

Cabinet

3 November 2020

A new way of securing developer contributions for NHS infrastructure

For Decision

Portfolio Holder: Cllr D Walsh, Planning

Local Councillor(s): All

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Public

Recommendation:

1. To approve the document titled 'Exploring Developer Contributions for NHS Infrastructure' as set out in Appendix A.
2. To give the Head of Planning, in consultation with the Portfolio Holder for Planning, appropriate delegation to make any consequential changes to the approved document and finalise implementation.

Reason for Recommendation:

To provide a framework for securing developer contributions for dealing with the impact of new housing development on NHS healthcare across Dorset.

1. Executive Summary

As new housing is developed in Dorset, and the population grows, so the demand on health services increases. Along with other publicly funded services, improvements to health infrastructure are needed to ensure services are sustainable.

The NHS requires physical infrastructure to meet health care needs in three elements of the NHS:

- Primary care– doctors surgeries
- Secondary (Acute) care – acute hospitals
- Community services, mental health services and children, young people and families services – within the community based in community hospitals and hubs

Dorset Clinical Commissioning Group and the hospital trusts in Dorset currently request contributions from larger development on a site by site basis. These approaches have been used with varying degrees of success. Neither approach has the functionality to deal holistically with the needs of healthcare, something which this new approach seeks to overcome.

These challenges prompted the Dorset Integrated Care System Senior Leadership Team to set up a task and finish group to explore the potential for new housing development to contribute towards healthcare infrastructure. Planning teams from Dorset Council and BCP Council have worked together on this strategy to ensure coverage across the county.

To provide certainty to those considering or making planning applications for residential development and to ensure transparency and accountability, a standard contribution has been established by adapting a long-standing planning tool used by the NHS and London Boroughs. The tool establishes the calculation using local population and housing forecast data, healthcare usage and cost assumptions

Housing trajectories establish the cost per new dwelling as:

- £722 per home in the West of Dorset area.
- £516 per home in the East of Dorset area (which includes BCP)

It is proposed that Dorset Council will also recover most of the cost through the Community Infrastructure Levy (CIL) (except in North Dorset area where there is no CIL charging schedule in place). Where sites are zero rated from paying CIL, and in the North Dorset area, a contribution will be sought through S106 agreement using the standard contribution of £722 per home.

By 2025, it is estimated there would be £6.93m collected for NHS infrastructure in the West of Dorset area and £7.76m for NHS infrastructure in the East of Dorset area, though much of what is recovered in the east will be through the use of BCP Council developer contribution policies.

The proposed strategy identifies the extensive capital requirements in relation to future health infrastructure requirements in Dorset. As such the identified

contributions recovered will flow to the relevant organisation following an annual reconciliation exercise facilitated by the relevant local authority team.

The approach as set out in Appendix A was considered and approved by the Dorset ICS System Leadership Team on the 24th September 2020. BCP Council will consider this approach separately in due course. The implementation of this approach by Dorset Council is not dependent on that approval.

2. Financial Implications

The Community Infrastructure Levy (CIL) together with Planning Obligations (s106) represent sources of funding to provide additional infrastructure or services necessary to enable or support development. Dorset Council can recover up to 5% of CIL income to help cover the cost of administering the levy. The process outlined in this report can be met via the Infrastructure and Delivery Team will not require any additional DC resources.

The strategy proposes that most of the agreed tariff is recovered through CIL (except in North Dorset area where there is no CIL charging schedule in place). Where sites are zero rated from paying CIL, and in the North Dorset area, a contribution will be sought through S106 agreement using the standard contribution of £722 per home.

Dorset Council is required to report on the collection and spend of developer contributions through an Infrastructure Funding Statement which will be published in December each year.

These funding statements will also establish the housing completions for the preceding financial year. At the point of publication, the total healthcare cost for dwellings completed in that financial year will be reported to the Senior Leadership Team of the ICS. Following this, the CCG and Hospital Trusts will be invited to formally request the drawdown of CIL money from Dorset Council in line with the its CIL Governance Strategy agreed by Cabinet in July 2020.

3. Climate implications

A number of the infrastructure projects identified in the strategy will result in the improvement and efficiency of healthcare provision across Dorset. The strategy helps ensure that the impact on healthcare caused by new development is mitigated as close to the source as possible. The strategy helps the NHS to work together collaboratively on the roll out of capital plans and programmes.

4. Other Implications

This strategy has been prepared having regard to the tests set out in the Community Infrastructure Regulations 2010 and subsequent amendments, in

particular Regulation 122 which sets out the three tests that the planning obligation should be necessary, directly related and fairly and reasonably related in scale and kind to the development.

Planning authorities can now use CIL and Section 106 obligations to contribute towards the same piece of infrastructure, subject to three planning tests (in Regulation 122). The councils can use different mechanisms dependent upon local circumstances with existing policies and procedures.

5. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

6. Equalities Impact Assessment

An EqIA scoping assessment has been undertaken for this item. It has concluded that an EqIA is not necessary at this stage.

7. Appendices

Appendix A - Exploring Developer Contributions for NHS Infrastructure – Task and Finish Group.

8. Background Papers

None

9. Introduction and Background

9.1 In 2019, the Integrated Care System Senior Leadership Team of which Dorset Council is a member, set up a task and finish group to explore the potential for new housing development to contribute towards NHS healthcare infrastructure. The group comprised representatives across the ICS from:

- Planning Policy, Dorset Council;
- Planning Policy, Bournemouth Christchurch & Poole Council (BCP Council);
- Dorset Clinical Commissioning Group (DCCG);
- Public Health Dorset;
- Dorset County Hospital NHS Foundation Trust;
- The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust

- Dorset HealthCare University NHS Foundation Trust
- NHS England and Improvement

9.2 The Group was tasked with reviewing the evidence to ascertain whether;

- Developers could be asked to contribute towards health care infrastructure in order to mitigate the pressure of population growth.
- Recommend a collectively agreed methodology and approach.
- Agreement of tariff and payment mechanism.
- Agreement of boundary allocations.

9.3 Historically, the strategic planning of healthcare through the planning system has been inconsistent. Working with Dorset Clinical Commissioning Group, Dorset and BCP Councils have been able to secure some mitigation from proposed development towards primary care (doctor's surgeries). But there's increasing demand on a solution that deals with the needs of NHS healthcare comprehensively.

9.4 The need for developer contributions is determined in part by establishing whether a gap exists between the known capital cost of healthcare and any funding secured. The strategy identifies a total capital cost of £895.2m and just £165m secured.

9.5 The infrastructure needs to meet population growth in Dorset cannot be met from government funding alone. This currently leaves a significant funding gap as set out above. In this circumstance it is appropriate to seek funding from development to mitigate its impact upon the health care service, as there currently is a significant shortfall in funding this critical infrastructure. Other funding will be necessary as developer contributions will only fund a small proportion of this gap.

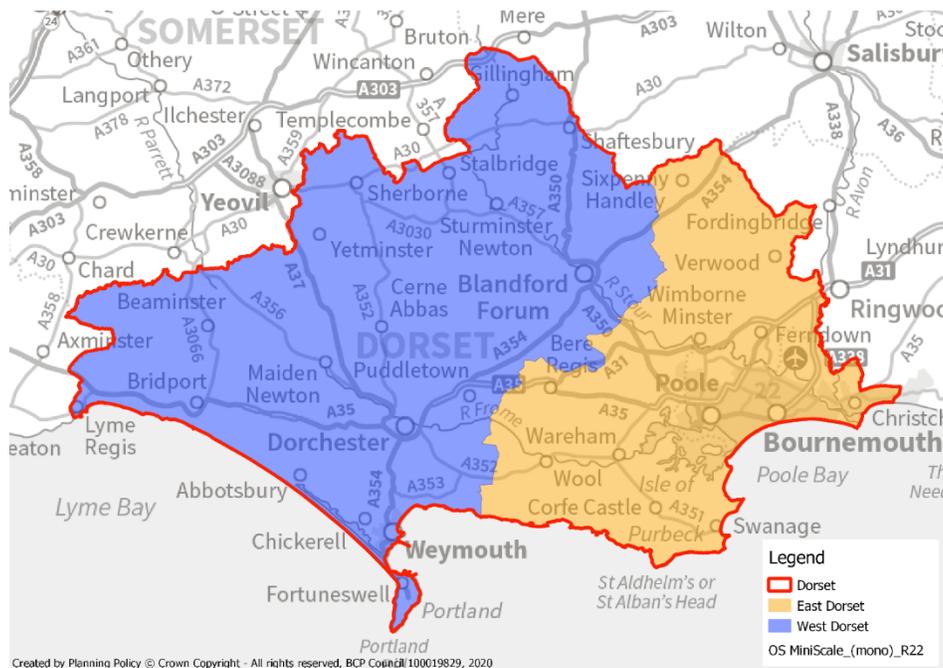
9.6 The proposed new approach provides a comprehensive contributions policy for the purposes of easily and robustly calculating the cost of mitigating the impact of future development on all forms of health care in Dorset, and the recovery of that cost through developer contribution tools including Community Infrastructure Levy and S106 planning obligations.

10. Approach

10.1 Following a scoping exercise, the task and finish group adopted the Healthy Urban Development Unit Planning Contributions Model (HUDU). This model has been developed to assist NHS organisations and local authorities in addressing the impact of new residential developments and population growth on healthcare services and infrastructure and help secure developer contributions. This model has been created by the NHS London Healthy Urban Development Unit.

- 10.2 The model is updated annually with the latest data, and functionality has been added to provide a new approach to assess primary healthcare impacts.
- 10.3 The HUDU model provides a standardised and transparent approach to help calculate potential developer contributions. The approach has been refined and used successfully by all London Boroughs and its application has withstood challenge. The model has the functionality to work outside of the London area using locally obtained data.
- 10.4 The use of the HUDU model locally has been encouraged and supported by Public Health Dorset. Dorset is one of the first areas outside of London to use it in earnest. As a result, there has been a high level of interest from other Local Integrated Care Systems in relation to the Dorset integrated approach and development and allocation of the health tariff.
- 10.5 It is clear that some healthcare services across Dorset serve largely distinct catchments. To ensure that mitigation aligns to the area where impact occurs, the county of Dorset has been broadly split between East and West to accord with the catchment areas of the hospital trusts as shown in Figure 1. The boundaries align roughly with the split of the BH and DT postcode areas.

Figure 1: The split of East and West Dorset



10.6 Each year the Councils prepare a housing trajectory forecasting planned housing growth. These housing trajectories were used to populate the HUDU model and are based upon forecasted housing delivery through existing local plans in the East of Dorset and West of Dorset areas.

HUDU Approach	Example	East of Dorset area	West of Dorset area
Housing Trajectory	Each Council's housing trajectory with a base date of April 2019	£516 per home	£722 per home

10.7 The housing trajectory approach is the simplest to use as it requires one single calculation using the HUDU model.

10.8 For 2020/21, it is proposed that a tariff of £516 per home for the East Dorset area and £722 per home for the West Dorset area will be used. On this basis, the estimated contributions for 2020/21 would be £1.6m for East of Dorset and £1.11m for West of Dorset.

10.9 The total contributions recovered would then be split out to each of the health care sectors. The percentage share for each sector is based on the output of the HUDU model and differs slightly between East of Dorset and West of Dorset areas.

	East of Dorset		West of Dorset	
Forecast no of homes built	3,102		1,536	
Rate per home	£516		£722	
Total projected contributions	£1,600,632		£1,108,992	
Primary Care share	21%	£336,133	16%	£177,439
Acute Care share	57%	£912,360	62%	£687,575
Community/ Mental health share	22%	£352,139	22%	£243,978

11. Recovery of Contributions

- 11.1 Dorset Council will recover most of the cost through CIL (except in North Dorset area where there is no CIL charging schedule in place). Where sites are zero rated from paying CIL, and in the North Dorset area, a contribution will be sought through S106 agreement using the standard contribution of £722 per home
- 11.2 The contributions paid to the CCG and hospital trusts by the end of each calendar year will be based upon the Council's annual monitoring of housing completions for the preceding financial year, commencing with the year 2020/21.
- 11.3 The funding of equipment and buildings is a major undertaking, Councils will work with the ICS to ensure that the developer funding collected through CIL and planning obligations will be spent in a timely manner ensuring that the developer contributions will go to each of the NHS organisations in Dorset. As public bodies (and not for profit) 100% of the contribution will be spent for the public benefit and accounts are publicly audited.
- 11.4 As a consequence of this approach, the CCG and the acute hospital trusts have agreed to cease submission of case by case requests for financial contributions through existing methods. It is proposed that the Head of Planning, in consultation with the Portfolio Holder for Planning are given delegated powers to agree the implementation of this new approach to manage the effects on live planning applications which may be affected as a result.

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.