

Residential Development AGENCY

Planning Gain Supplement (PGS)

Kate Barker, in her “Review of Housing Supply” published in 2004, made the case for a Planning Gain Supplement (PGS) in order to assist with and simplify the calculation of costs payable to local authorities for infrastructure improvements necessitated by new developments. Gordon Brown announced the Government’s intentions to pursue this option in his pre-budget statement of 2005 following on from which a consultation paper was issued.

This consultation paper sets out clearly the basis of Planning Gain Supplement and how it is intended to be implemented. PGS is designed to capture an element of the uplift in value that occurs when land or properties are granted a detailed planning consent. It is anticipated that this capture of value will supplement the funding of infrastructure required by any new development

What is PGS?

The consultation paper outlines a number of key features of the proposed PGS as follows:-

- Any PGS is intended to capture an element of uplift in value which is generated when land or property is granted a detailed planning consent

- The chargeable person/company will be the party implementing the planning consent
- Existing s106 obligations will be reduced to reflect a financial contribution made via PGS
- Any revenue generated by PGS should be spent on the provision of infrastructure and benefits at a local level
- Central Government is considering a lower rate of PGS to be applied to brown-field sites or regeneration areas
- The PGS will apply to both residential and non-residential developments
- PGS will become payable when the development commences, the chargeable person/company will be identified prior to start of any development through the use of 'Development Start Notice'

