



27 June 2023
Midlothian Council

Item No

Developer Contributions – Update Report

Report by Kevin Anderson, Executive Director - Place

Report is for Decision

1 Recommendations

Council is recommended to:

- a) Note the base value of planning obligations entered into in the period 01.10.2022 to 31.03.2023
- b) Developer contributions accounted for / received by the Council in the 2022/23 financial year
- c) The developer contributions to be applied at the close of Financial Year 2022/23
- d) Developer contributions due to potentially expire by the end of Financial Year 2026/27
- e) Confirm, as an action from Council meeting in March 2023, the rental costs for a modular units for Woodburn Primary School will have a revenue cost of £0.150m split between 2023/24 and 2024/25 and note that these costs are covered in full by relevant planning obligations.

2 Purpose of Report

To provide an update to Council on developer contributions received in 2022/23 financial year and specifically to confirm that some of these will be utilised to deliver a modular unit at Woodburn Primary School.

Date: 15 June 2023

Report Contact:

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3 Background

- 3.1** Midlothian Council have implemented various measures to improve the handling of developer contributions by the Council following a previous internal audit review. One of the recommendations was that regular reporting to Capital Plan and Asset Management Board (CP&AMB) takes place regarding developer contributions received, applied and held. The report has been referred onto elected members for information as an annual report is submitted separately to Planning Committee.

4 Contributions Received & Applied in 2022/23

- 4.1** The details reported highlight key points in relation to the period 01/04/2022 to 31/03/2023 (financial year 2022/23):-
- Planning Obligations with a base value of £0.227 million were entered into;
 - £8.326 million was accounted for by the Council in private sector and HRA developer contribution receipts;
 - £6.082 million of developer contributions will be applied to fund capital and revenue expenditure;
 - As at 31 March 2023, the Council are holding £43.117 million of contributions.
- 4.2** The Development Team reports that it has now secured a quote for the lease of a 100sqm modular unit for Woodburn Primary School. This lease is for 70 weeks, in order to address a breach in capacity that will occur in August 2023, prior to the extension of the school being completed.
- 4.3** The modular unit will be procured through the NHS Framework with Portakabin the supplier. The specification is being finalised with Education services. The cost breakdown is provided below. Total cost for unit hire is £0.144m over 70 weeks. £0.060m of this is provisional at this stage and may vary following site survey. Therefore, a contingency of £0.006m is to be allowed for, with total budget allowance of £0.150m. Midlothian Council is currently holding circa £1.9m in developer contributions from new housing which fall within the catchment of Woodburn Primary School and which have contributed towards additional capacity at Woodburn to accommodate the children arising from those developments. These developer contributions will cover the cost of the Woodburn PS modular unit in full.

Figure 1: Hire rate and installation costs for Modular Unit

 4 Slice Modular Building as per drawing 1313076-PKE-HQ-GF-DR-A-100		
The minimum hire period		
WEEKLY HIRE RATE		
	70 Weeks	One Off Costs
Building(s) Hire including all specified products and services	980.00	
Prelim - 70tn Crane - Install		1,144.00
Prelim - 70tn Crane - Dismantle		1,144.00
Prelim - Delivery Of Building To Site		1,497.60
Prelim - Collection Of Building		1,497.60
Prelim - Installation of Building		4,933.50
Prelim - Dismantle of Building		4,933.50
Prelim - Architectural Services		15,298.00
Prelim - Civils Package		44,969.00
Overall weekly hire rate	980.00	
Total one off charges		75,417.20
Projected contract value for 70 weeks		144,017.20

5 Contributions at risk of expiry

- 5.1** Of the £43.117 million of developer contributions held by the Council at 31 March 2023, there are £4.263 million of held contributions that will expire in the 4 years up to the end of Financial Year 2026/27. These are being allocated accordingly, aligned to the conditions of use before the expiry date.

6 Report Implications

6.1 Resource

As noted above the Council is the fastest growing local authority in Scotland and is currently holding developer contributions totalling £43.117 million towards the costs of necessary infrastructure to serve our communities.

Application of £0.150 million of developer contributions split over 2023/24 and 2024/25 will fully support the rental costs associated with the modular unit at Woodburn Primary School.

6.2 Risk

The planned use is designed to reduce the risk of contributions expiring and having to be repaid to developers which would have consequential implications for the Council's ability to deliver essential infrastructure, the Council's financial position and its reputation.

6.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

6.4 Key Priorities within the Single Midlothian Plan

The appropriate management of developer contributions will assist in ensuring that the infrastructure required to meet our growing communities can be provided.

6.5 Impact on Performance and Outcomes

The appropriate management of developer contributions will assist in ensuring that the infrastructure required to meet our growing communities can be provided.

6.6 Adopting a Preventative Approach

The steps outlined above will assist in ensuring that developer contributions towards essential infrastructure are adequately monitored and managed to reducing the likelihood of those contributions expiring.

6.7 Involving Communities and Other Stakeholders

The application of developer contributions towards infrastructure will provide facilities for our growing communities. Local communities and their elected members are likely to be involved in considerations about facilities to be delivered in particular where there is an element of direction about the spending of contributions for example in relation to children's play and community facilities.

6.8 Ensuring Equalities

This report does not relate to a new / revised policy / service change / budget change. It is therefore considered that undertaking an Equalities Impact Assessment (EqIA) in relation to this report is unnecessary.

6.9 Supporting Sustainable Development

Managing this accurate picture of developer contributions held will assist the Council in the provision of infrastructure to underpin the growth of communities in Midlothian

6.10 Digital Issues

There are no Digital Services implications from this report.

Appendix A: Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable.

A.2 Key Drivers for Change

Not applicable.

A.3 Key Delivery Streams

☐ One Council Working with you, for you

☒ Preventative and Sustainable

☐ Efficient and Modern

☐ Innovative and Ambitious

☐ None of the above

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

A.6 Impact on Performance and Outcomes

There are no issues arising directly from this report.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Background Papers: None