. The proportion is greatest for Affordable Housing at 83%. Only 18% of Open Space and 6% of Education obligations are in-kind contributions. London has the highest proportion of in-kind contributions, which constitute 70% of obligations.

6.4 This is the most comprehensive survey of planning obligation yet undertaken. It provides interesting results regarding: the frequency of planning obligations; the value of direct payments; and the great variability in the number and value of obligations, even within local authority families.

6.5 An estimate of the value of affordable housing delivered in 2003/04 was calculated using secondary data and three alternative methods: it was about £600m. Building on this, the value of Affordable Housing obligations agreed in 2003/04 was estimated to be about £1.2bn. Affordable Housing obligations are complex and the variation in agreements, even between similar sites in the same local authority, is considerable. More accurate estimates of the value of Affordable Housing obligations would involve a detailed examination of affordable housing on a site by site basis. The co-operation of those involved in the development would be necessary to identify the relevant financial information.

6.6 The national survey provided an estimate of the total value of the remaining planning obligations agreed in 2003/04. A lack of data on the value of in-kind obligations meant that the relationship between the value of direct payments and in-kind contributions was based on the assumption that in-kind contributions were of similar value to direct payments. This was determined to be the most reliable method of estimation in the circumstances.

6.7 The survey produced an estimate of the value of each type of the planning obligation (see Table 6.1). Transport and Travel was the most significant obligation at £280m, with the other three main headings all estimated to contribute between £110 and £115m. The total value of agreed affordable housing is estimated to be £1.2bn giving an estimate of the total value of agreed obligations to be around £1.9bn.

6.8 A modelling approach which combined secondary data with data from the survey estimated the number and value of planning obligations. Although the model did not have high explanatory power, the significant relationships exhibited by key variables were theoretically correct. Both land value and (planning) performance indicators for local authorities had a statistically significant impact on the results. The model produced an estimate for planning obligations agreed, including affordable housing (based only on commuted payments), of £1.16bn. The equivalent figure derived from the survey results was £0.981bn (see 4.14).

Table 6.1: The Value of Obligations Agreed and Delivered in 2003/04

	Agreed (£millions)	Delivered[1] (£millions)	Delivered Survey Analysis, (£millions)[2]
Open Space	£116		
Transport and Travel	£280		
Community and Leisure	£111		
Education	£118		
Other	£65		
County Councils	£7		
Total without Affordable Housing	£696	£557	£523
Affordable Housing	£1,200	£600	£600
Total	**£1,896**	**£1,157**	**£1,123**
Range of Values	**£1,500-£2,500**	**£900-£1,300**	**£1,000-£1,200**

[1] The delivered figure assumes 80% of permissions are implemented in full and 16,380 affordable units completed.

[2] The delivered figure is based upon the results from 55 survey responses and 16,830 affordable units completed.

6.9 An estimate of the value of obligations delivered in 2003/04 was calculated using two methods, both of which use the £600m affordable housing value derived in Chapter 3. The first method assumed that 80% of obligations agreed in 2003/04 were delivered as intended during that year. So 80% of £697m produces the estimate (Table 6.1). The second method used the results of the survey analysis which determined the value of obligations delivered to be £523m from 55 local authority observations. The methods estimate the value of delivered obligations to be between £1,000 and £1,200m.

6.10 The case study research collected data on individual obligations using the value per bedroom or per square metre of commercial floorspace as the basis for comparison. The results provided evidence on the variability of obligations both within and between local authority families and obligation types. Even within an authority, similar obligations could produce vastly different unit values; for example, between £139 and £749 per bedroom for relatively standardised Education contributions.

6.11 The variability is due to the level of contribution the development can sustain. This is a reflection of land value and development costs, and also of local authority policy and the actual outcome of negotiations between the parties. As previous research has shown, the performance of individuals within local authorities, combined with a clear and robust policy framework are fundamental determinants of the character and value of planning obligations secured on a site.

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Appendix 1

LOCAL AUTHORITY FAMILIES

Urban England	Rural Towns	London	Rural England
Ashfield	Amber Valley	Barnet	Adur
Barnsley	Basildon	Brent	Allerdale
Barrow-in-Furness	Bassetlaw	Camden	Alnwick
Blyth Valley	Bexley	City of London	Arun
Bolsover	Broxbourne	Croydon	Ashford
Brighton and Hove	Broxtowe	Ealing	Babergh
Bristol	Bury	Enfield	Berwick-upon-Tweed
Cambridge	Cannock Chase	Greenwich	Blaby
Canterbury	Chorley	Hackney	Blackpool
Chesterfield	Corby	Hammersmith and Fulham	Boston
Chester-le-Street	Crawley	Haringey	Bournemouth
Copeland	Crewe and Nantwich	Harrow	Braintree
Coventry	Dartford	Hounslow	Breckland
Darlington	Dudley	Islington	Bridgnorth
Derby	East Staffordshire	Kensington and Chels	Broadland
Derwentside	Ellesmere Port and N	Lambeth	Bromsgrove
Doncaster	Erewash	Lewisham	Caradon
Durham	Gedling	Luton	Carlisle
Easington	Gloucester	Newham	Carrick
Exeter	Gosport	Redbridge	Castle Morpeth
Halton	Gravesham	Slough	Chelmsford
Hartlepool	Harlow	Southwark	Chichester
Ipswich	Havant	Tower Hamlets	Christchurch
Lancaster	Havering	Waltham Forest	Congleton
Leeds	Herefordshire	Wandsworth	Cotswold
Lincoln	High Peak	Westminster	Craven
Mansfield	Hinckley and Boswort		Derbyshire Dales
North East Lincolnsh	Kettering		Dover
North Tyneside	Newark and Sherwood		East Cambridgeshire
Oxford	Newcastle-under-Lyme		East Devon
Plymouth	North East Derbyshir		East Dorset
Portsmouth	North Lincolnshire		East Lindsey
Preston	North Warwickshire		East Northamptonshir
Redcar and Cleveland	North West Leicester		East Riding
Rotherham	Northampton		Eastbourne
Sedgefield	Nuneaton and Bedwort		Eden
Sefton	Peterborough		Fareham
Sheffield	Redditch		Fenland
Southampton	Rossendale		Forest Heath
St Helens	Rugby		Forest of Dean
Stockton-on-Tees	Solihull		Fylde
Wakefield	South Ribble		Great Yarmouth
Wansbeck	Stafford		Hambleton
Wear Valley	Stevenage		Harrogate
Wigan	Stockport		Hastings

Urban England	Rural Towns	London	Rural England
Wirral	Swale		Isle of Wight
	Swindon		Isles of Scilly
	Tamworth		Kennet
	The Wrekin		Kerrier
	Thurrock		Kings Lynn and West
	Trafford		Lewes
	Vale Royal		Lichfield
	Warrington		Maldon
	Wellingborough		Malvern Hills
	West Lancashire		Melton
	Worcester		Mendip
	Wyre Forest		Mid Devon
			Mid Suffolk
Established Urban Centres	**Prosperous Britain**		New Forest
Barking and Dagenham	Aylesbury Vale		North Cornwall
Birmingham	Basingstoke and Dean		North Devon
Blackburn with Darwe	Bath and North East		North Dorset
Bolton	Bedford		North Kesteven
Bradford	Bracknell Forest		North Norfolk
Burnley	Brentwood		North Shropshire
Calderdale	Bromley		North Somerset
Gateshead	Castle Point		Oswestry
Hyndburn	Charnwood		Penwith
Kingston upon Hull	Cheltenham		Poole
Kirklees	Cherwell		Purbeck
Knowsley	Chester		Restormel
Leicester	Chiltern		Ribble Valley
Liverpool	Colchester		Richmondshire
Manchester	Dacorum		Rochford
Middlesbrough	Daventry		Rother
Newcastle upon Tyne	East Hampshire		Rutland
Norwich	East Hertfordshire		Ryedale
Nottingham	Eastleigh		Salisbury
Oldham	Elmbridge		Scarborough
Pendle	Epping Forest		Sedgemoor
Rochdale	Epsom and Ewell		Selby
Salford	Guildford		Shepway
Sandwell	Harborough		Shrewsbury and Atcha
South Tyneside	Hart		South Derbyshire
Stoke-on-Trent	Hertsmere		South Hams
Sunderland	Hillingdon		South Holland
Tameside	Horsham		South Kesteven
Walsall	Huntingdonshire		South Lakeland

Urban England	Rural Towns	London	Rural England
Wolverhampton	Kingston upon Thames		South Norfolk
	Macclesfield		South Shropshire
	Maidstone		South Somerset
	Merton		South Staffordshire
	Mid Bedfordshire		Southend-on-Sea
	Mid Sussex		St Edmundsbury
	Milton Keynes		Staffordshire Moorla
	Mole Valley		Stroud
	North Hertfordshire		Suffolk Coastal
	North Wiltshire		Taunton Deane
	Oadby and Wigston		Teesdale
	Reading		Teignbridge
	Reigate and Banstead		Tendring
	Richmond uon Thames		Tewkesbury
	Runnymede		Thanet
	Rushcliffe		The Medway Towns
	Rushmoor		Torbay
	Sevenoaks		Torridge
	South Bedfordshire		Tunbridge Wells
	South Bucks		Tynedale
	South Cambridgeshire		Waveney
	South Gloucestershire		Wealden
	South N'thamptonshire		West Devon
	South Oxfordshire		West Dorset
	Spelthorne		West Lindsey
	St Albans		West Somerset
	Stratford-on-Avon		West Wiltshire
	Surrey Heath		Weymouth & Portland
	Sutton		Worthing
	Tandridge		Wychavon
	Test Valley		Wyre
	Three Rivers		
	Tonbridge and Malling		
	Uttlesford		
	Vale of White Horse		
	Warwick		
	Watford		
	Waverley		
	Welwyn Hatfield		
	West Berkshire		
	West Oxfordshire		
	Winchester		
	Windsor & Maidenhead		
	Woking		
	Wokingham		
	Wycombe		
	York		

Appendix 2

THE NATIONAL SURVEY

Technical Report

Aims

The purpose of this postal questionnaire survey was to provide data on the frequency, extent and value of planning obligations in England in 2003/04.

Questionnaire Design

The design of the questionnaire was influenced by the need to obtain the required information, whilst ensuring that the questionnaire was concise and easily comprehensible in order to maximise the response rate. Hence, the design was governed by two major requirements. Firstly, that it should contain the minimum number of questions, clearly expressed, to minimise completion time and thus maximise the usable response rate, both of the survey generally and for specific questions. Secondly, that it should obtain information from each responding Local Authority relating to the number of planning obligations for the year 2003/04.

Care was taken with the presentation and layout to ensure ease of completion and provide adequate space for responses, and there were a number of alterations to the details of the questionnaire, especially with respect to the clarity of instructions where it was felt that these were ambiguous and could be misunderstood.

Two versions of the questionnaire were devised to aid response: an electronic version in Microsoft Excel and a paper version in Microsoft Word. The Word version can also be completed electronically.

Two question types were used in order to maximise the respondents' interest in the questionnaire and to provide greater richness of data. The types were: closed questions requiring respondents to tick boxes or provide a Yes/No answer and questions requiring numerical responses.

DCLG provided a covering letter sent with the questionnaire to encourage response. The Government Offices for the Regions were also contacted and asked to send a letter to all planning authorities to encourage their response. A draft copy of the survey was sent to DCLG who suggested very minor changes relating to the detailed wording of several questions. The comments received were acted upon and incorporated in the final questionnaire design.

The design of the questionnaire was an iterative process, informed by a variety of sources including literature reviews, the DCLG, the scoping study, prior experience and a previous national survey of local authorities.

The final version of the questionnaire was comprised of 4 major sections, which relate to the aims of the survey. The cover sheet gave brief details of the aims and scope of the survey, who was conducting the research and an indication of how the results would be used. Contact names and telephone numbers were also requested firstly for identification purposes, and secondly, so that in the event of any ambiguity, clarification of the data could be sought. This proved useful in a number of instances.

A covering letter accompanied the questionnaire. It was signed by DCLG. It described at greater length those details of the survey given in the introductory and closing sections of the questionnaire.

Pilot Survey

The questionnaire was sent to five local authorities for their comments prior to finalising the questions. Three of the five authorities responded with comments and these comments were discussed by telephone. A number of changes were made to the initial survey, not least the decision to focus on full and outline planning permissions, rather than full and reserved matters permissions. The wording of a number of other questions was also altered in light of the comments received.

Main Survey

The survey population consisted of all local planning authorities in England. The DCLG provided a database of chief planning officers and their equivalents in all district and unitary planning authorities. A web search was used to establish contact details for county planning authorities.

The questionnaire was designed to be completed by an appropriate officer in the planning department of each local authority or statutory planning committee, hence the questionnaires were addressed to the Chief Planning Officer. The questionnaires were sent out by e-mail on the 3rd October 2005 and by post on the 10th October with a suggested deadline for their completion and return of the 21st October.

Two methods of distribution were utilised. Where the DCLG database contained an e-mail address the covering letter and a copy of the survey were e-mailed to the CPO or equivalent. Where there was no e-mail address a paper copy was posted to the CPO at the address contained within the database. Where e-mails did not reach the intended recipient (identified through failure to deliver message) a paper copy was send to the CPO.

A total of 170 questionnaires were sent by post: 71 to authorities with no e-mail address; 36 to county councils; and 61 to authorities where the e-mail did not get through to the intended recipient.

Follow up Telephone Calls

Following the initial deadline of 21st October both the University of Sheffield and the Halcrow group carried out a series of telephone and e-mail contacts to encourage response. All non-respondents with a valid e-mail address were sent a further copy of the questionnaire attached to an e-mail stressing the importance of responding to the survey. Halcrow spent three days phoning those local authorities who had been sent a paper questionnaire. The University of Sheffield continued to e-mail and telephone local authorities throughout November, targeting those authorities within typology groupings where responses were below the 25% level. A final deadline of 16th December was applied by which time a 25% response had been achieved in all 6 local authority groups.

Analysis

The survey responses were analysed by the University of Sheffield using a combination of SPSS and Excel and the results reported to DCLG on 23rd December 2005.

The Questionnaire

The Value of Planning Obligations in England

Introduction

As part of its ongoing work on planning obligations, the Government has commissioned research to estimate the value of planning obligations in England. The research will inform the development of policy, particularly in relation to the Government's response to Kate Barker's proposal for a Planning-gain Supplement accompanied by a new system of planning obligations.

This survey of all English local planning authorities is part of the research. 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 2003 and 31st March 2004 which relate to outline and full planning permissions. 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.

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'. Unilateral undertakings are also considered to be planning agreements. 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 2003 and 31 March 2004.
- Information on individual obligations in each agreement (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 heading; and
- The number of in-kind contributions under each obligation heading.

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.

Section 4 of the questionnaire asks for details of planning obligations agreed. 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. 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. A partially completed questionnaire is better than a non-response.

Please return questionnaires by Friday October 21st to:

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

(T: 01483 721558; Fax: 0114 272 2199; E: s.rowley@sheffield.ac.uk)

Thank you.

SECTION 1: The Frequency and extent of Planning Agreements

Q1. Please complete the following table to record the number of full and outline planning applications with a signed planning agreement granted permission in 2003/04.

Enter the number of planning agreements signed between 1 April 2003 and 31 March 2004 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 PS2 form.

	Number of Planning Agreements
Major Developments	
Q1. Dwellings	
Q2. Offices / R&D / light industry	
Q3. General industry / storage / warehousing	
Q4. Retail, distribution and servicing	
Q5. All other major development	
Minor Developments	
Q6. Dwellings	
Q7. Offices / R&D / light industry	
Q8. General industry / storage / warehousing	
Q9. Retail, distribution and servicing	
Q10. All other minor developments	
Other Developments	
Q11. Minerals	
Q13. Householder Developments	
Q15. Listed building consents to alter/ extend	
Q16. Listed buildings consents to demolish	
Q17. Conservation area consents	

For those permissions with planning agreements signed in 2003/04 and which relate to full and outline permissions

Q2. In total, how many dwelling units were granted planning permission

Q3. In total, how many square metres of commercial floorspace were granted planning permission?

SECTION 2: SPG and Standard Formulas

Q4. Do you have up to date SPG and/or SPD for Planning Obligations? (YES/NO) ☐

Q5. Do you use standard charging or formulas to calculate obligations for: (Please mark all boxes that apply)

Affordable Housing	☐	Open Space and the Environment	☐
Community and Leisure	☐	Transport and Travel	☐
Education	☐	Other	☐

If you wish to provide details of your standard formulas please e-mail the relevant documents to s.rowley@sheffield.ac.uk

Q6. Is the failure of developers to deliver agreed planning obligations a significant issue for your authority? (YES/NO) ☐

SECTION 3: Recording Planning Obligations

Q7. Do you use an electronic database to record the details of planning obligations agreed by your authority? (YES/NO) ☐

Q8. If YES does your database system record (please mark all boxes that apply):

- Details of the obligation/s covered by the planning agreement/s ☐
- Payment/s to be made under 'direct payment'* obligations ☐
- Descriptions of 'in-kind'* obligations agreed ☐
- The value of obligations delivered in 2003/04 ☐

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

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

Q9. Please record the details of all planning obligations agreed in 2003/04.

Please record in the table below the type and number of direct payment and in-kind obligations agreed in 2003/04. 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.

Obligation types 1a) – 1e) can, by definition, only be direct payment or in-kind obligations. The remaining types of obligation (1f – 6e) may be constituted of either direct payment or in-kind obligations or both (e.g. open space (2a) can be provided through direct payments to local authorities and/or by developers setting aside open space within developments).

For each type of obligation record:
(i) the number of direct payment obligations agreed;
(ii) the total value of direct payments agreed (eg. if there were 4 commuted sums agreed, each of £100,000, for affordable housing (1e) enter 4 in 'Number of Obligations' column and £400,000 in 'Total value of direct payments' column); and

(iii) the number of in-kind obligations agreed (eg. if there were 6 obligations involving on-site provision of affordable housing (1a), enter 6 in the final column.

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

Urban England	**Direct Payment Obligations**		**In-Kind Obligations**
Obligation Types	Number of Obligations	Total value of direct payments	Number of Obligations
Affordable Housing			
a) On site provision of various affordable tenures. 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			
Total			
Education			
a) Schools: development or funding for education at all levels; nursery, primary, secondary, higher etc.			
Total			
Open Space and the Environment			
a) Provision of open space either within a development or as a direct payment to the LA.			
b) General environmental improvements including landscaping			
c) Ecology and nature conservation, countryside management and community forests			
d) Allotments.			
e) Sport facilities: sport fields, club houses etc.			
Total			

Urban England	Direct Payment Obligations		In-Kind Obligations
Obligation Types	Number of Obligations	Total value of direct payments	Number of Obligations
Transport and Travel			
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			
Total			
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			
Total			

Urban England	**Direct Payment Obligations**		**In-Kind Obligations**
Obligation Types	Number of Obligations	Total value of direct payments	Number of Obligations
Other Obligations			
Describe Obligation			
Total			

Q10. If you are unable to complete Q9 in full please estimate what percentage of all agreed planning obligations are in-kind contributions (by number not value)?

Q11. What percentage of full planning permissions granted with a planning agreement would you expect to be implemented in full?

Q12. What percentage of Outline planning permissions granted with a planning agreement would you expect to be implemented in full?

Q13. Please estimate the total value of planning obligations actually delivered in 2003/04 (i.e. direct payments received or in-kind works completed.)

Local Authority Survey:
Planning Obligations Agreed in England in 2003/04

GENERAL INFORMATION

Name of Local Planning Authority: ______________________________

Name of Respondent(s): ______________________________

Job Title(s): ______________________________

Contact telephone no.: ______________________________

Contact e-mail(s): ______________________________

Thank you for your time. This valuable information will be used to inform the development of future planning obligation policy.

Please either e-mail the completed document to s.rowley@sheffield.ac.uk, fax to 01142722199 or post to:

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

For any queries or further details please contact Steven Rowley on:
T: 01483 721558; F: 0114 272 2199; E: s.rowley@sheffield.ac.uk.

Appendix 3

SURVEY RESULTS

Table 1: **The Number of Planning Agreements and Permissions Granted 2003/04**

PS2 Categories	Dwellings	Offices/ R&D/ Light	General Industry/ warehouse Industry	Retail distribution and servicing	All other major dev.
Major Planning Agreements	883	89	41	73	111
Major Planning Permissions	2205	437	342	341	1,481
Percentage of major permissions with agreements	40.0%	20.4%	12.0%	21.4%	7.5%
Minor Planning Agreements	1,109	51	10	59	296
Minor Planning Permissions	12,096	1,963	1,141	3,193	16,173
Percentage of minor permissions with agreements	9.2%	2.6%	0.9%	1.8%	1.8%

	Total Number of Agreements from Survey	Estimated number of Agreements in England 2003/04	Average Per Authority
Urban England	308	886	19
London	207	673	26
Rural England	887	3199	27
Rural Towns	227	863	15
EUC	110	413	14
Prosperous Britain	983	2,576	34

Table 1 describes the number of agreements collected by the survey from the 109 responding district and unitary authorities. Prosperous Britain and London authorities have the highest number of agreements in the year as expected but, perhaps surprisingly, Rural England authorities also have over 25 agreements per authority. A relationship would be expected between development activity and the number of agreements.

The number of agreements can be compared to the number of major and minor planning permissions as recorded in the PS2 returns by local authorities. 4,806 permissions were granted by those responding authorities. Comparing the two data-sets provides the proportion of planning permissions granted with a planning agreement attached. The same analysis was applied to minor agreements. The proportion of major permissions with agreements is far higher, as would be expected, than for minor permissions. One out of every 2.5 major dwelling agreements has a planning agreement attached compared to one in ten minor permissions.

The PS2 returns define major residential development as over 10 units. This results in a much lower proportion of major permissions with an agreement than would be the case if major permissions were defined as15 or 25 units where, for example, the majority of affordable housing thresholds lie. However, the PS2 data is the most comprehensive source of permission data available. Ideally PS2 data would be split into separate categories above 10 units.

Table 2: **The Frequency of Planning Agreements by LA Typology**

Major Development	Dwellings	Offices/ R&D/ Light Industry	General Industry/ Storage warehousing	Retail distribution and servicing	All other major development	ALL Developments
UE	31.9%	32.9%	3.8%	21.8%	6.3%	20.2%
L	35.4%	15.1%	5.6%	12.5%	8.6%	21.1%
RE	43.1%	9.1%	17.6%	15.0%	7.7%	25.7%
RT	58.6%	8.3%	13.6%	46.7%	13.5%	39.3%
EUC	38.3%	4.8%	14.7%	17.4%	3.9%	20.5%
PB	39.0%	32.3%	12.3%	21.1%	7.9%	26.3%
ALL	40.0%	20.4%	12.0%	21.4%	7.5%	24.9%
Minor Development						
UE	3.5%	1.5%	0.0%	0.3%	0.5%	1.5%
L	5.9%	1.1%	0.0%	1.0%	1.5%	2.7%
RE	11.7%	1.5%	0.7%	1.2%	0.9%	5.4%
RT	3.2%	4.7%	1.9%	0.3%	0.3%	1.4%
EUC	5.1%	0.0%	0.0%	0.4%	1.1%	1.6%
PB	12.6%	7.3%	2.3%	7.2%	5.4%	8.3%
ALL	9.2%	2.6%	0.9%	1.8%	1.8%	4.4%

Table 3: The Frequency of Planning Agreements by Region

Major Development	Dwellings	Offices/ R&D/ Light Industry	General Industry/ Storage warehousing	Retail distribution and servicing	All other major development	ALL Developments
North Yorks	20.5%	13.3%	0.0%	0.0%	1.9%	7.5%
and Humber	37.6%	19.5%	10.6%	18.8%	2.0%	21.0%
North West	26.0%	12.5%	7.3%	17.1%	5.4%	17.9%
East Midlands	45.1%	5.1%	0.0%	4.5%	4.9%	24.5%
West Midlands	42.0%	6.5%	14.0%	14.0%	4.9%	23.5%
South West	52.5%	24.5%	22.6%	84.6%	7.6%	34.3%
East	34.5%	31.3%	11.1%	25.9%	16.8%	25.9%
South East	48.3%	53.7%	32.4%	36.7%	16.6%	39.8%
London	37.1%	14.9%	10.7%	20.0%	8.6%	21.7%
Minor Development						
North Yorks	2.2%	0.0%	0.0%	0.6%	1.5%	1.4%
and Humber	11.5%	0.5%	0.5%	0.6%	0.6%	4.5%
North West	2.3%	0.0%	0.0%	0.0%	0.1%	0.8%
East Midlands	1.3%	3.4%	0.7%	0.9%	0.4%	1.0%
West Midlands	2.9%	3.2%	0.6%	0.5%	0.4%	1.3%
South West	17.9%	1.2%	1.6%	1.7%	0.6%	7.5%
East	7.3%	4.5%	2.6%	2.9%	1.0%	3.9%
South East	15.6%	5.8%	0.7%	5.3%	6.9%	9.8%
London	5.9%	1.5%	6.0%	1.3%	1.7%	2.9%

Rural Towns have by the highest frequency of planning agreements with 39% of major permissions accompanied by such an agreement. This is due mainly to the 59% of dwelling permissions and 47% of retail permissions with agreements. Rural Towns have a relatively high number of agreements coupled with a relatively low number of permissions indicating either a small number of large developments on high value land where the local authority is able to extract contributions or either a strong policy regime requiring agreements on the majority of sites..

Regional patterns are clearer where authorities in the South able to secure much larger proportions of permissions with agreements. The South West and South East have the highest proportion of agreements with the South West having a particularly high proportion of retail agreements, although this may reflect the small number of such permissions within the region. The North has only 7.5% of permissions with agreements with the North West 7.9%. In contrast the figures for the South East and South West are over 30% with high numbers of commercial agreements.

Table 4: **Variation in the Number of Agreements between LA Groups**

		Dwellings	Offices/ R&D/ Light Industry	General Industry/ Storage warehousing	Retail distribution and servicing	All other major dev.
UE	Sum	151	28	3	19	25
	Mean (n=16)	9.4	1.8	0.2	1.2	1.6
	CoVar	1.2	1.6	2.9	1.9	2.0
L	Sum	75	18	1	4	12
	Mean (n=8)	9.4	2.3	0.1	0.5	1.5
	CoVar	*0.8*	*1.1*	*2.8*	*1.5*	*1.2*
RE	Sum	206	7	18	9	24
	Mean (n=33)	6.2	0.2	0.5	0.3	0.7
	CoVar	*1.1*	*2.0*	*2.2*	*1.9*	*1.7*
RT	Sum	136	3	6	14	13
	Mean (n=15)	9.1	0.2	0.4	0.9	0.9
	CoVar	*1.2*	*2.8*	*2.1*	*2.0*	*1.4*
EUC	Sum	59	1	5	4	5
	Mean (n=8)	7.4	0.1	0.6	0.5	0.6
	CoVar	*0.6*	*2.8*	*1.7*	*1.1*	*1.7*
PB	Sum	256	32	8	23	32
	Mean (n=29)	8.8	1.1	0.3	0.8	1.1
	CoVar	*0.6*	*1.4*	*2.4*	*1.8*	*1.4*

Residential development dominates the numbers. Table 4 displays the large variation within these groups. For example, for the mean number of agreements for major dwellings in Urban England is 9.4 but the standard deviation is 11.6 indicating significant variation within the local authorities forming this group. These variations are lowest in Prosperous Britain and Established Urban Centre authorities but are still significant. This means that even similar authorities can secure vastly different numbers of agreements reflecting levels of development, local authority policy and the implementation of such policy.

Variation is even greater within minor agreements. For example, the mean number of agreements is 17 in Rural England with a standard deviation of 50. This is due almost entirely to one authority securing agreements for all almost all of its minor residential permissions in the form of open space contributions. This skews the analysis of the whole group and provides and example of how an individual authority may behave very differently than others in the same typology grouping.

Table 5: Regional Variation

		Dwellings	Offices/ R&D/ Light Industry	General Industry/ Storage warehousing	Retail distribution and servicing	All other major dev.
N (n=7)	Sum	25	2	0	0	4
	Mean (n=8)	*3.6*	*0.3*	*0*	*0*	*0.6*
	CoVar	*1.1*	*1.7*			*1.8*
YH (n=7)	Sum	79	8	5	3	3
	Mean (n=8)	*11.3*	*1.1*	*0.7*	*0.4*	*0.4*
	CoVar	*1.3*	*2.4*			*2.0*
NW (n=10)	Sum	58	5	3	6	5
	Mean (n=8)	*5.8*	*0.5*	*0.3*	*0.6*	*0.5*
	CoVar	*0.8*	*1.6*			*1.4*
EM (n=14)	Sum	97	2	0	1	5
	Mean (n=8)	*6.9*	*0.1*	*0*	*0.1*	*0.4*
	CoVar	*0.8*	*5.0*			*2.0*
WM (n=16)	Sum	161	3	8	8	14
	Mean (n=8)	*10.1*	*0.2*	*0.5*	*0.5*	*0.9*
	CoVar	*1.0*	*2.5*			*1.1*
SW (n=10)	Sum	107	12	7	11	10
	Mean (n=8)	*10.7*	*1.2*	*0.7*	*1.1*	*1*
	CoVar	*1.1*	*2.3*			*2.2*
E (n=13)	Sum	68	10	3	15	27
	Mean (n=8)	*5.2*	*0.8*	*0.2*	*1.2*	*2.1*
	CoVar	*0.7*	*1.5*			*1.4*
SE (n=22)	Sum	200	29	12	22	27
	Mean (n=8)	*9.1*	*1.3*	*0.5*	*1*	*1.2*
	CoVar	*0.7*	*1.4*			*1.7*
L (n=10)	Sum	88	18	3	7	16
	Mean (n=8)	*8.8*	*1.8*	*0.3*	*0.7*	*1.6*
	CoVar	*0.8*	*1.3*			*1.0*

Table 5 describes the significant variation between local authorities in the 9 regions. Once again the analysis displays the huge variation in the number of agreements secured.

A great deal of the variation between authorities may be due to development activity. If there are no applications there can be no permissions and, hence, no agreements. It is therefore worth exploring the variation in planning permissions granted. The greater the variability between permissions then, it would follow, the greater variation between agreements.

Table 6: Variation between Dwelling Agreements and Permission

		Major Dwelling Agreements	Dwelling Planning Permissions Granted	Ratio of agreements to permissions
ALL	Mean	8.1	20.2	2.5
	Sum	883	220	
	CoVar	0.96	0.98	
UE	Mean	9.4	29.6	3.2
	Sum	151	473	
	CoVar	1.23	1.01	
London	Mean	9.4	26.5	2.8
	Sum	75	212	
	CoVar	0.76	0.92	
RE	Mean	6.2	14.5	2.3
	Sum	206	478	
	CoVar	1.11	0.72	
RT	Mean	9.1	15.5	1.7
	Sum	136	232	
	CoVar	1.15	0.32	
EUC	Mean	7.4	19.3	2.6
	Sum	59	154	
	CoVar	0.62	0.58	
PB	Mean	8.8	22.6	2.6
	Sum	256	656	
	CoVar	0.63	1.08	

Table 6 shows very large variations in the number of permissions granted within the typology groups, variations which are generally much greater than the variation in agreements. This indicates that development activity varies dramatically between local authorities and can explain much of the variation in the number of agreements, although there are many other factors involved.

Examining the number of dwelling units granted permission with each planning agreement gives an indication of the scale at which authorities implement their planning obligation policy on residential sites. Table 7 displays no real patterns between local authority typology (except for the smaller developments expected in Rural England) and the number of units per agreement. What is noticeable from all groups is the large number of units per agreement indicating the scale of development that triggers planning agreements.

Table 7: Variation between Dwelling Agreements and Permission

	Agreements	Units Granted Permission	Units Per Agreement
ALL	699	44,656	64
Urban England	110	6,328	58
London	62	3,865	62
Rural England	179	8,417	47
Rural Towns	83	6,691	81
Established urban Centres	11	1,075	98
Prosperous Britain	219	15,132	69

Table 8: Percentage of Local authorities with up to date SPG

	Up to date SPG
All	45
Urban England	25
London	25
Rural England	45.5
Rural Towns	26.7
EUC	14.3
Prosperous Britain	64.3
County Councils	25
North	0
Yorks and Humber	71.4
North West	20
East Midlands	50
West Midlands	33.3
South West	50
East	53.8
South East	47.6
London	70

The use of standard charging to calculate direct payment obligations is an important factor in the planning obligation process, particularly in the debate surrounding a tariff based system. Many local authorities apply standard formulas to calculate the value of the direct payments required from the developer under the specific planning obligation heading. Table 9 describes the percentage of authorities applying standard charging under the five general obligation headings.

Table 9: **Percentage of Local authorities using Standard Charging**

	Affordable Housing	Open Space and the Environment	Community and Leisure	Transport and Travel	Education
All	51.4	61.7	28	29	55
Urban England	12.5	56.3	31.3	31.3	25
London	50	50	37.5	37.5	50
Rural England	72.7	63.6	21.2	18.2	54.5
Rural Towns	60	60	6.7	40	73.3
EUC	28.6	71.4	14.3	14.3	57.1
Prosperous Britain	50	64.3	46.4	35.7	64.3
County Councils	0	0	16.7	33.3	41.7
North	14.3	57.1	42.9	14.3	14.3
Yorks and Humber	71.4	100	100	14.3	57.1
North West	30	40	30	10	20
East Midlands	50	64.3	14.3	0	64.3
West Midlands	53.3	73.3	6.7	46.7	60
South West	80	70	50	30	60
East	46.2	53.8	38.5	30.8	76.9
South East	57.1	57.1	33.3	52.4	57.1
London	50	50	40	30	60

Table 10 describes the use of electronic databases to record details of planning obligations. Almost 75% of all responding authorities use such a recording system. Many authorities commented that collecting the required data was a time consuming and complex task a very difficult without such a database. It is likely that the figure of 75% is much higher than the population as a whole as a result.

Table 10: Percentage of Local Authorities with an Electronic Database used to Record Details of Planning Obligations

	Electronic Database
All	74.5
Urban England	68.8
London	87.5
Rural England	69.7
Rural Towns	64.3
EUC	71.4
Prosperous Britain	85.7
County Councils	33.3
North	57.1
Yorks and Humber	40.0
North West	78.6
East Midlands	78.6
West Midlands	60.0
South West	92.3
East	76.2
South East	80.0

Table 11 describes the number of authorities who viewed the failure of developers to deliver planning obligations as a problem. The figure was highest in Established Urban Centre and London authorities which may reflect the number of agreements attached to problematic brownfield sites.

Table 11: Percentage of Local Authorities Regarding the Failure to Deliver Obligations as a Problem

	Is the Failure of Developers to deliver Planning Obligations a Problem
All	20.6
Urban England	6.3
London	25
Rural England	15.2
Rural Towns	40
EUC	28.6
Prosperous Britain	21.4
County Councils	8.3
North	14.3
Yorks and Humber	0
North West	20
East Midlands	35.7
West Midlands	26.7
South West	30
East	23.1
South East	9.5
London	20

Authorities were split into two groups reflecting the number of major planning agreements secured as a percentage of major permissions granted. Those authorities with less than the average number of agreements (40% of permissions) were analysed to examine whether there were any relationships with policy variables. The highest rates of low agreement authorities were in the North of the country.

Table 12: Number of Local authorities with the Proportion of major Dwelling Planning Permissions with Planning Agreements below 40%	
	Percentage of Authorities
All	51
Urban England	56
London	38
Rural England	58
Rural Towns	47
EUC	63
Prosperous Britain	45
North	71
Yorks and Humber	57
North West	70
East Midlands	50
West Midlands	38
South West	40
East	69
South East	45
London	40

Table 13 indicates that there is a relationship between the use of standard charges and the number of obligations secured. For each general obligation heading the percentage of low agreement authorities using standard charging was compared to high agreement authorities. The difference figure in table 13, when positive, indicates that higher agreement authorities use standard charges more frequently.

Table 13: The Use of Standard Charges in Low Agreement Authorities

	Affordable Housing		Open Space and the Environment		Community and Leisure		Transport and Travel		Education	
North	20.0	–5.7	60.0	–2.9	40.0	2.9	20.0	–5.7	20.0	–5.7
Yorks and Humber	75.0	–3.6	100.0	0.0	0.0	100.0	25.0	–10.7	75.0	–17.9
North West	28.6	1.4	28.6	11.4	28.6	1.4	0.0	10.0	28.6	–8.6
East Midlands	57.1	–7.1	57.1	7.2	0.0	14.3	0.0	0.0	85.7	–21.4
West Midlands	40.0	13.3	40.0	33.3	0.0	6.7	40.0	6.7	40.0	20
South West	100.0	–20.0	75.0	–5.0	75.0	–25.0	25.0	5.0	50.0	10
East	44.4	1.8	44.4	9.4	44.4	–5.9	33.3	–2.5	88.9	–12
South East	60.0	–2.9	50.0	7.1	10.0	23.3	50.0	2.4	40.0	17.1
London	25.0	25.0	25.0	25.0	25.0	15.0	25.0	5.0	25.0	35

The presence of up to date SPG or SPD has little impact on the number of planning agreements (table 14) with the same story for the failure to deliver obligations.

Table 14: **Up to Date SPG or SPD in Low Agreement Authorities**

	Percentage	Difference
All	38.2	6.8
Urban England	22.2	2.8
London	33.3	–8.3
Rural England	31.6	13.9
Rural Towns	42.9	–16.2
EUC	0.0	14.3
Prosperous Britain	69.2	–4.9
North	0.0	0.0
Yorks and Humber	75.0	–3.6
North West	14.3	5.7
East Midlands	57.1	–7.1
West Midlands	40.0	–6.7
South West	25.0	25.0
East	55.6	–1.8
South East	40.0	7.6
London	25.0	45.0

Table 15: **Failure to Deliver Obligations in Low Agreement Authorities**

	Percentage	Difference
All	38.2	6.8
Urban England	22.2	2.8
London	33.3	–8.3
Rural England	31.6	13.9
Rural Towns	42.9	–16.2
EUC	0.0	14.3
Prosperous Britain	69.2	–4.9
North	0.0	0.0
Yorks and Humber	75.0	–3.6
North West	14.3	5.7
East Midlands	57.1	–7.1
West Midlands	40.0	–6.7
South West	25.0	25.0
East	55.6	–1.8
South East	40.0	7.6
London	25.0	45.0

Table 16: **The Use of an Electronic Database in Low Agreement Authorities**		
	Percentage	**Difference**
All	25.5	*–4.9*
Urban England	0.0	6.3
London	33.3	*–8.3*
Rural England	15.8	*–0.6*
Rural Towns	42.9	*–2.9*
EUC	25.0	3.6
Prosperous Britain	46.2	*–24.8*
North	0.0	14.3
Yorks and Humber	0.0	0.0
North West	28.6	*–8.6*
East Midlands	57.1	*–21.4*
West Midlands	0.0	26.7
South West	50.0	*–20.0*
East	33.3	*–10.2*
South East	20.0	*–10.5*
London	25.0	*–5.0*

Table 16 describes the use of electronic databases in those authorities that secured below average numbers of agreements. Comparing the use of databases in each group to those of high agreement authorities points towards a relationship between the use of a database and the number of agreements secured. This has implications for the reliability of the survey. If the level of database use within this survey is higher than the population then the survey may over-estimate the number of agreements and hence the total value of planning obligations. However, there is no way to determine whether the use of databases is higher in respondents than non respondents.

102 of the 109 district and unitary authorities supplied data on the number and value of obligations. It is assumed that the authorities have provided complete and accurate data but the possibility that authorities may have made errors in their data recording cannot be discounted. As such, this analysis should be treated with caution but it is the most comprehensive survey of planning obligations yet undertaken.

Table 17: **Number of Direct Payment Obligations under each Sub Heading**

Obligation Types	**Number of Direct Payment Obligations**
Affordable Housing	
e) Commuted sum: payment of a sum in lieu of actual provision of units.	73
f) Other affordable housing contributions	0
Total	73
Open Space and the Environment	
a) Provision of open space either within a development or as a direct payment to the LA.	870
b) General environmental improvements including landscaping	86
c) Ecology and nature conservation, countryside management and community forests	17
d) Allotments.	19
e) Sport facilities: sport fields, club houses etc.	136
Total	1128
Transport and Travel	
a) Traffic/highway works, temporary or permanent	310
b) Traffic management/calming	78
c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas	56
d) Green transport/travel plans.	21
e) Public and local transport improvements	119
f) Pedestrian crossings, pedestrianisation, street lighting	40
g) Provision or improvement of footpaths or pathways etc.	53
h) Cycle routes, management, safety	68
Total	745

Table 17: **Number of Direct Payment Obligations under each Sub Heading *(cont)***	
Obligation Types	**Number of Direct Payment Obligations**
Community Works and Leisure	
a) Community centres: construction, funding, improvement etc and general community payments	149
b) Community/cultural/public art	56
c) Town centre improvement/management	8
d) Library, museum and theatre works/funding	27
e) Childcare/crèche facilities, provision and funding	1
f) Public toilets	1
g) Opening hours or noise restrictions	0
h) Health services: community healthcare, construction of surgeries etc, healthcare funding	11
i) CCTV and security measures	17
j) Waste and recycling facilities	27
k) Religious worship facilities	0
l) Employment and training	7
m) Local regeneration initiatives	1
Total	305
Education	
a) Schools: development or funding for education at all levels; nursery, primary, secondary, higher etc.	252
Total	252
Other	42
Overall Total	2,545

Table 18 describes the number of direct payment obligations under each of the general obligation headings for each local authority group and region. Table 26 describes the average number of obligations for each group and the variation within each group and region.

Table 18: The Number of Direct Payments

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	Other	All
All (102)	73	1128	745	305	252	42	2545
Urban England (16)	9	166	123	69	10	13	390
London (8)	8	28	50	9	17	1	113
Rural England (30)	18	406	112	14	68	16	634
Rural Towns (13)	5	103	69	10	33	2	222
EUC (7)	0	49	37	12	2	5	105
Prosperous Britain (28)	33	376	354	191	122	5	1081
North (7)	0	19	31	3	2	6	61
Yorks and Humber (6)	8	75	23	11	1	0	118
North West (10)	2	66	51	8	1	0	128
East Midlands (12)	12	57	29	36	28	8	170
West Midlands (14)	4	100	49	3	27	1	184
South West (9)	14	316	63	20	33	9	455
East (13)	0	137	140	56	33	6	372
South East (21)	25	322	298	153	91	10	899
London (10)	8	36	61	15	36	2	158

Table 19: The Variation in the number of Direct Payment Planning Obligations per authority

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	Other	All
All (102)							
Mean	0.7	11.1	7.3	3	2.5	0.4	25
CoVar	2.3	2.6	1.5	2.9	1.9	2.8	1.6
Urban England (16)	0.6	10.4	7.7	4.3	0.6	0.8	24.4
	2.0	1.4	1.3	2.3	2.7	2.0	1.2
London (8)	1	3.5	6.3	1.1	2.1	0.1	14.1
	1.8	0.7	1.1	1.5	2.7	4.0	0.9
Rural England (30)	0.6	13.5	3.7	0.5	2.3	0.5	21.1
	2.5	3.5	1.9	1.8	1.7	3.0	2.3
Rural Towns (13)	0.4	7.9	5.3	0.8	2.5	0.2	17.1
	2.3	1.7	1.0	1.8	1.3	2.0	1.1
EUC (7)	0	7	5.3	1.7	0.3	0.7	15
		1.1	1.6	1.5	1.7	2.1	0.9
Prosperous Britain (28)	1.2	13.4	12.6	6.8	4.4	0.2	38.6
	1.8	1.6	1.3	2.1	1.5	2.5	1.3
North (7)	0	2.7	4.4	0.4	0.3	0.9	8.7
		1.0	2.0	1.3	1.7	1.7	1.4
Yorks and Humber (6)	1.3	12.5	3.8	1.8	0.2	0	19.7
	1.6	1.0	1.7	1.6	2.0		1.0
North West (10)	0.2	6.6	5.1	0.8	0.1	0	12.8
	2.0	1.2	1.5	1.4	3.0		1.2
East Midlands (12)	1	4.8	2.4	3	2.3	0.7	14.2
	1.2	1.1	1.4	2.5	2.2	2.9	1.4
West Midlands (14)	0.3	7.1	3.5	0.2	1.9	0.1	13.1
	2.7	1.8	0.9	3.0	0.9	3.0	1.2
South West (9)	1.6	35.1	7	2.2	3.7	1	50.6
	1.4	2.4	1.2	1.7	1.5	1.8	1.7
East (13)	0	10.5	10.8	4.3	2.5	0.5	28.6
		1.4	1.1	2.5	1.4	1.8	1.1
South East (21)	1.2	15.3	14.2	7.3	4.3	0.5	42.8
	1.9	1.6	1.3	2.1	1.5	2.2	1.3
London (10)	0.8	3.6	6.1	1.5	3.6	0.2	15.8
	2.0	0.6	1.1	1.2	2.1	2.0	0.9

The variation in the number of obligations within local authority groups and regions is extreme with standard deviations, once again, much higher than the mean values in the vast majority of cases. This indicates that even those supposedly similar authorities secure vastly different quantities of obligations. Not all of this variation can be explained by variations in the number of planning permissions granted as described in section 3.

The following tables describe the value of planning obligations. Table 20 describes the total value of all obligation payments for each of the obligation sub headings as well as the average value per obligation.

Table 20: **The Value of Planning Obligations**

Obligation Types	**Total value of direct payments**	**Average Payment per obligation**
Affordable Housing		
e) Commuted sum: payment of a sum in lieu of actual provision of units	£18,199,896	£249,314
f) Other affordable housing contributions	£0	£0
Total	£18,199,896	£249,314
Open Space and the Environment		
a) Provision of open space either within a development or as a direct payment to the LA.	£17,068,748	£19,619
b) General environmental improvements including landscaping	£4,691,140	£54,548
c) Ecology and nature conservation, countryside management and community forests	£344,831	£20,284
d) Allotments.	£130,000	£6,842
e) Sport facilities: sport fields, club houses etc.	£5,662,186	£41,634
Total	£27,896,905	£24,731
Transport and Travel		
a) Traffic/highway works, temporary or permanent	£39,819,786	£128,451
b) Traffic management/calming	£3,618,838	£46,395
c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas	£5,081,241	£90,736
d) Green transport/travel plans.	£551,392	£26,257
e) Public and local transport improvements	£7,066,056	£59,379
f) Pedestrian crossings, pedestrianisation, street lighting	£3,141,677	£78,542
g) Provision or improvement of footpaths or pathways etc.	£1,568,056	£29,586
h) Cycle routes, management, safety	£1,081,182	£15,900
Total	£61,928,226	£83,125

Table 20: **The Value of Planning Obligations *(cont)***		
Obligation Types	**Total value of direct payments**	**Average Payment per obligation**
Community Works and Leisure		
a) Community centres: construction, funding, improvement etc	£3,248,288	£21,801
b) Community/cultural/public art	£1,340,761	£23,942
c) Town centre improvement/management	£4,100,000	£512,500
d) Library, museum and theatre works/funding	£7,280,641	£269,653
e) Childcare/crèche facilities, provision and funding	£37,500	£37,500
f) Public toilets	£5,000	£5,000
g) Opening hours or noise restrictions	£0	£0
h) Health services: community healthcare, construction of surgeries etc, healthcare funding	£545,993	£49,636
i) CCTV and security measures	£679,050	£39,944
j) Waste and recycling facilities	£50,050	£1,854
k) Religious worship facilities	£0	£0
l) Employment and training	£450,000	£64,286
m) Local regeneration initiatives	£200,000	£200,000
Total	£17,937,283	£58,811
Education		
a) Schools: development or funding for education at all levels; nursery, primary, secondary, higher etc. £29,668,393	£117,732	
Total	£29,668,393	£117,732
Other	£972,663	£23,159
Overall Total	£156,603,367	£61,534

The highest total obligation contributions are for transport and Travel followed by Education and Open Space. Average values provide a better indication of the value of individual obligations with town centre improvements the highest at £512,500 but this obligation is dominated by a small number of very large obligations. Commuted sums, traffic and highways works, library and museum contributions and Education contributions are all in excess of £100,000 per obligation. Even though Open space obligations are the most numerous these are usually relatively small payments.

Table 21: **The Value of Planning Obligations by Local Authority Group and Region**						
	Affordable Housing	**Open Space and the Environment**	**Transport and Travel**	**Community and Leisure**	**Education**	**All Obligations**
Urban England	£1,715,055	£5,021,085	£10,923,734	£5,414,071	£1,686,271	£25,971,358
London	£623,000	£2,586,918	£1,898,549	£6,529,000	£536,266	£12,178,733
Rural England	£6,212,592	£7,168,735	£5,468,903	£904,624	£5,406,596	£25,515,233
Rural Towns	£505,360	£2,348,117	£3,435,700	£2,136,691	£11,313,772	£19,739,640
EUC	£0	£1,715,308	£1,490,649	£94,700	£150,000	£3,462,457
Prosperous Britain	£9,143,889	£9,056,742	£38,710,692	£2,858,197	£10,575,488	£70,460,944
North	£0	£732,633	£1,638,894	£135,000	£370,000	£2,888,327
Yorks and Humber	£1,963,782	£3,022,150	£1,992,395	£490,000	£116,750	£8,310,077
North West	£412,110	£2,239,124	£1,696,519	£490,650	£30,000	£4,868,403
East Midlands	£1,449,740	£1,914,142	£2,514,653	£3,957,567	£3,673,180	£13,512,055
West Midlands	£169,690	£2,874,018	£1,508,404	£32,039	£1,642,292	£6,226,443
South West	£5,484,865	£2,247,165	£6,388,117	£1,580,078	£2,394,127	£18,663,352
East	£0	£4,722,267	£6,585,322	£1,156,562	£6,089,342	£18,593,385
South East	£8,096,709	£7,354,040	£37,327,316	£3,508,687	£13,787,704	£70,373,653
London	£623,000	£2,791,366	£2,276,607	£6,586,700	£1,564,998	£13,892,670

Table 21 describes the total payments for each local authority group and region. Average values of the obligations are described in table 22 which provide a better indication of the differences in the level of contributions between authority groups.

Table 22: **Average Values and Variation by Obligation, Local Authority Group and Region**

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	All Obligations
All (102)						
Mean	£178,430	£273,499	£607,139	£175,856	£290,867	£1,542,435
Std Dev	£538,933	£361,294	£2,623,042	£681,933	£832,799	£3,501,710
Value per obligation	£249,314	£24,731	£83,125	£58,811	£117,732	£61,819
Urban England (16)						
	£107,191	£313,818	£682,733	£338,379	£105,392	£1,623,210
	£394,472	£380,728	£1,259,399	£768,381	£295,951	£2,398,467
	£190,562	£30,248	£88,811	£78,465	£168,627	£66,593
London (8)						
	£77,875	£323,365	£237,319	£816,125	£67,033	£1,522,342
	£215,456	£515,293	£226,880	£2,096,559	£179,710	£2,647,379
	£77,875	£92,390	£37,971	£725,444	£31,545	£107,776
Rural England (30)						
	£207,086	£238,958	£182,297	£30,154	£180,220	£850,508
	£663,151	£399,560	£390,722	£95,844	£370,184	£1,129,566
	£345,144	£17,657	£48,829	£64,616	£79,509	£40,245
Rural Towns (13)						
	£38,874	£180,624	£264,285	£164,361	£870,290	£1,518,434
	£98,285	£191,925	£315,848	£384,391	£1,890,726	£2,459,968
	£101,072	£22,797	£49,793	£213,669	£342,842	£88,917
EUC (7)						
	£0	£245,044	£212,950	£13,529	£21,429	£494,637
	£0	£289,312	£374,892	£17,298	£44,881	£514,931
	£0	£35,006	£40,288	£7,892	£75,000	£32,976
Prosperous Britain (28)						
	£326,567	£323,455	£1,382,525	£102,078	£377,696	£2,516,462
	£681,225	£350,000	£4,861,968	£152,071	£750,862	£5,910,355
	£277,088	£24,087	£109,352	£14,964	£86,684	£65,181
North (7)						
	£0	£104,662	£234,128	£19,286	£52,857	£412,618
	£0	£154,198	£387,622	£28,929	£97,761	£598,161
	£0	£38,560	£52,868	£45,000	£185,000	£47,350

Table 22: Average Values and Variation by Obligation, Local Authority Group and Region *(cont)*

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	All Obligations
Yorks and Humber (6)						
	£327,297	£503,692	£332,066	£81,667	£19,458	£1,385,013
	£634,122	£574,756	£628,382	£176,446	£47,663	£2,236,282
	£245,473	£40,295	£86,626	£44,545	£116,750	£70,424
North West (10)						
	£41,211	£223,912	£169,652	£49,065	£3,000	£486,840
	£112,226	£205,779	£219,274	£121,940	£9,487	£475,164
	£206,055	£33,926	£33,265	£61,331	£30,000	£38,034
East Midlands (12)						
	£120,812	£159,512	£209,554	£329,797	£306,098	£1,126,005
	£157,923	£252,602	£450,946	£880,394	£574,029	£1,644,732
	£120,812	£33,581	£86,712	£109,932	£131,185	£79,483
West Midlands (14)						
	£12,121	£205,287	£107,743	£2,289	£117,307	£444,746
	£31,378	£335,786	£140,865	£6,278	£149,641	£443,085
	£42,423	£28,740	£30,784	£10,680	£60,826	£33,839
South West (9)						
	£609,429	£249,685	£709,791	£175,564	£266,014	£2,073,706
	£1,144,670	£228,080	£1,559,816	£278,697	£378,911	£2,427,256
	£391,776	£7,111	£101,399	£79,004	£72,549	£41,018
East (13)						
	£0	£363,251	£506,563	£88,966	£468,411	£1,430,260
	£0	£394,697	£641,384	£153,739	£1,144,755	£1,697,132
	£0	£34,469	£47,038	£20,653	£184,526	£49,982
South East (21)						
	£385,558	£350,192	£1,777,491	£167,080	£656,557	£3,351,126
	£775,074	£425,178	£5,590,683	£312,850	£1,459,764	£6,831,479
	£323,868	£22,839	£125,259	£22,933	£151,513	£78,280
London (10)						
	£62,300	£279,137	£227,661	£658,670	£156,500	£1,389,267
	£192,830	£464,617	£219,979	£1,878,598	£345,669	£2,382,235
	£77,875	£77,538	£37,321	£439,113	£43,472	£87,928

Average values for authorities in the South East are over 8 times higher than values in the North and North West, partly due to the number of obligations negotiated and partly due to higher values per obligation (£78,000 in the South East compared to £47,000 in the North).

The lowest variation occurs in open space obligations due to the frequent use of standard charges. The other obligations groups display huge variation in the value of obligations between local authority groups and regions. It is worth exploring the impact of standard charging on the value of obligations negotiated by local authorities. By examining the average value of direct payments for each obligation and comparing the averages between those authorities that use standard charges and those that do not it is possible to identify the impact of standard charges (table 30).

Table 23 describes the number of in-kind obligations agreed for each obligation sub heading and the percentage of all obligations that are made "in-kind".

Table 23: **The Number of In-Kind Obligations**

Obligation Types	**Number of Obligations**	**Ratio of In Kind to Direct Payment Obligations**
Affordable Housing		
a) On site provision of various affordable tenures. Units developed and transferred to RSL: revenue from transfer depends upon agreement.	310	
b) Off site provision: development and transfer of units on another site owned by the developer/landowner.	3	
c) On-Site provision of land only: land transferred to a RSL or LA for free or at a rate below the market value.	20	
d) Off-Site provision of land only	0	
Total	333	82%
Open Space and the Environment		
a) Provision of open space either within a development or as a direct payment to the LA.	114	12%
b) General environmental improvements including landscaping	63	42%
c) Ecology and nature conservation, countryside management and community forests	42	71%
d) Allotments.	1	5%
e) Sport facilities: sport fields, club houses etc.	21	13%
Total	£27,896,905	£24,731
Transport and Travel		
a) Traffic/highway works, temporary or permanent	108	26%
b) Traffic management/calming	34	30%
c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas	119	68%
d) Green transport/travel plans.	105	83%
e) Public and local transport improvements	10	8%
f) Pedestrian crossings, pedestrianisation, street lighting	14	26%
g) Provision or improvement of footpaths or pathways etc.	38	42%
h) Cycle routes, management, safety	22	24%
Total	450	38%

Table 23: **The Number of In-Kind Obligations *(cont)***		
Obligation Types	**Number of Obligations**	**Ratio of In Kind to Direct Payment Obligations**
Community Works and Leisure		
a) Community centres: construction, funding, improvement etc	26	15%
b) Community/cultural/public art	28	33%
c) Town centre improvement/management	2	20%
d) Library, museum and theatre works/funding	2	7%
e) Childcare/crèche facilities, provision and funding	0	0%
f) Public toilets	0	0%
g) Opening hours or noise restrictions	2	100%
h) Health services: community healthcare, construction of surgeries etc, healthcare funding	7	39%
i) CCTV and security measures	4	19%
j) Waste and recycling facilities	2	7%
k) Religious worship facilities	1	100%
l) Employment and training	26	79%
m) Local regeneration initiatives	1	50%
Total	101	25%
Education		
a) Schools: development or funding for education at all levels; nursery, primary, secondary, higher etc.	15	6%
Total	15	6%
Other (Removal of existing permissions, use restrictions etc.)	255	85%
Overall Total	1,395	35%

Table 24 describes the number and balance of in-kind obligations for local authority groups and regions.

Table 24: In Kind Obligations by Local Authority Group and Region

	Affordable Housing	Open Space and the Environment	Transport and Travel	Community and Leisure	Education	Other	All
All	333 82.0%	241 17.6%	450 37.7%	101 24.9%	15 5.6%	255 85.9%	1395 35.4%
Urban England	31 77.5%	28 14.4%	70 36.3%	17 19.8%	2 16.7%	68 84.0%	216 35.6%
London	51 86.4%	13 31.7%	136 73.1%	15 62.5%	0 0.0%	50 98.0%	265 70.1%
Rural England	57 76.0%	71 14.9%	58 34.1%	28 66.7%	9 11.7%	31 66.0%	254 28.6%
Rural Towns	48 90.6%	19 15.6%	67 49.3%	6 37.5%	3 8.3%	15 88.2%	158 41.6%
EUC	5 100.0%	19 27.9%	17 31.5%	0 0.0%	0 0.0%	4 44.4%	45 30.0%
Prosperous Britain	141 81.0%	91 19.5%	102 22.4%	35 15.5%	1 0.8%	87 94.6%	457 29.7%
North	2 100.0%	5 20.8%	15 32.6%	0 0.0%	0 0.0%	4 40.0%	26 29.9%
Yorks and Humber	1 11.1%	18 19.4%	2 8.0%	0 0.0%	0 0.0%	5 100.0%	26 18.1%
North West	5 71.4%	7 9.6%	1 1.9%	1 11.1%	0 0.0%	8 100.0%	22 14.7%
East Midlands	41 77.4%	32 36.0%	20 40.8%	14 28.0%	0 0.0%	23 74.2%	130 43.3%
West Midlands	53 93.0%	38 27.5%	64 56.6%	21 87.5%	7 20.6%	15 93.8%	198 51.8%
South West	24 63.2%	19 5.7%	55 46.6%	6 23.1%	3 8.3%	2 18.2%	109 19.3%
East	51 100.0%	20 12.7%	30 17.6%	12 17.6%	4 10.8%	82 93.2%	199 34.9%
South East	98 79.7%	85 20.9%	120 28.7%	29 15.9%	1 1.1%	59 85.5%	392 30.4%
London	58 87.9%	17 32.1%	143 70.1%	18 54.5%	0 0.0%	57 96.6%	293 65.0%

Table 25: County Council Planning Obligations

Obligation	Direct Payment	Value of Direct Payments	In-Kind
Open Space and the Environment			
c) Ecology and nature conservation, countryside management and community forests	2	£10,000	4
d) Allotments.	0	0	0
e) Sport facilities: sport fields, club houses etc.	0	0	0
Total	2	£10,000	4
Transport and Travel			
a) Traffic/highway works, temporary or permanent	10	£86,032	78
b) Traffic management/calming	12	£205,000	2
c) Parking: management or parking restrictions, car restrictions and car free areas provision of parking areas	4	£34,000	0
d) Green transport/travel plans.	0	0	2
e) Public and local transport improvements	2	£200,000	0
f) Pedestrian crossings, pedestrianisation, street lighting	0	0	0
g) Provision or improvement of footpaths or pathways etc.	0	0	0
h) Cycle routes, management, safety	2	£20,000	0
Total	30	£545,032	82
Community Works and Leisure			
b) Community/cultural/public art	0	0	10
Total	0	0	10
Overall Total	32	£555,032	96

Almost all the obligations are for transport and travel works associated with the development. There are occasional obligations to improve the environment and 10 in kind obligations for community art.

The value of planning obligations agreed by county councils is negligible when compared to district and unitary authorities.

Appendix 4

AFFORDABLE HOUSING

Table 1: Estimating the Value of Affordable Housing Delivered in 2003/04

	40ha Density	50 ha density	60 ha Density
Rented Units, No funding 80% free land contribution	£198,770,333	£159,016,267	£132,513,556
Shared Ownership, No funding, 60% contribution	£108,618,200	£86,894,560	£72,412,133
Rented Units, Funded, 25% free land	£196,732,063	£157,385,650	£131,154,708
Rented Units, Funded	£55,699,000	£55,699,000	£55,699,000
Rented units not funded	£38,710,000	£38,710,000	£38,710,000
Shared Ownership units not funded	£10,381,000	£10,381,000	£10,381,000
Discounted OMV 20%	£23,259,592	£23,259,592	£23,259,592
Direct Payments	£69,091,000	£69,091,000	£69,091,000
	£701,261,188	£600,437,069	£533,220,989
Rented Units, No funding 100% free land contribution	£248,462,917	£198,770,333	£165,641,944
Shared Ownership, No funding, 80% contribution	£144,824,267	£115,859,413	£96,549,511
Rented Units, Funded, 40% free land	£314,771,300	£251,817,040	£209,847,533
Rented Units, Funded	£55,699,000	£55,699,000	£55,699,000
Rented units not funded	£38,710,000	£38,710,000	£38,710,000
Shared Ownership units not funded	£10,381,000	£10,381,000	£10,381,000
Discounted OMV 20%	£23,259,592	£23,259,592	£23,259,592
Direct Payments	£69,091,000	£69,091,000	£69,091,000
	£905,199,076	£763,587,379	£669,179,581
Rented Units, No funding 60% free land contribution	£149,077,750	£119,262,200	£99,385,167
Shared Ownership, No funding, 40% contribution	£72,412,133	£57,929,707	£48,274,756
Rented Units, Funded, 15% free land	£118,039,238	£94,431,390	£78,692,825
Rented Units, Funded	£55,699,000	£55,699,000	£55,699,000
Rented units not funded	£38,710,000	£38,710,000	£38,710,000
Shared Ownership units not funded	£10,381,000	£10,381,000	£10,381,000
Discounted OMV 20%	£23,259,592	£23,259,592	£23,259,592
Direct Payments	£69,091,000	£69,091,000	£69,091,000
	£536,669,713	£468,763,889	£423,493,339

Appendix 5

THE TOTAL VALUE OF PLANNING OBLIGATIONS IN ENGLAND

This section uses the evidence on the number and value of direct payments and the balance between direct payments and in kind contributions to estimate the total value of planning obligations in England for 2003/04. It is important to note than the analysis assumes that the value of in-kind obligations are directly related to direct payment obligations.

Table 1: **Total Value of Obligations: Method 1 Average Value per Authority**

Number of Direct Payment Obligations	2545
Value per Direct Payment Obligations	£61,534
Value of Direct Payments	£156,603,367
Proportion of population (354/102)	3.47
Total Value of Direct Payments	£543,413,683
Value per Direct Payment Obligations	£61,534
Number of In-kind Obligations	1395
Value of In-kind Obligations – Respondents	£85,839,567
Total Value of In-kind Obligations	£257,518,700
County Councils	£6,660,384
Total Value of Obligations (including AH)	**£807,592,767**

Table 2: **Total Value of Obligations: Method 2 Average Value per Obligation**					
	Average Value of Obligation	**Number of Direct Payment Obligations**	**Estimated Total Number Direct Payment Obligations**	**Total Value of DP Obligations**	
Open Space and the Environment	£24,731	1128	3914	£96,802,259	
Transport and Travel	£83,125	745	2585	£214,890,946	
Community and Leisure	£58,811	305	1058	£62,242,371	
Education	£117,732	252	874	£102,949,322	
Other	£23,159	42	146	£3,375,141	
Total		2545	8831	£480,260,038	
	Average Value of Obligation	**Number of In-Kind Obligations**	**Estimated Total Number of In-Kind Obligations**	**Direct Payment: In-Kind Ratio**	**Total Value of IK Obligations**
Open Space and the Environment	£24,731	241	836	0.18	£3,722,768
Transport and Travel	£83,125	450	1,562	0.38	£49,323,962
Community and Leisure	£58,811	101	350	0.25	£5,152,852
Education	£117,732	15	52	0.06	£367,676
Other	£23,159	255	885	0.85	£17,418,136
Total		1395	4,841		£75,985,394
Value of Obligations	£556,245,433				
Total value of Obligations	**£862,288,664**		Excluding Affordable Housing	***£626,059,454***	

Method 2 uses the average value of each general planning obligation heading to establish the total value. The ratio of direct payment to in-kind obligations for each obligation type is applied to the average value to estimate the value of in-kind obligations.

Table 3: Total Value of Obligations: Method 3 Average Values of Obligations and Authorities

	Number of observed obligations (from survey)	Estimate total number of DD obligations	Average value of DP obligations	Total value of DP obligations	In hand obligations	Total value of all obligations	Estimat total number of in hand obligations	Total value of in kind obligations
Open Space								
Urban England	166	477	£30,248	£14,435,619	28	81	£2,434,924	£16,870,543
London	28	91	£92,390	£8,407,484	13	42	£3,903,474	£12,310,958
Rural England	406	1610	£17,657	£28,435,982	71	282	£4,972,795	£33,408,777
Rural Towns	103	452	£22,797	£10,295,590	19	83	£1,899,186	£12,194,776
EUC	49	210	£35,006	£7,351,320	19	81	£2,850,512	£10,201,832
Prosperous Britain	376	1021	£24,087	£24,582,585	91	247	£5,949,509	£30,532,094
Total		3861		£93,508,580	241	816	£22,010,400	£115,518,981
Transport and Travel								
Urban England	123	354	£88,811	£31,405,735	70	201	£17,873,183	£49,278,918
London	50	163	£37,971	£6,170,284	136	442	£16,783,173	£22,953,457
Rural England	112	444	£48,829	£21,693,315	58	230	£11,234,038	£32,927,353
Rural Towns	69	303	£49,793	£15,064,223	67	294	£14,627,579	£29,691,802
EUC	37	159	£40,288	£6,388,496	17	73	£2,935,255	£9,323,751
Prosperous Britain	354	961	£109,352	£105,071,878	102	277	£30,274,948	£135,346,826
Total		2382		£185,793,932	450	1517	£93,728,176	£279,522,108
Community and Leisure								
Urban England	69	198	£78,465	£15,565,454	17	49	£3,834,967	£19,400,421
London	9	29	£725,444	£21,219,250	15	49	£35,365,417	£56,584,667
Rural England	14	56	£64,616	£3,588,342	28	111	£7,176,684	£10,765,026
Rural Towns	10	44	£213,669	£9,368,568	6	26	£5,621,141	£14,989,709
EUC	12	51	£7,892	£405,857	0	0	£0	£405,857
Prosperous Britain	191	518	£14,964	£7,757,963	35	95	£1,421,616	£9,179,580
Total		897	£1,105,050	£57,905,435	101	330	£53,419,825	£111,325,259
Education								
Urban England	10	29	£168,627	£4,848,029	1	3	£168,627	£5,332,832
London	17	55	£31,545	£1,742,865	2	7	£63,090	£1,947,907
Rural England	68	270	£79,509	£21,446,164	5	20	£397,544	£23,023,088
Rural Towns	33	145	£342,842	£49,606,539	5	22	£1,714,208	£57,122,681
EUC	2	9	£75,000	£642,857	2	9	£150,000	£1,285,714
Prosperous Britain	122	331	£86,684	£28,704,896	6	16	£520,106	£30,116,612
Total	252	838	£784,207	£106,991,350	21	76	£3,013,575	£118,828,835

Table 3: **Total Value of Obligations: Method 3 Average Values of Obligations and Authorities**

	Number of observed obligations (from survey)	Estimate total number of DD obligations	Average value of DP obligations	Total value of DP obligations	In hand obligations	Total value of all obligations	Estimat total number of in hand obligations	Total value of in kind obligations
Other								
Urban England	13	37	£64,734	£2,419,443	68	196	£12,655,546	£15,074,989
London	1	3	£107,776	£350,273	50	163	£17,513,665	£17,863,938
Rural England	16	63	£40,245	£2,554,206	31	123	£4,948,775	£7,502,981
Rural Towns	2	9	£88,917	£779,736	15	66	£5,848,022	£6,627,759
EUC	5	21	£32,976	£706,624	4	17	£565,299	£1,271,923
Prosperous Britain	5	14	£65,181	£884,603	87	236	£15,392,089	£16,276,692
Total	42	148	£399,830	£7,694,885	255	800	£56,923,396	£64,618,282

Total Value of Obligations		**Total Value of Obligations**	
Open Space	£115,518,981	Urban England	£105,957,703
Transport and Travel	£279,522,108	London	£111,660,927
Community and Leisure	£111,325,259	Rural England	£107,627,225
Education	£118,828,835	Rural Towns	£120,626,727
Other	£64,618,282	EUC	£22,489,077
County Councils	£6,660,384	Prosperous Britain	£221,451,804
		County Councils	£6,660,384
Total	**£696,473,847**	**Total**	**£696,473,847**

Appendix 6

MODELLING THE TOTAL NUMBER AND AVERAGE VALUE OF PLANNING OBLIGATIONS

An alternative estimate of the total number of (direct and in-kind payment) obligations has been produced using a quantitative modelling approach. This approach is based on the assumption that their will be a stable, systematic relationship between the number and average value of planning obligations and a variety of local, contextual factors including demand side variables such as the value of land and housing, local social and economic conditions, and supply side variables like the number of planning permissions granted and the performance of the planning authority. The exercise combines the results of our Local Authority Survey with secondary data drawn from the Census of Population, HM Land Registry, the Valuation Office, the Index of Multiple Deprivation, official Household Projections as well as the DCLG's PS2 and Best Value returns.

Two separate models are developed as inputs into the 'grossing up' calculations. The first seeks to explain the variable number of planning obligations in the LAs who responded to the survey using secondary data that are available for all LA areas. It is assumed that the relationships estimated for the survey respondents will hold for the LAs who failed to respond. This means that the coefficients from the model (which summarise the impact of each explanatory variable on the dependent variable) can be used, in combination with the secondary data, to estimate the number and average value of obligations in the non-respondent LA areas. The second model applies the same logic to estimate the average value of obligations. These estimates of number and average value for non-respondent areas are then used as the basis for deriving the total value of direct and in-kind payments.

The model results are outlined below. In general the models perform poorly. The results reported below represent those models that provide the best fit and imply plausible (in terms of the signs on the coefficients) relationships between the independent and dependent variables.

Table 1 summarises the model of the number of obligations.

Table 1: **Model of Number of Planning Agreements by LA**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.429(a)	.184	.159	42.17714

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Beta	Standardized Coefficients t	Sig.
1	(Constant)	70.807	17.439		4.060	.000
	Household growth 2003-2011 (no pa ?)	.025	.010	.226	2.409	.018
	Pricech030	–1.854	.702	–.249	–2.641	.010
	Pct quick responses, 2003	–.324	.189	–.162	–1.717	.089

a Dependent Variable: Total no of planning agreements

Although the model of the number of obligations has a relatively low explanatory power (adjusted R-sq=0.16), it appears that the agreements volume has a statistically significant (at the 10% level) relationship with the rate of house price inflation, the projected rate of household growth (in the next five years), and the number of planning applications processed within Best Value (8 and 13 weeks for minor and major applications respectively) target times. There appears to be a slightly surprising negative relationship between both the Best Value scores and price inflation and the number of obligations. It may be that the Best Value indicator takes a high value, and the planning authority responds quickly, where there have been few obligations negotiated. It would also seem that high house price inflation may reflect low levels of new supply and is associated with small numbers of obligations.

Interestingly, the model suggests that there is no meaningful relationship between factors such as average land values, socio-economic conditions (as measured by the Index of multiple Deprivation, unemployment rates or levels of economic activity), the number or proportion of planning applications granted and the number of obligations obtained.

Table 2: Model of Average Value of Planning Agreements by LA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.443(a)	.197	.164	300474.66380

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	–469573.096	227822.485		–2.061	.042
	Pct quick responses, 2003	2401.357	1368.840	.168	1.754	.083
	% unemployed 1991 Census	–36226.088	16379.955	–.218	–2.212	.029
	PctGrant	5517.246	2621.579	.202	2.105	.038
	Average Land Values, VOA	48.664	10.742	.425	4.530	.000

a Dependent Variable: Average Value of planning agreements

Table 2 shows that the average value of obligations has been influenced by both supply and demand side variables. Again this model has a relatively low explanatory power (adjusted-R-sq = 0.16). On the supply side, the number of applications processed within Best Value targets (which might be expected to act as a proxy for the efficiency of the planning department). The most significant positive influence on the value of obligations is average land values. In addition, the proportion of all major and minor applications granted has a positive impact on the value of obligations, while the values are depressed in areas with high unemployment rates.

The most striking conclusion from this exercise is that the relationship between the number and value of obligations and the range of variables that might be expected to influence these outcomes is unpredictable (as demonstrated by the low levels of explanatory power of the models). At the project inception stage it was envisaged that there would be a degree of homogeneity in the value of obligations within Local Authority types. As such, it was assumed that the LA type could be used as a basis to enhance the accuracy of the model. This has not proved to be the case. There is both considerable between-authority and, as outlined elsewhere in the report, within-authority variation in the value and number of obligations (even relative to permissions granted). The models do not produce significant or systematic differences in performance for different LA types. Indeed, it seems that there is little obvious explanation for the differentials in the number and average value of obligations secured across the sample of local authority areas.

Nevertheless, despite the relatively weak performance of the models, the estimates of number and average value can be combined to compute the total value of obligations in non-respondent areas. When these estimates of total value for non-respondent areas are added to the data provided by survey respondents, it suggests that, at the national level, the total value of obligations is £1.16 billion.

This estimate includes only an estimate of the value of affordable housing based on direct payment obligations. Thus it underestimates the value of the affordable housing obligation for which the majority of obligations are in-kind payments. If the estimate of the total value of planning obligations includes an estimate of affordable housing based solely on the value of direct payment affordable housing obligations then the estimate is as follows.

Table 3: The Total Value of Obligations from Survey Analysis

Open Space	£115,518,981
Transport and Travel	£279,522,108
Community and Leisure	£111,325,259
Education	£110,004,925
Other	£64,618,282
County Councils	£6,660,384
Affordable Housing	£293,879,530
Total	£981,529,467.56

The estimate of the total value of planning obligations from the model (with the simple treatment of affordable housing) differs from the estimate based on the survey by less than 20%. Any future model would exclude affordable housing due to the in-kind nature of the obligation.

Appendix 7

CASE STUDY METHOD

Case Study Research

The second main methodological approach to valuing planning obligations in England was the use of detailed case studies to provide data on the unit values of obligations from a selection of local authorities. For this research, a case study was defined as the collection of information relating to a pre-defined number of planning obligations under each of the obligation headings for each of the local authority families. This information required was to be obtained from at least 24 local authorities in England.

The Case Studies – Data Requirements

The table below describes the case study data requirements.

Table 1: **The Use of Standard Charges in Low Agreement Authorities**

Obligation Type LA Family	Open Space and the Environment	Transport and Travel Schemes	Community Works and Leisure	Education	Others
Est. Urban Centres	25	25	25	25	As occur
Urban England	25	25	25	25	As occur
Rural England	25	25	25	25	As occur
Rural Towns	25	25	25	25	As occur
Prosperous Britain	25	25	25	25	As occur
London	25	25	25	25	As occur
Totals[1]	**150**	**150**	**150**	**150**	**As occur**

Data Collection Process

The initial data collection process involved the identification of local authorities who were known to the study team or who had other connections with the study team and were likely to be well placed to help meet the data requirements of the research.

Using known contact names and details or, in essence, 'cold calling' senior officers, or officers with particular planning obligation knowledge or experience, were contacted at the relevant local authorities. If the officers were not familiar with the research, the purpose of the research and its objectives were explained. If the local authority officers agreed to assist with the research, copies of the local authority planning obligation databases, monitoring spreadsheets or similar were requested to inform the targeted selection of planning applications with planning obligations that were signed between 1 April 2003 and 30 March 2004 and were likely to provide the information required to meet the requirements of the research.

1 The case studies included only district or unitary authorities. No County Councils were included. This is because the national survey had shown that County Councils were a small proportion of both the number and value of planning obligations.

Visits to the local authority offices were generally arranged to review, inter alia, planning application files; committee report and s106 agreements. Pro formas were used to record standardised data. The value (£) of direct payment obligations and in kind obligations were recorded from the information set out in the available planning application files; planning and committee reports and s106 agreements. In kind obligations were valued using advice from local authority officers, contacting developers and their agents or using Spons Price Books to value described works.

In subsequent stages of the research, the results of the national survey provided data that helped to inform the case study work. It provided contact names and details from responding local authorities. This helped to support the process of arranging local authority visits. The survey also helped to identify which local authorities had agreed specific obligation types and which local authorities had obligations databases. This helped to inform the targeting of specific authorities who it appeared were well placed to help meet the data requirements of the case studies.

The scoping study demonstrated substantial variations in the character of negotiated obligations both within and between local authorities. Therefore, any attempt to extrapolate the total value of planning obligations in England from a sample of obligations requires significant amounts of data to enhance the reliability if the study findings.

First Phase Case Studies

A first phase of local authority office visits was organised, with at least one local authority in each of the of 6 local authority families. The first phase local authority office visits included:

- East Riding;
- Salford;
- Southampton;
- Westminster;
- Wokingham; and
- Worcester.

Halcrow also approached the following authorities, distributed throughout the local authority typologies:

- Cambridge;
- Colchester;
- Enfield;
- Leeds;
- Milton Keynes;
- North Hertfordshire;
- Sandwell;
- Stafford;
- Tendering; and
- Thanet.

The first phase local authority office visits led to the identification of 247 obligations. Direct payments data was relatively straightforward to identify, particularly open space and transport and travel obligations.

However, it was more difficult to collect data on community and education obligations. Only one of the first phase local authorities, Wokingham, were able to provide any education obligation data.

In kind obligations proved difficult to identify and value. Where in kind obligations involved physical works that were well defined in the relevant planning application file or s106 agreement, it was relatively straightforward to estimate their value. However, there were not many well defined in kind obligations. In kind obligations that were not described or sought to control less well defined aspects of development, e.g. drawings to be prepared and submitted for local authority approval, first occupation or the future use(s) of a development, were much more difficult to value without the assistance of developers and/or their agents.

Of the 247 obligations identified in the first phase local authority office visits, only 16 were in kind obligations. In the latter phases of the case study work additional in kind obligations were identified with the assistance of developers and/or their agents.

The following problems were identified during phase one of the local authority office visits:

- Officers did not respond or took a very long time to do so, researchers were also referred from officer to officer, information received was incomplete and web pages were inaccessible.
- Some authorities employ temporary staff who were unable to identify or direct us to the best officer/person to assist with our valuation work.
- Some authorities were being assisted by consultants, who also needed to seek authority from departmental heads, etc, to authorise their assistance/inputs.
- The IT systems many local authorities have in place do not seem to work as well as intended and generally seem to be more suited for internal rather than external purposes.
- Few authorities have s106 officers (or similar). These officers are best placed to help with the research.

Most of these difficulties relate to the 'pre-visit stage' of the work. No major problems were experienced during visits and subsequently. However, some of the planning application files or s106 agreements identified for review and requested were not found.

Phase one of the data collection involved the selection of a geographically spread range of local authorities to ensure a sample of data from a cross section of authorities within in each local authority group. However, many of the authorities did not negotiate obligations under each of the obligation typology headings. For example only Wokingham negotiated education contributions. A decision was taken to use the national survey responses to focus on local authorities who could provide data in a range of obligations to meet the data gaps and improve the efficiency of data collection.

Second Phase Case Studies

A second phase of local authority office visits were organised, with an objective of involving at least one from each of the of 6 local authority families. The second phase local authority case studies included:

- Birmingham;
- Brighton;
- Cambridge;
- Hillingdon;
- Isle of Wight;
- Milton Keynes;
- Oadby & Wigston; and
- Woking.

Hillingdon were subsequently identified as being within the Prosperous Britain family and not within the Urban London family. Some of the local authorities approached at the first phase of the data collection process were unable to provide the data sought or unwilling to take part in the research.

The second phase case studies led to the identification of 199 additional obligations. Direct payments data was again relatively straightforward to identify, particularly open space and transport and travel obligations. It was again more difficult to collect data on community and education obligations. In kind obligations similarly proved difficult to identify and value.

Only the Prosperous Britain case studies provided the necessary number of education obligation data (27). The two Rural England and two Rural Town case studies undertaken to date had not provided a single community obligation.

The local authority office visits had not provided as much information on the value of in-kind and direct payment obligations as had been anticipated. There were difficulties in arranging meetings ahead of Christmas and in getting information from local authorities.

In terms of location, more information was required on obligations from rural areas. And in terms of obligation type, more information was required on community and education. Four further local authority office visits had been arranged, with a possibility of two more. These local authority office visits were unlikely to provide information to complete the case studies, which requires at least 25 obligations of each type in the typology for each local authority family.

The priority for further work was the information required to complete the case studies. Given limited time and resources, it was agreed that more pragmatic three-pronged approach to data collection would be adopted, namely:

- The local authority office visits that had been arranged would be undertaken, collecting information across all types of planning obligations;
- Any further local authority office visits organised were to be targeted at collecting information to fill in the gaps in rural area obligations and community and education obligations; and

- For education obligations in particular, telephone calls were to be used to collect information, since many education contributions were direct payments.

The survey results were to be used to target the local authority office visits, in particular to identify types of authorities and types of obligation where data collection was inadequate. The period for completion of the research was extended until the end of **January 2006**.

Phase Three Case Studies

6 further local authority office visits were organised. These involved 4 of the 5 Local Planning Authority Families where further data needs to be collected. They included the following Authorities:

- Bristol;
- Camden;
- East Staffordshire;
- Enfield;
- Lichfield;
- Stroud.

Additional local authority office visits were being organised with Barnet, Manchester, Poole, Plymouth and Thurrock to fill the obligation data gaps.

Although contact had been made with several Established Urban Centre authorities, it had not been possible to organise further Established Urban Centre local authority office visits. Some of the authorities had not been able to provide the obligation data to fill the gaps, for example City of Nottingham. Others advised they did not have the staff resources to help with the research. Established Urban Centre authorities were being pursued, including Bolton and Leicester, and negotiations were continuing with other Established Urban Centre authorities.

Great difficulties were experienced obtaining detailed in kind obligation information, particularly information about works that were not described in planning applications files, committee reports and s106 agreements, could not be provided by local authority officers and could only be obtained from developers and/or their agents. Some of the developers and agents contacted initially indicated a preparedness to provide the detailed information. Subsequently they were unable to provide the information required. Substantial efforts were made to 'chase' the education, community and in kind obligation data required, including:

- Case studies aimed at collecting information to fill gaps by type of obligation; and
- For education obligations, telephone calls used to collect data, since virtually all education contributions were made via direct payments.

The collection of sufficient data to provide at least 25 examples of data for each of the 5 Local Authority Families where further data was required was prioritised. This objective was to be completed as soon as possible in January 2006. The collection of additional in kind value data would then be prioritised. By 21 January 2006, the following local authorities were visited or provided obligation data electronically:

Table 2: Local Authorities that Provided Case Study Data by Family

Local Authority Family	Local Authority
Established Urban Centres	Birmingham Salford Bolton Leicester Nottingham Norwich Kirklees Hyndburn Manchester Tamworth Calderdale
Urban England	Southampton Cambridge Brighton Bristol Oxford Ipswich
Rural England	East Riding Isle of Wight Lichfield Stratford Poole East Cambridge Torbay
Rural Towns	Worcester Stafford Swindon East Stafford Thurrock Crawley Stevenage Peterborough Northampton
Prosperous Britain	Wokingham Hillingdon Milton Keynes Woking
Urban London	Westminster Camden Enfield Barnet Tower Hamlets

The data collected during the case study work is summarised below.

Table 3: Data Collected by Obligation Type and Local Authority Family

Local Authority Family	Open Space	Transport and Travel	Community and Leisure	Education
Established Urban Centres				
Total Obligations	36	26	35	14
of which In-Kind Obligations	2	2	6	0
London				
Total Obligations	22	37	31	29
of which In-Kind Obligations	2	2	9	0
Prosperous Britain				
Total Obligations	34	28	32	27
of which In-Kind Obligations	4	6	6	0
Rural England				
Total Obligations	27	26	34	29
of which In-Kind Obligations	1	2	1	0
Rural Towns				
Total Obligations	30	54	20	18
of which In-Kind Obligations	2	7	0	0
Urban England				
Total Obligations	66	119	31	30
of which In-Kind Obligations	4	19	0	0
Total Obligations Recorded	215	290	183	147
Total In-Kind obligations recorded	15	38	22	0

Appendix 8

CASE STUDY RESULTS

Table 1: Unit Values Per Dwelling

Residential Values per Dwelling				
London	£1,607	£1,423	£704	£1,710
Urban England	£1,083	£698	£657	£1,322
EUC	£1,396	£378	£440	£692
Prosperous Britain	£847	£1,831	£684	£1,756
Rural England	£906	£941	£908	£1,151
Rural Towns	£586	£343	£82.78	£2,513
Average	**£1,071**	**£936**	**£579**	**£1,524**

Table 2: Residential Unit Values by Local Authority Group

OPEN SPACE

Residential Direct Payments

Unit Values

	Obligations	Average	COVAR
London	13	£749	0.99
Urban England	37	£472	0.84
EUC	31	£677	0.66
Prosperous Britain	24	£438	0.76
Rural England	21	£441	0.62
Rural Towns	27	£251	0.87
Average	153	£505	0.36

TRANSPORT AND TRAVEL

Residential Direct Payments

Unit Values

	Obligations	Average	COVAR
London	11	£499	0.98
Urban England	37	£378	0.94
EUC	12	£217	0.88
Prosperous Britain	12	£399	0.68
Rural England	15	£382	1.00
Rural Towns	9	£240	1.59
Average	96	£352	0.30

Table 2: Residential Unit Values by Local Authority Group *(cont)*

COMMUNITY AND LEISURE			
Residential Direct Payments			
Unit Values			
	Obligations	**Average**	**COVAR**
London	9	£333	1.03
Urban England	14	£388	0.99
EUC	27	£255	0.97
Prosperous Britain	14	£348	1.36
Rural England	22	£370	1.18
Rural Towns	6	£49.01	£0.45
Average	92	£290	0.44
EDUCATION			
Residential Direct Payments			
Unit Values			
	Obligations	**Average**	**COVAR**
London	29	£800	0.9
Urban England	21	£637	0.6
EUC	14	£262	0.9
Prosperous Britain	27	£823	0.9
Rural England	25	£504	0.7
Rural Towns	18	£697	0.8
Average	134	£621	0.3
OPEN SPACE			
Unit Values Dwellings			
	Obligations	**Average**	**COVAR**
London	13	£1,607	0.93
Urban England	37	£1,054	1.11
EUC	31	£1,396	0.88
Prosperous Britain	24	£817	0.66
Rural England	21	£906	0.39
Rural Towns	27	£586	0.92
	153	£1,061	0.36

Table 2: **Residential Unit Values by Local Authority Group *(cont)***

	Obligations	Average	COVAR
TRANSPORT AND TRAVEL			
Unit Values Dwellings			
	Obligations	**Average**	**COVAR**
London	11	£1,423	1.45
Urban England	37	£698	1.02
EUC	12	£378	0.72
Prosperous Britain	12	£1,831	1.62
Rural England	17	£941	1.10
Rural Towns	9	£343	1.11
	98	£936	0.63
COMMUNITY AND LEISURE			
Unit Values Dwellings			
	Obligations	**Average**	**COVAR**
London	9	£704	0.97
Urban England	14	£657	0.78
EUC	27	£440	0.91
Prosperous Britain	14	£684	1.32
Rural England	22	£908	1.10
Rural Towns	6	£82.78	£0.17
	92	£579	0.49
EDUCATION			
Unit Values Dwellings			
	Obligations	**Average**	**COVAR**
London	29	£1,710	1.0
Urban England	21	£1,322	0.7
EUC	14	£692	0.9
Prosperous Britain	27	£1,756	1.0
Rural England	25	£1,151	0.6
Rural Towns	18	£2,513	0.9
	134	£1,524	0.4

Table 3: Commercial Unit Values by Local Authority Group

	Obligations	Average	COVAR
OPEN SPACE			
Commercial Direct Payments			
Unit Values			
	Obligations	**Average**	**COVAR**
London	7	£43	0.93
Urban England	7	£7	1.07
EUC	2	£7	1.12
Prosperous Britain	2	£64	1.39
Rural England			
Rural Towns			
Average		£30	1.13
TRANSPORT AND TRAVEL			
Commercial Direct Payments			
Unit Values			
	Obligations	**Average**	**COVAR**
London	20	£122	1.37
Urban England	30	£90	1.88
EUC	10	£22	1.46
Prosperous Britain	5	£135	0.84
Rural England	4	£42	1.19
Rural Towns	22	£89	2.33
Average	91	£83	0.53
COMMUNITY AND LEISURE			
Commercial Direct Payments			
Unit Values			
	Obligations	**Average**	**COVAR**
London	10	£104	1.30
Urban England	13	£97	2.15
EUC			
Prosperous Britain			
Rural England			
Rural Towns	9	£19	0.90
Average	32	£74	0.64

Table 4: **Unit Values by Individual Authority: Open Space**

OPEN SPACE

Residential Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Barnet	10	£543	0.56
Birmingham	17	£791	0.58
Brighton	3	£738	0.13
Bristol	15	£314	0.74
Cambridge	9	£808	0.57
Crawley	1	£92	
East Riding	9	£425	0.52
Enfield	1	£3,058	
Hillingdon	2	£540	0.54
Isle of Wight	2	£113	0.60
Lichfield	1	£451	
Manchester	1	£215	
Milton Keynes	4	£241	1.07
Northampton	1	£243	
Norwich	3	£711	1.20
Oadby	2	£319	0.64
Poole	3	£355	0.33
Salford	10	£529	0.49
Southampton	9	£336	0.92
Stafford	7	£300	0.78
Stevenage	7	£18	0.14
Stroud	6	£615	0.58
Swindon	2	£78	0.15
Tameside	1	£81	
Westminster	2	£622	0.06
Woking	7	£739	0.16
Wokingham	9	£328	1.06
Worcester	9	£452	0.22

Commercial Direct Payment Unit Values

Camden	2	£25	1.15
Westminster	5	£286	1.83
Brighton	1	£2	
Bristol	1	£5	
Cambridge	5	£276	2.17
Birmingham	1	£1.97	
Norwich	1	£12.17	
Woking	1	£127	
Hillingdon	2	£0.58	

Table 5: **Unit Values by Individual Authority: Transport and Travel**

TRANSPORT

Residential Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Barnet	3	£307	0.04
Birmingham	3	£74	0.67
Bolton	2	£390	0.21
Brighton	3	£332	0.51
Bristol	5	£267	0.73
Cambridge	1	£691	
Camden	3	£436	0.83
Crawley	2	£199	0.24
East Staffs	3	£140	1.54
Enfield	5	£652	1.06
Hillingdon	3	£318	0.82
Isle of Wight	4	£363	0.25
Kirklees	3	£167	0.65
Leicester	1	£93	
Lichfield	3	£929	0.66
Manchester	1	£87	
Milton Keynes	2	£550	0.23
Northampton	2	£624	1.30
Poole	6	£252	0.52
Salford	2	£459	0.64
Southampton	27	£402	0.97
Stafford	2	£47	1.01
Stroud	2	£371	0.23
Tameside	1	£6	
Woking	2	£191	0.98
Wokingham	5	£470	0.71

Table 5: Unit Values by Individual Authority: Transport and Travel *(cont)*

TRANSPORT

Commercial Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Enfield	2	£33	0.30
Camden	7	£30	0.99
Westminster	9	£243	0.88
Barnet	3	£77	0.73
Kirklees	1	£47	
Manchester	2	£1	0.94
Birmingham	4	£39	1.11
Nottingham	1	£3	
Bolton	1	£1	
Leicester	1	£10	
Bristol	16	£107	1.44
Cambridge	6	£22	0.53
Brighton	7	£105	2.50
Milton Keynes	4	£135	0.84
Woking	1	£14	
Isle of Wight	1	£28	
Stroud	2	£49	1.40
East Riding	1	£18	
Swindon	1	£24	
Crawley	8	£44	1.91
Stafford	5	£12	0.88
Northampton	8	£190	1.69

Table 6: **Unit Values by Individual Authority: Transport and Travel**

COMMUNITY

Residential Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Barnet	4	£30	0.87
Birmingham	2	£221	0.21
Bolton	2	£52	1.05
Brighton	3	£197	0.53
Bristol	1	£56	
Calderdale	2	£144	1.31
Cambridge	4	£668	0.34
Camden	1	£354	
Crawley	6	£49	0.45
Enfield	1	£478	
Leicester	3	£173	0.66
Lichfield	11	£716	0.56
Manchester	5	£468	0.34
Milton Keynes	4	£559	0.63
Norwich	6	£13	0.24
Nottingham	1	£569	
Poole	11	£56	1.61
Salford	6	£422	0.69
Southampton	4	£477	1.21
Tameside	2	£104	1.00
Westminster	3	£682	0.45
Woking	3	£590	1.59
Wokingham	7	£124	0.99

Table 6: Unit Values by Individual Authority: Transport and Travel *(cont)*

COMMUNITY

Commercial Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Camden	3	£16	0.68
Westminster	6	£107	1.18
Bristol	5	£13	1.24
Cambridge	3	£389	0.79
Brighton	5	£7	1.46
Milton Keynes	1	£4	
Hillingdon	2	£4	0.13
Wokingham	1	£1	
Swindon	1	£25	
Peterborough	1	£9	
Northampton	7	£20	0.97
Birmingham	1	£0	
Calderdale	1	£5	

Table 7: **Unit Values by Individual Authority: Education**

EDUCATION

Residential Direct Payment Unit Values

	Number of Obligations	Average Value of Obligations	Coefficient of Variation
Barnet	11	£340	0.53
Birmingham	1	£379	
Bolton	1	£132	
Bristol	2	£587	0.19
Calderdale	1	£194	
Cambridge	2	£302	0.01
Camden	16	£1,181	0.63
East Staffs	2	£496	0.30
Enfield	2	£281	0.36
Hillingdon	9	£1,468	0.57
Ipswich	10	£804	0.53
Isle of Wight	1	£450	
Kirklees	5	£175	0.80
Lichfield	3	£366	0.21
Milton Keynes	4	£799	0.66
Norwich	6	£348	0.95
Oadby	1	£527	
Oxford	5	£637	0.32
Peterborough	11	£924	0.61
Stafford	5	£279	0.78
Stroud	4	£417	0.62
Tameside	2	£193	0.57
Torbay	17	£551	0.72
Woking	4	£117	0.38
Wokingham	9	£536	0.08