



Portfolio Holder Decision  
Making Session and date/time

6<sup>th</sup> Jan 2014  
11am

Item

1

Public/Private

**REPORT TITLE ; MANAGEMENT FEE - AFFORDABLE HOUSING CONTRIBUTIONS**

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## 1. Summary

All new open market housing is required by Core Strategy Policy CS11 to make appropriate contributions to the provision of local needs affordable housing through the provision of affordable homes on site and /or a financial contribution. The Type and Affordability of Housing supplementary planning document (SPD) adopted in 2010 (revised in Sept 2012), highlights and details this provision.

These developer contributions known as Affordable Housing Contributions (AHC), are collected and managed by the Council and then allocated via capital appraisals, to help fund specific development schemes in partnership with the relevant local parishes, registered providers (RP's) or local developers.

The SPD (para 4.23) states that, "This process enables town and parish councils to engage in the decision making process, with the administration and financial responsibility for the use of s106 contributions borne by Shropshire Council. Administration of the delivery of affordable housing from developer contributions will be part-funded by those contributions. The Council will keep the proportion under review to ensure that it remains appropriate" (SPD para 4.23).

The current fee is 2% and it is deducted from the AHC payable, it is not a fee additional to the contribution.

This report seeks to increase that administration fee to 5% on applications received from 14<sup>th</sup> Jan 2014.

## 2. Recommendations

It is recommended that the Portfolio Holder for Planning, Housing and Commissioning (Central) agrees to:

- 1) Allow the increase from 2% to 5%.
- 2) Allow the increase from the 14<sup>th</sup> Jan 2014 on all new applicable planning applications received from that date.

Reasons for decision:

To increase the contribution towards the collection, administration and management of the affordable housing contributions.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

The fee increase will help to ensure that the service can respond to the increase in business growth and continue to effectively manage the timely collection of the AHC's.

The recommendations within this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences from this proposal.

### 4. Financial Implications

Figures below note the value of the affordable housing payments received by the Council to date and the current administrative fee of 2% deducted from that sum. The bracketed figure highlights what the administrative fee would have accumulated had a 5% charge been applied:-

2012/13

- Received = £ 399,383.96
- 2% fee = £ 7,987.68 (5% = £ 19,969.20).

2013/14 (to date)

- Received = £ 264,673.44
- 2% fee = £ 5,293.48 (5% = £ 13,233.68).

NB. It should be noted that this proposed increase in the revenue, means a corresponding reduction in the available capital.

### 5. Background

The AHC is a planning obligation set annually as a percentage of the open market build on a site. Depending upon that percentage rate, a development site contributes by providing affordable homes on site and/or a financial contribution to the Council.

These sums are ring fenced to help deliver additional affordable homes in local areas by accumulating initially within the same local parish area from where the contributing development is built. Local affordable housing priorities and specific schemes to be funded by the AHC's are usually articulated through the local Place Plans and are delivered in partnership between the Council's Housing Enabling team, Parish and Town Councils and Registered Providers (RP's). This process enables Town and Parish Councils to engage in the decision-making process.

Since 2009, £1.6m of contributions have been used to help fund an additional 76 affordable homes.

It is necessary to be satisfied that the administration fee levied by the Council from the AHC is 'appropriate'. It is to cover administration of the delivery of affordable housing but is only meant to

part fund that (ie the fee collected cannot be so high that it covers it entirely). It will therefore be necessary to periodically review the level of fees collected to ensure that the anticipated fee level is “appropriate”.

At present to monitor the planning applications, administer the invoicing system and manage the collection of these funds, accounts for 90% of a full time post (rising to 100% in the next 2 years). A further 5 Officers can account directly for a proportion of their time in the process of delivering affordable homes within a community through this methodology, by reviewing the Place Plan priorities with communities, the extensive community liaison necessary in bringing forward the capital scheme through the capital project appraisals process, project managing the councils financial interest in the development and ensuring the councils and communities priorities and aspirations are met by the development.

We are therefore satisfied that on current and anticipated levels of AHC collection, a 5% fee level is “appropriate”.

A 5% fee reflects the current nationally set fee level for the administration and management of the Community Infrastructure Levy (CIL), which is a similar contribution, applicable to housing development planning applications and which is gathered and administered by the Council for the benefit of locally determined infrastructure priorities.

## 6. Additional Information

None

## 7. Conclusions

This is a report for the Portfolio Holders decision.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information):</b>
<b>Key Decision: Yes</b>
<b>Included within Forward Plan: Yes</b>
<b>If a Key Decision and not included in the Forward Plan have the General Exception or Special Urgency Procedures been complied with: Yes/No</b>
<b>Name and Portfolio of Executive Member responsible for this area of responsibility: Cllr Mal Price</b>
<b>Local Member:</b>
<b>Appendices:</b>

**Declaration of Interest**

- I have no interest to declare in respect of this report

Signed ..... Date .....

NAME: .....

PORTFOLIO HOLDER FOR: .....

- I have to declare an interest in respect of this report

Signed ..... Date .....

NAME: .....

PORTFOLIO HOLDER FOR: .....

(Note: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter.)

For the reasons set out in the report, I agree the recommendation(s) in the report entitled .....

Signed .....

Portfolio Holder for .....

Date .....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and pro-forma is returned to Democratic Services for processing.

Additional comment : .....

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Note: If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, Head of Legal and Democratic Services, Chief Executive and the Head of Finance, Governance and Assurance (S151 Officer) and, if there are staffing implications the Head of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Portfolio Holder: Your decision will now be published and communicated to all Members of Council. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication.