

# Revised Carmarthenshire Local Development Plan 2018 – 2033

Caeau Mynydd Mawr Special Area of Conservation  
Revised Supplementary Planning Guidance

EVIDENCE PAPER

MITIGATION PAYMENT CALCULATION

DECEMBER 2019



## **Carmarthenshire County Council**

### **Revised Local Development Plan 2018-2033**

#### **Caeau Mynydd Mawr Special Area of Conservation Revised Supplementary Planning Guidance**

## **MITIGATION PAYMENT CALCULATION PAPER**

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### **1.0 Introduction**

1.1 In December 2014 Carmarthenshire County Council developed and adopted Supplementary Planning Guidance (SPG) to elaborate and consolidate upon the policies and provisions of the Adopted Local Development Plan (LDP) 2006 – 2021 (the current LDP). The current SPG provides a framework for mitigation that could be applied to any relevant development within the current SPG area in recognition of the potential adverse effects on the Caeau Mynydd Mawr Special Area of Conservation (SAC), consistent with The Conservation of Habitats and Species Regulations 2017.

1.2 The above approach was based on the principle of using developer contributions to fund habitat mitigation work that would offset the impact of development on the SAC and its special features, thus facilitating the delivery of development. To deliver the necessary habitat mitigation, Carmarthenshire County Council set up the Caeau Mynydd Mawr Special Area of Conservation Marsh Fritillary Project.

1.3 Where a developer cannot provide the required mitigation, the SPG provides for a contribution to be made to the project. The SPG, along with supporting evidence, is fully transparent in setting out the sums to be levied based on a robust justification methodology.

### **2.0 Objective of this report**

2.1 The purpose of this report is to review the current SPG mitigation payment calculation sums and clarify how these sums have been revised for the revised SPG (rSPG). It sets out the chargeable development to which the revised SPG will apply; the amount to be charged; and fully evidences how these sums have been calculated.

### **3.0 Operating principles**

3.1 Within the rSPG area, for every hectare of land for which consent for development is granted, (or part hectare thereof), mitigation in the form of a capital payment can be provided. The calculation of this payment is based on the sum required to ensure that at least twice the area developed is managed in perpetuity for the benefit of the Marsh fritillary butterfly. This is to allow for both the potential loss of habitat and the loss of connectivity resulting from the development. This precautionary mitigation ratio of 2:1 is sought in order to ensure that all potential impacts can be fully addressed by the actions set out below.

3.2 Payments received as mitigation can be used to deliver the necessary management of the habitat using one or more of the following methods:

- a. Annual payments to landowners for management of their land in accordance with the terms of a management agreement;
- b. Land purchase and subsequent management;
- c. Administration of a land management scheme for the restoration and maintenance of land within the scheme;
- d. Employment of a project officer and associated management costs.

3.3 Whilst mitigation is required in perpetuity, a period of 20 years has been taken to calculate the mitigation payment details as this should provide sufficient time to secure the long term delivery of the site's conservation objectives.

3.4 It is understood that any mitigation payments will be made by consent holders in accordance with the terms of the legal agreement and/or planning permission and/or the rSPG.

#### **4.0 PAYMENT ASSUMPTIONS**

4.1 Payments have been calculated on a per hectare basis, based on known costs for running the project for the last 5 years. These costs have then been used to project future costs, and an average cost per hectare calculated based on these.

4.2 For the purposes of calculation it has been assumed that land purchase will account for 20% of the land required for mitigation and 80% be subject to the land management scheme.

4.3 A housing density of 30 houses per hectare has been taken as being typical in the rSPG area and has been used to convert the typical mitigation cost per hectare to the mitigation payment per roof.

4.4 The typical mitigation cost per hectare will be reviewed at 5 year intervals with the first review scheduled to take place in January 2025. Reviews are required to enable payment/cost assumptions to be updated to reflect prevailing costs at the time. Reference should be made to the Habitat Management Specifications and Monitoring Success paper.

4.5 In terms of land purchases, the typical cost per hectare is based on prices paid for land purchased by the project, offers made for the purchase of land in the project area by CCC and prices paid for land of similar quality in the area. The average price per ha used for the calculation into the contribution is £7,000. In order to satisfy audit purposes valuation advice from CCC land agents is sought to confirm that the purchase price for each purchase transaction is reasonable and within the range of values that represents market value.

4.6 In terms of management agreement payments, annual payments will continue to be offered to landowners/occupiers in return for management of their land in accordance with the terms of a land management agreement (under Section 39 of the Wildlife and Countryside Act 1981 as amended by Section 96 of the Countryside and Rights of Way Act 2000). Payments were calculated with advice from Countryside Council for Wales (now Natural Resources Wales) with reference to the net income foregone by the landowner/occupier, together with the additional costs incurred as a result of the undertaking given.

4.7 The basis of the management agreement calculations is set out below

- a. Prior to Agreement area is currently grazed a stocking rate of 0.75 Livestock Units (LSU) per Hectare
- b. Under the terms of the agreement the area is grazed at an average stocking rate of 0.35 LSU/ha
- c. Grazing period under agreement is 22 weeks between May and September inclusive, or equivalent
- d. Additional time taken to supervise stock and monitor grazing levels and move from enclosure to enclosure 1.5 hours per week @ £12/hr
- e. Average size of holding in SPG area 2.6 hectares

| <b>INCOME FOREGONE</b>   | <b>£/ha</b> | <b>£/ha</b>    |
|--|-------------|----------------|
| Income foregone due to reduction in stocking rate under agreement.<br>Gross Margin from 0.4 LSU/ha | 81.52       |                |
| <b>Less - Reduction in interest on working capital</b>   | 11.39       |                |
| <b>Income Foregone</b>   | 70.13       | <b>70.13</b>   |
| <b>ADDITIONAL COSTS</b>  |             |                |
| Additional time 33 hrs @ 12/hr = £396 divide by 2.6 hectares (ha)                                  | 152.31      |                |
|  |             | <b>152.31</b>  |
| <b>TOTAL</b>   |             | <b>222.43</b>  |
| <b>PROPOSED PAYMENT RATE PER HECTARE</b>   |             | <b>£225.00</b> |

4.8 In terms of site management, the cost of managing 1 hectare of land for the project for 20 years was estimated using costs incurred to date. Where no cost had yet been incurred on a site (e.g. A site with existing fencing, which will need to be replaced in the future), an estimate based on a similar site was used. For the purposes of calculations it was assumed that a site would need to be fenced (or all existing fencing maintained) every 10 years, any work to provide access to the site (for machinery and livestock) would need to be carried out or maintained every 10 years, drainage work and maintenance of water supply for livestock every 10 years, scrub management (the ideal levels of grazing are not sufficient to control scrub) every 5 years and mowing (a proportion of each site) every 3 years. A 2.2% increase in costs per year has been used to calculate the effect of inflation over the 20 year period, in accordance with current percentage validations included in the budget setting process.

4.9 In terms of project officer costs, the project officer post is full time and has been graded according to CCC's job evaluation process as Grade H at a cost of £31,401 in 2018/19. Pay and associated on costs have been inflated over the 20 year period in accordance with current inflation rates – 2% for gross pay and 0.2% increase year on year for Superannuation employer rate. The Rural Conservation Manager time on the project is also included at 0.5 days per week.

## 5.0. PAYMENT CALCULATIONS

5.1 The cost of managing 1 hectare of land for the project has been calculated based on:

- a) Costs incurred from the management of all project sites to date, and the expected expenditure on these sites for a 20 year period (starting from the date the site was brought in to management or purchased).

b) Management agreement payments to date and projected cost of management agreements for a period of 20 years.

c) The cost of purchasing land to date, and the projected cost of purchasing further land to meet the target of 20% of land owned by the project.

d) Project overheads; salary and other related costs for the full time project officer, project management costs, non-salary related overhead costs. An element of inflation and pay increase is also represented over the 20 year period.

**Total cost of managing 1 hectare of land for a 20 year period= £22,966**

**Multiplied by a factor of 2 in line with operating principles = £45,933**

**Total contribution sought for 1 hectare of development land where planning consent for development is granted = £45,933**

**Total contribution sought for 1 house where planning consent for development is granted = £1,531**

## 5.0 Chargeable development and flow chart

5.1 Reference should be made process flow chart as set out within the rSPG itself (Figure 1 in Section 5).

## 6.0 References

Natural Resources Wales. (2016). *Core Management Plan Including Conservation Objectives for Caeau Mynydd Mawr Special Area of Conservation (SAC). Version 4.*