

CD5.25 Senior Planning Policy Officer Note to support Financial Contributions towards
Affordable Housing

APP/D1265/W/25/3372602

1. This note has been prepared by Sue Bellamy, Senior Planning Policy Officer. I am part of the team that worked with Three Dragons to develop the affordable housing commuted sum calculator and have been asked to provide a note explaining how the affordable housing commuted sum is calculated.
2. Prior to June 2025 the former councils that now make up Dorset Council had different methodologies for calculating financial contributions for off-site affordable housing. The guidance for West, Weymouth and Portland states that it will collect an amount broadly equivalent to the average level of public sector subsidy required to deliver an equivalent affordable home in the plan area. Paragraph 5.9 of the Report on Affordable Housing & Viability August 2024 submitted by Churchill Retirement Living as part of the original application indicates that they had completed the online financial contribution calculator (Appendix 1), which indicated that the appropriate sum was £646,738.
3. In June 2025, the Council introduced a single approach to calculating commuted sum payments to provide consistency across the Council area, and this has been applied by our housing enabling team as part of the appeal process. The Council's website page on the Affordable Housing Commuted Sum Calculator explains that *'The Calculator will come into use from 01 June 2025. For live planning applications, where a commuted sum amount has already been agreed prior to implementation of the new Calculator, and this has been submitted to the Council's legal team for the S106 agreement, then unless the applicant requests an updated figure, we would continue to honour this.'* The planning

application the subject of this appeal was refused on 21st March 2025 and no progress made toward a S106 agreement. The expectation is that affordable housing provision should be made on site but under exceptional circumstances a financial contribution would be acceptable. The Dorset Council Local Plan Consultation 2021 sets an expectation that a financial contribution would be of broadly equivalent value. The calculator is based on viability evidence (e.g. [about affordable housing rents, development costs etc.](#)) completed for the draft Dorset Local Plan in May 2022.

4. The contribution calculated is equivalent to the cost of providing affordable units on-site. This calculator is based on the principle of equivalence: that the developer/ landowner should be no better or worse off providing a cash payment instead of the affordable housing units on site.
5. The 'contribution' made by a developer as a commuted sum is the assessed difference in value between a 100% market housing scheme and a scheme with the required level of affordable housing on site. The calculator calculates the difference between the revenue for a market unit (less an allowance for developer return and marketing fees) and the revenue for an equivalent affordable housing unit, at the relevant percentage of affordable housing. The calculator also considers the location of the site as housing markets(values) vary across the area.
6. Whilst the calculator includes default market housing values, applicants can provide alternative market values, supported by robust evidence for the Council to consider.
7. Developer return (also referred to as developers' profit) for all of the housing types will be inputted into the model. For market housing the calculator uses 17.5% of GDV (mid-way in the range recommended for plan-making in

paragraph 18 of NPPG guidance and used in the Dorset Council area viability assessment), 10% for first homes, and 6% for affordable housing. Marketing of market housing is generally inputted as 3%. These developer returns and cost for marketing are again informed by the Dorset Wide Viability Evidence 2022 and are widely accepted by the commercial industry. Should an applicant submit a developers return and marketing fees higher than those used above, then this will need to be robustly justified by the applicant. The appellant in this case has justified a figure of 20% of GDV, as this is usual for the retirement sector.

8. The calculator recognises that delivering 100% market housing on-site will result in an increased CIL requirement for the application. The adopted Community Infrastructure Levy charge (index linked) for the area in which the site is located is inputted to the calculator. This results in an overall reduction in the commuted sum.
9. The default option for calculating the value of affordable housing market units is based on evidence used in the Dorset Wide Viability Evidence 2022. An initial calculation by the housing enabling team using the default figures in the toolkit resulted in a requirement of £1,219,769 (October 2025). Following consultation with the DVS officer our housing enabler officer recalculated the requirement using the appellant's market values and floorspace values and allowing a developer profit of 20%, resulting in a requirement of £1,573,993 on 26 November 2025. Attached (Appendix 2) are pdfs of the calculator sheets (not including the licence).
10. The calculator is property of Three Dragons Ltd and, as such, is commercially sensitive. It is licensed for use to officers at the Council, but the Council does not have access to the formulae behind the calculator. The principles of the formulae are set out in Appendix 1 of the Three Dragons guidance attached as Appendix 3.

Guidance Note for Affordable Housing Provision in West Dorset

November 2015

Policy HOUS 1 – Affordable Housing

Policy HOUS1 in the West Dorset, Weymouth & Portland Local Plan was adopted by West Dorset District Council on 22nd October 2015. It sets out the Council's approach to the provision of affordable housing on open market housing sites in the District.

Threshold Above Which Affordable Housing Will Be Sought

Policy HOUS 1 establishes that all new market housing, where there is a net gain of at least one market dwelling, should make a contribution to meeting affordable housing needs.

Exemptions

Criterion (i) of Policy HOUS 1 makes it clear that a contribution to the provision of affordable housing will not be sought where:

- the proposal is for the replacement or sub-division of an existing home.

Paragraph 5.2.5 of the Local Plan makes it clear that a contribution to the provision of affordable housing will not be required from:

- essential rural workers' dwellings; and
- homes restricted to holiday use.

National guidance (Paragraph Reference ID: 23b-031-20150814) also establishes that a contribution to the provision of affordable housing should not be required from:

- starter homes exception sites.

Self-build homes are not exempt from making a contribution to affordable housing provision, although they will be exempt from Community Infrastructure Levy (CIL) charges.

Proportion of Affordable Housing Sought

The Council will seek 35% of the total number of dwellings on a market housing site in West Dorset to be affordable.

On- and Off-site Provision

On-site provision will always be sought unless:

- this would not deliver a whole unit; or
- there is compelling evidence why off-site provision or a financial contribution of equivalent value would be of greater all-round benefit.

Viability

Applicants seeking to justify a lower level of affordable housing provision (whether on- or off-site or by way of a financial contribution of equivalent value) will be expected to provide an assessment of viability.

Financial Contributions

A financial contribution will be necessary in West Dorset:

- on market housing sites where one or two net additional dwellings are proposed (as on-site provision of 35% affordable housing is not feasible); and
- where on- or off-site provision can only deliver a partial contribution towards the percentage of affordable housing being sought. In such circumstances, the balance between the target of 35% affordable housing provision and the (lower) level of on- or off-site provision being delivered should be made up by way of a financial contribution.

Exceptionally, a financial contribution of equivalent value may be acceptable where there is compelling evidence that it would be of greater all-round benefit than on- or off-site provision.

Level of Financial Contributions Sought

Where the Council agrees to a financial contribution being made, it will not seek the full amount required to deliver an equivalent affordable home, but rather an amount broadly equivalent to the average level of public sector subsidy required to deliver an equivalent affordable home in West Dorset. This level of subsidy is equivalent to £345 per square metre [C].

The Council has established a 'per square metre' contribution payable on the Gross Internal Area (GIA) of the market element of a scheme, discounting any on- or off-site affordable housing provision. Financial contributions will be sought on the basis that they would provide sufficient subsidy to deliver a GIA of affordable housing equivalent to the GIA of the market housing scheme proposed.

In West Dorset, where 35% affordable housing is required [P], the contribution is calculated on the basis of this level of contribution and the number of market units on site [N].

Level of contribution = $N \times 0.35 \times \text{GIA} \times \text{£}345$.

In West Dorset, where 35% affordable housing is required, a contribution equivalent to £121 per square metre will be sought. This figure is equivalent to $\text{£}345 \times 0.35 = \text{£}120.75$ (rounded to £121 per square metre).

Worked Example: West Dorset – Single Dwelling

For a single net additional market dwelling of 100 square metres GIA in West Dorset

Number of units [N]	1	
Percentage of affordable housing required [P]	35%	
Number of affordable houses required by policy HOUS1 [N x P]	1 x 0.35	= 0.35
Average Gross Internal Floor Area [A]	100 square metres	
Level of contribution being sought [C]	£345 per square metre	
Contribution required to provide a single affordable dwelling of equivalent size [A x C]	100 x £345	= £34,500
LEVEL OF CONTRIBUTION SOUGHT IN THIS EXAMPLE	£34,500 x 0.35	= £12,075

[N x P x A x C]		
------------------------	--	--

Worked Examples: West Dorset - On-site Affordable Housing Provision Delivering Part of the Percentage Being Sought

A site for four houses in West Dorset would enable one affordable dwelling to be provided on site. A financial contribution would be required for the balance based on the average GIA across the scheme as a whole.

Assuming no affordable housing units are provided:

Number of units [N]	4	
Percentage of affordable housing required [P]	35%	
Number of affordable houses required by policy HOUS1 [N x P]	4 x 0.35	= 1.4
Average Gross Internal Floor Area [A]	100 square metres	
Level of contribution being sought [C]	£345 per square metre	
Contribution required to provide a single affordable dwelling of equivalent size [A x C]	100 x £345	= £34,500
LEVEL OF CONTRIBUTION SOUGHT IN THIS EXAMPLE [N x P x A x C]	£34,500 x 1.4	= £48,300

Assuming one affordable housing unit is provided on site:

Number of units [N]	4	
Percentage of affordable housing required [P]	35%	
Number of affordable houses required by policy HOUS1 [N x P]	4 x 0.35	= 1.4
Subtract affordable housing units provided on site	1.4 – 1	=0.4
Average Gross Internal Floor Area [A]	100 square metres	
Level of contribution being sought [C]	£345 per square metre	
Contribution required to provide a single affordable dwelling of equivalent size [A x C]	100 x £345	= £34,500
LEVEL OF CONTRIBUTION SOUGHT TO PROVIDE THE RESIDUAL AFFORDABLE HOUSING REQUIREMENT [N x P x A x C]	£34,500 x 0.4	= £13,800

If average GIA was increased to 125 square metres, the contribution would be equivalent to:
 $4 \times 0.35 \times 125 \times \text{£}345 = \text{£}60,375$ if no affordable housing is provided on site.

A calculator has been made available to enable easy calculation of the level of contribution required under Policy HOUS1. This enables any on site affordable housing units to be counted in the calculation of the overall contribution. The calculator can be found [here](#).

Measuring Gross Internal Area (GIA)

Guidance on how GIA should be measured is set out in Appendix 1. This is based on the RICS Property Measurement (Incorporating International Property Measurement Standards), published 18th May 2015, but excludes areas with a headroom of less than 1.5 metres (except under stairs), reflecting the Valuation Office Agency's approach to measuring property for rating and council tax purposes.

Appendix 1 - Gross Internal Area Definitions

Gross Internal Area (GIA) is the area of a building measured to the internal face of the perimeter walls at each floor level.

It *includes*:

- Areas occupied by internal walls and partitions;
- Columns, piers, chimney breasts, stairwells, lift-wells, other internal projections, vertical ducts, and the like;
- Atria and entrance halls, with clear height above, measured at base level only;
- Internal open-sided balconies, walkways, and the like;
- Structural, raked or stepped floors are property to be treated as a level floor measured horizontally;
- Horizontal floors, with permanent access, below structural, raked or stepped floors;
- Corridors of a permanent essential nature (e.g. fire corridors, smoke lobbies);
- Mezzanine floor areas with permanent access;
- Lift rooms, plant rooms, fuel stores, tank rooms which are housed in a covered structure of a permanent nature, whether or not above the main roof level;
- Service accommodation such as toilets, toilet lobbies, bathrooms, showers, changing rooms, cleaners' rooms, and the like;
- Projection rooms;
- Voids over stairwells and lift shafts on upper floors;
- Loading bays;
- Pavement vaults;
- Garages; and
- Conservatories.

It *excludes*:

- Perimeter wall thicknesses and external projections;
- External open-sided balconies, covered ways and fire escapes
- Canopies;
- Areas with a headroom of less than 1.5m (except under stairs);
- Voids over or under structural, raked or stepped floors; and
- Greenhouses, garden stores, fuel stores, and the like.

HOUS 1 Calculations

Only enter data in the cells coloured Yellow

Stage 1: Overall level of contribution		
% affordable housing being sought	25%	Portland <small>select the location of the site from the drop-down list</small>
Total number of units on site	12	units <small>enter the total number of units proposed on the site</small>
Average Gross Internal floor Area of market units	100	square metres <small>enter the AVERAGE gross internal floorspace of the MARKET units on site</small>
Theoretical number of affordable units to be provided	3 units	
Total HOUS1 contribution sought	£103,500	

Stage 2: Residual contribution <small>if affordable units are being proposed on the site, enter the details here.</small>		
Number of affordable units proposed on site	2	units <small>enter the total number of affordable units proposed on site</small>
Residual number of affordable units	1 units	
Residual contribution	£34,500	

Appendix 2

Extracts from current calculator

**Dorset Council
Commuted Sums Calculator
(April 2025)**



Press here to clear all data from
the calculator

Scheme:	Churchill retirement village, land to rear of 156-172 South Street, Bridport
Application No:	P/FUL/2024/04613
Notes:	
Date:	26/11/2025
User:	Paul Derrien

Dorset Council
Commuted Sums Calculator
(April 2025)



Table 2.1
 Select a value area from the dropdown list

	V2: Dorset Central & West
	Flats
	Houses
£ per sqm	£3,656
HPI (January 2021)	£3,461
Latest HPI	86.5
	97.8

Table 2.2

	Market Value	
	Default	User Values
Flats	1 bed	£218,420
	2 bed	£335,814
	3 bed	£351,356
	4 bed	£429,895
House	Terraced	£226,962
	Terraced	£370,260
	Semi	£309,137
	Semi	£309,137
	Semi	£309,137
	Detached	£414,792
	Detached	£363,921
	Detached	£414,792
	Detached	£465,663
	Bungalow	£226,962
		£430,000

Table 2.3

	Default	User Defined
Developer Return (Open Market)	17.50%	20.00%
Contractor Return (First Homes)	10.00%	
Contractor Return (Affordable)	6.00%	
Marketing Fees	3.00%	

Table 2.4

	User Defined
CIL Rate per sqm (House)	£1,144.28
CIL Rate per sqm (Flat)	£1,144.28

Continue to Tab 3. AH Values

Total Commuted sum
£1,573,993

Client version

[View Licence agreement here](#)

6) Table 2.1 select a value area from the drop-down. There are three ways in which the user can use these tables to provide house price information:

Option 1: Make no changes to Table 2.1 and use the values already in the Calculator in the grey cells. These give a value per square metre based on January 2025 prices. See the Guidance Notes for further information on the source of this data. The unit values are shown in the 'Default' column in Table 2.2.

Option 2: If the user would like to use the latest HPI figure, this should be entered in the green in Table 2.1 - the unit values in the Default column will change to reflect the updated HPI figure. The Guidance Notes explains where to look for this information. Do not leave the value in the green cell blank or reduce to '0' - leave unchanged if you want to use the Calculator's default values.

Option 3: Input your own values in Table 2.2 in the 'User Values' column. You only have to put in values for those unit types selected in Table 1.4 on the 'Scheme' tab.

7) Table 2.3 - sets out the developer return (sometimes called profit) and marketing fees. The percentages already in the Calculator are shown in grey in the 'Default' column - see the Guidance Notes for more details. If the user would like to use an alternative figure, then these can be entered in the column labelled 'User Defined'.

8) Table 2.4 - enter the current CIL rate that applies for this type of development in the green cells.

Dorset Council
Commuted Sums Calculator
(April 2025)



Table 2.1
 Select a value area from the dropdown list

	V2: Dorset Central & West
	Flats
	Houses
£ per sqm	£3,656
HPI (January 2021)	£3,461
Latest HPI	86.5
	97.8

Table 2.2

	Market Value	
	Default	User Values
Flats	1 bed	£218,420
	2 bed	£335,814
	3 bed	£351,356
	4 bed	£429,895
House	Terraced	£226,962
	Terraced	£370,260
	Semi	£309,137
	Semi	£309,137
	Semi	£309,137
	Semi	£414,792
	Detached	£363,921
	Detached	£414,792
	Detached	£465,663
	Bungalow	£226,962
		£430,000

Table 2.3

	Default	User Defined
Developer Return (Open Market)	17.50%	20.00%
Contractor Return (First Homes)	10.00%	
Contractor Return (Affordable)	6.00%	
Marketing Fees	3.00%	

Table 2.4

	User Defined
CIL Rate per sqm (House)	£1,144.28
CIL Rate per sqm (Flat)	£1,144.28

Continue to Tab 3. AH Values

Total Commuted sum
£1,573,993

Client version

[View Licence agreement here](#)

6) Table 2.1 select a value area from the drop-down. There are three ways in which the user can use these tables to provide house price information:

Option 1: Make no changes to Table 2.1 and use the values already in the Calculator in the grey cells. These give a value per square metre based on January 2025 prices. See the Guidance Notes for further information on the source of this data. The unit values are shown in the 'Default' column in Table 2.2.

Option 2: If the user would like to use the latest HPI figure, this should be entered in the green in Table 2.1 - the unit values in the Default column will change to reflect the updated HPI figure. The Guidance Notes explains where to look for this information. Do not leave the value in the green cell blank or reduce to '0' - leave unchanged if you want to use the Calculator's default values.

Option 3: Input your own values in Table 2.2 in the 'User Values' column. You only have to put in values for those unit types selected in Table 1.4 on the 'Scheme' tab.

7) Table 2.3 - sets out the developer return (sometimes called profit) and marketing fees. The percentages already in the Calculator are shown in grey in the 'Default' column - see the Guidance Notes for more details. If the user would like to use an alternative figure, then these can be entered in the column labelled 'User Defined'.

8) Table 2.4 - enter the current CIL rate that applies for this type of development in the green cells.



	Method of Calculation
Affordable Rent	% of Open Market Value
Social Rent	% of Open Market Value
Shared Ownership	% of Open Market Value
First Homes	% of Open Market Value
Other	% of Open Market Value

	Default	User Defined
Affordable Rent	57.5%	
Social Rent	42.5%	
Shared Ownership	70.0%	
First Homes	70.0%	
Other	70.0%	

	Bournemouth BRMA	User Defined
LHA rates		
1 bed	£159.95	
2 bed	£201.37	
3 bed	£264.66	
4+ bed	£356.71	
Social Rent	Default	User Defined
% of total LHA rate	75%	
Manage/maintenance costs pa	£1,500	
Repairs reserve	£600	
Voids & bad debts	2.50%	
Capitalisation rate	4.50%	
Flats service charge (pw)	£10	
House service charge (pw)	£5	
Average % purchased	40%	
Rental on unbought share	2.75%	
Capitalisation rate	5.50%	
Repairs Reserve	£4,000	

9) **Table 3.1** there are three ways in which the Calculator calculates the value of the affordable housing units for Affordable Rent, Social Rent and Shared Ownership. The user must select from the yellow dropdown lists for each of these three tenures:

Option 1: % of open market (also known as a transfer value) **Table 3.2** – the Calculator automatically calculates the affordable housing value as a percentage of market value (as used in the Local Plan testing) and set out in the 'Default' column. If the user wishes to use an alternative percentage of market value for any of the tenures then this percentage should be entered into the 'User Defined' Column.

Option 2: Capitalised value where the Calculator calculates the value of each unit based on the assumptions in **Table 3.3**. The user should first select the relevant BRMA area in which the development is located from the yellow drop-down. The Guidance Notes sets out the source information for the default assumptions. . If the user want to use their own assumptions these should be inputted in the 'User Defined' column.

Option 3: User defined – **Table 3.4** – the user can enter their own affordable housing values by tenure and dwelling mix and size

The method of calculation used in the model will be whatever has been selected in Table 3.1 regardless of what assumptions are entered into Table 3.2 to 3.4.

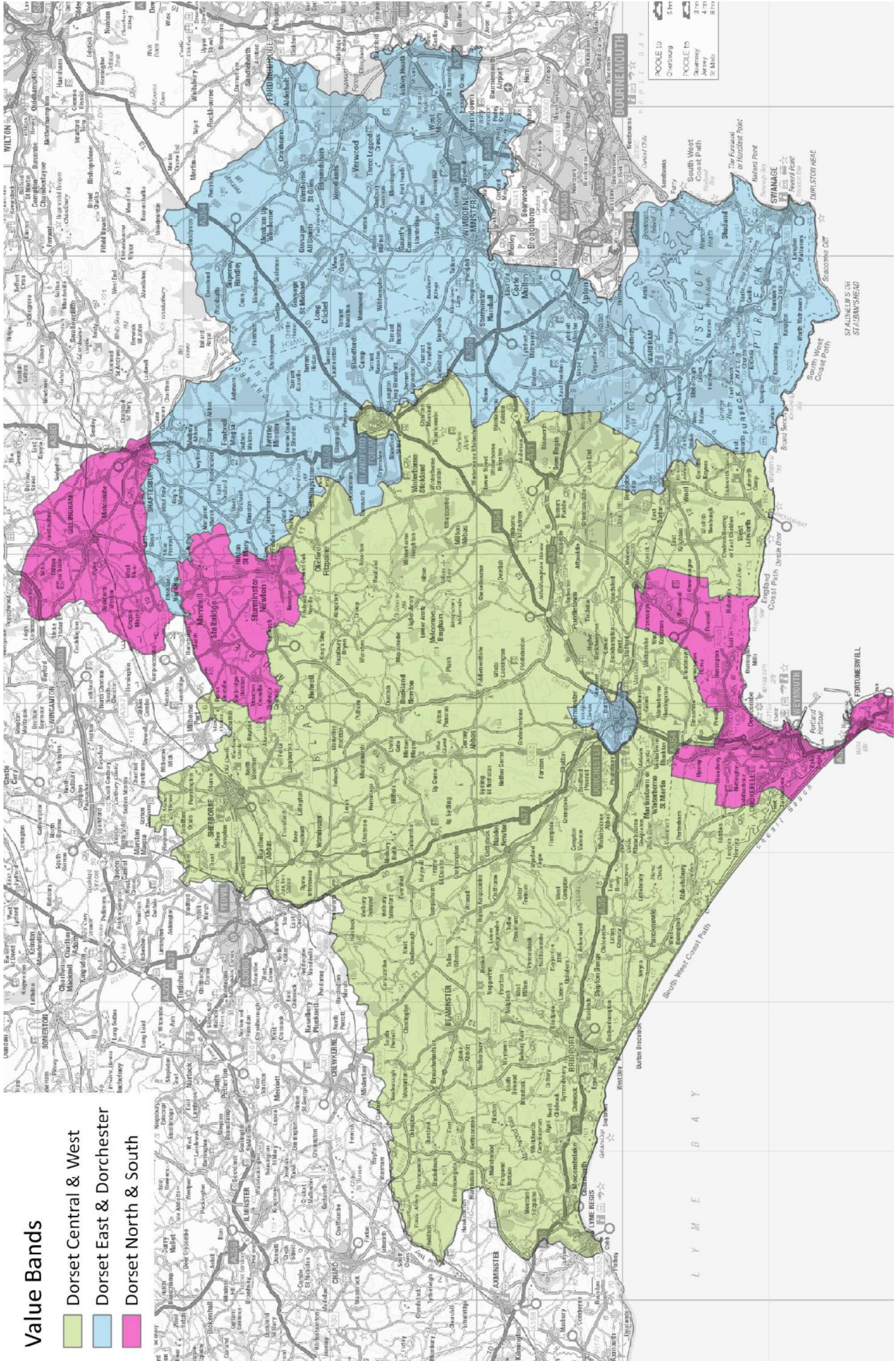
	Affordable Rent	Social Rent	Shared Ownership	First Homes	Other
Flats	1 bed				
	2 bed				
	3 bed				
	4 bed				
Houses	Terraced				
	Terraced				
	Semi				
	Semi				
	Semi				
	Semi				
	Detached				
	Detached				
Bungalow					

Table 3.4 (User Defined values)

You should now have your committed sum calculated - see top of page on any of the tabs

Value Bands

- Dorset Central & West
- Dorset East & Dorchester
- Dorset North & South







Dorset Council

Commuted Sums Calculator

Guidance Notes – April 2025

Disclaimers	
Quality statement	In preparing this report, the authors have followed national and professional standards, acted with objectivity, impartially, without interference and with reference to appropriate available sources of information. No performance-related or contingent fees have been agreed and there is no known conflict of interest in advising the client group.
Use of these Guidance Notes	These notes are for internal use within Dorset Council and for no other purpose. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the Guidance Notes unless previously agreed.

CONTENTS

CONTENTS.....	3
1 Purpose & principles	4
Purpose of the Commuted Sum Calculator (CSC).....	4
Principles of the calculator	5
Chapter 2 Operation of the Calculator	6
Use of the tabs.....	6
‘Tab 0’ Landing page	6
‘Tab 1’ Mix	7
‘Tab 2’ Market Values	12
‘Tab 3’ Affordable Housing (AH) Values	16
Arriving at a final value	19
Appendix 1 – Calculation of the commuted sum	20
Appendix 2 Licence agreement.....	21
Appendix 3 HPI, LHA rates & AH capitalisation.....	32

1 Purpose & principles

Purpose of the Commuted Sum Calculator (CSC)

- 1.1** In exceptional circumstances, the council may agree that an affordable housing contribution does not need to be provided on site. Each of the former local planning authorities within the Dorset Council area have their own extant policies that should be referred to in respect of planning applications and decision making. In exceptional circumstances, the council allows a financial contribution as an alternative to on-site provision of affordable housing. Such a payment is known as a commuted sum.
- 1.2** The council may seek a partial financial contribution in lieu of housing to bring the total provision within a development up to the sum required in the policy. For example, 35% of 22 units is 7.7 units which could translate into 7 units on-site and the remaining 0.7 units provided as a commuted sum.
- 1.3** Having decided that a commuted sum is to be collected, it is important that there is a consistent and transparent mechanism for calculating that sum. The Commuted Sum Calculator provides this mechanism.
- 1.4** This calculator is not a viability assessment, it does **not** calculate whether the scheme can afford the policy compliant amount of affordable housing. To do this would require a full analysis of costs and revenues with supporting information as to how they were derived and the appropriate financial modelling. This Calculator is designed for the specific purpose of estimating¹ a commuted sum and assumes that the amount being collected is viable (either on its own or in combination with an on-site provision). It is also important to note that in the unlikely circumstance that it is acceptable to seek a substantial level of off-site affordable housing, through the use of a commuted sum, that this should be subject to a full site specific viability appraisal, using the equivalence approach, to determine that commuted sum rather than the commuted sum calculator.
- 1.5** These guidance notes explain the principles behind the Calculator, the data it uses and provides step by step instructions on how to use the Calculator.
- 1.6** The Calculator uses the most up-to date information available. This includes viability evidence (e.g. about affordable housing rents, development costs) completed for the draft Dorset Local Plan in May 2022 which can be found on the council's website². The 2022 viability evidence

¹ The Commuted Sum Calculator is not a full viability assessment and therefore the figures produced are an estimate to produce a consistent request. Factors such as build and land costs are not included and CIL is only applied to NIA for flats rather than GIA as it would in practice.

² <https://www.dorsetcouncil.gov.uk/w/dorset-council-area-viability-assessment>

also identified value areas for Dorset and these are available in the Calculator but users are not restricted to these value areas and can input their own market values if they prefer.

- 1.7** However, where affordable housing targets are referenced, users of the Calculator should use the targets set out in the adopted local plans for the area in which the scheme is located.

Principles of the calculator

- 1.8** The key principle underlying the Calculator is that the developer of a scheme should be broadly no worse or better off financially, whether they provide the affordable housing on site or as a commuted sum.
- 1.9** **The 'contribution' made by a developer as a commuted sum is the assessed difference in value between a 100% market housing scheme and a scheme with the required level of affordable housing on site.**
- 1.10** The Calculator calculates the difference between the revenue for a market unit (less an allowance for the developer return and marketing fees) and the revenue for an equivalent affordable housing unit, at the relevant % of affordable housing; with an allowance made for a Community Infrastructure Levy that would have been exempted if the affordable housing had been provided on-site. Appendix 1 sets this out in more detail.
- 1.11** Underlying the calculation is the premise that the scheme is viable for the % of affordable housing being tested. If this is not the case, the % of affordable housing sought should be adjusted BEFORE calculating the commuted sum to be paid.

2 Operation of the Calculator

Use of the tabs

Use of the tabs

- 2.1** When the Calculator is opened, the user will see five tabs at the bottom of the page. Please note that Tab 4 sets out the licence agreement and the user is deemed to be bound by the terms of the licence agreement by using the Calculator.
- 2.2** Each tab and the required inputs are explained below – the screenshots taken from the Calculator shown in the following step by step guidance, do not represent a specific scheme but illustrate how each stage of the Calculator works.

Good practice tip:

The Council should save a 'master' file should a copy become lost or corrupted. It is then envisaged that the user would save and store each 'assessment' separately so that future iterations can be identified.

'Tab 0' Landing page

- 2.3** When the Calculator is first opened, a security warning appears in the toolbar above the Calculator. Users should press the 'Options button' and tick the 'Enable this option' button in the screen that is called up. If users are concerned about using macros with their system or have issues regarding opening the Calculator, they should seek their own IT advice.
- 2.4** The landing page provides the user with spaces in which to enter information about the scheme being assessed including a planning application number, date of the assessment and who is the author of the assessment.

Good practice tip:

Whilst entering this detail is not essential to operate the Calculator it is advised that users record and save the versions of the Calculator to include within the planning file for future reference.

The 'landing page'

Dorset Council
Commuted Sums Calculator
(v1.1)

Three Dragons

Press here to clear all data from the calculator

Scheme:
Application No:
Notes:
Date:
User:

- 2.5 With the landing page open, there are a series of tabs at the bottom of the page. Having completed the landing page, the user should move to Tab 1 – Mix.

Good practice tip:

Before any data is entered elsewhere in the Calculator, it is good practice to clear existing data from the version of the Calculator that is being used. This is done using the 'button' in the top right and corner of the page.

'Tab 1' Mix

- 2.6 Tab1 deals with the basic data about the scheme. The page is divided into two halves with the left hand side of the page for data and the right-hand side, giving guidance about the process for data entry. The tables on Tab1 are described in turn.

Table 1.1	
Total Dwellings	11.00
% affordable housing	35.00%

- 2.7 **Table 1.1** – in the green cells, the user enters the number of dwellings in the scheme and the applicable percentage of affordable housing that is sought. In this example, there is a scheme of 11 units with a requirement for 35% affordable housing. Users of the Calculator should refer to the affordable housing target in the local plan for the area in which the site is located.
- 2.8 **Table 1.2** – deals with on-site provision and the balance of affordable housing to be provided as a commuted sum.

Table 1.2	
Total number of affordable dwellings	3.85
On-site provision	2.00
Affordable dwellings taken as a commuted sum	1.85

2.9 The total number of affordable dwellings is taken from Table 1.1 (in this example 3.85 units). If any of the dwellings are to be provided on-site, the user enters the number of these in the green cells, as in the above illustration (in the above example, 2 affordable units are to provided on-site. If there are none on-site, enter 0 or leave this cell blank. In our example the Calculator shows that 1.85 are to be provided as a commuted sum.

2.10 The Calculator can also be used where the user knows the number of dwellings for which a commuted sum is to be collected. In the above example, this would be 1.85 dwellings. In this case, the user completes tables 1.1 and 1.2 as follows:

Table 1.1	
Total Dwellings	1.85
% affordable housing	100.00%
Table 1.2	
Total number of affordable dwellings	1.85
On-site provision	0.00
Affordable dwellings taken as a commuted sum	1.85

2.11 Table 1.3 (see below) – in the pale orange cells, the user enters the number of affordable units for the different tenures used in the Calculator.

Good practice tip:

It is entirely acceptable to use the Calculator on the basis of a small fraction of a house type, however, users should not enter the number of units to greater than two decimal points (as above). This will make the calculations easier to perform and understand.

2.12 The tenures in the Calculator are:

- Affordable Rent
- Social Rent
- Shared Ownership
- First Homes
- Other

2.13 The 'Other' category is where the user has identified a tenure that is different from the other four tenures available in the Calculator. If you are unsure or require a bespoke tenure not listed, Please contact Three Dragons if further guidance is required.

Good practice tip:

Our advice is that any tenure that is simply a discount on full market value (without any repayment requirements on the discount) can be treated as if it were First Homes.

2.14 A completed **Table 1.3** is illustrated below, again for the scheme with 1.85 units as affordable dwellings taken as a commuted sum

Table 1.3	
	User Values
Affordable Rent	1.00
Social Rent	0.60
Shared Ownership	0.25
First Homes	
Other	

2.15 If the number of units does not add to the correct number, there will be a '**warning**' sign. An example is shown below in red. By limiting the decimal

Table 1.3	
	User Values
Affordable Rent	1.00
Social Rent	4.00
Shared Ownership	0.25
First Homes	
Other	
Warning User Defined number does not match total	

2.16 Table 1.4 has two functions - namely the dwellings type and the floor area (NIA)³ of the affordable dwellings in a scheme.

Table 1.4				
			Dwelling Sqm	
			Default	User Values
Flats		2 bed	70.00	
		2 bed	70.00	
		2 bed	70.00	
		2 bed	70.00	
Houses	Semi	2 bed	79.00	
	Semi	3 bed	93.00	
	Semi	2 bed	79.00	
	Semi	2 bed	79.00	
	Semi	2 bed	79.00	
	Semi	4 bed	106.00	
	Detached	3 bed	93.00	
	Detached	4 bed	106.00	
	Detached	5 bed	119.00	
	Bungalow	1 bed	58.00	

2.17 The affordable dwelling types including the number of bedrooms can be changed with the use of drop down lists in the yellow cells. For instance, in the following example the 2 bed flats could be changed to any of 1 to 5 beds. There are 4 available flat types and 10 available house types.

Table 1.4					
			Dwelling Sqm		
			Default	User Values	
Flats		2 bed	70.00		
		1 bed	70.00		
		2 bed	70.00		
		3 bed	79.00		
Houses	Semi	4 bed	93.00		
	Semi	5 bed	79.00		
	Semi	2 bed	79.00		
	Semi	4 bed	106.00		
	Detached	3 bed	93.00		
	Detached	4 bed	106.00		
	Detached	5 bed	119.00		
		Bungalow	1 bed	58.00	

³ NIA (net internal area) is the area that is 'sold' – for houses NIA and GIA (gross internal area) is the same – for flats the GIA will be greater than the NIA as it includes circulation and plant area

2.18 The Calculator provides a 'default' size in the grey column which is based on the Nationally Described Space standards⁴. The user is able to change the size of the flats or houses by entering their own dwelling size in the pale orange cells in the column labelled 'User Values'. Any value entered in the 'user values' in the pale orange cells will over-ride the default values and will be used in the calculation of the commuted sums. In the following illustration, the user wants to use a 90 sq m two bed semi and in this example has inputted the over-ride in place of the default assumption of 79 sqm.

			Dwelling Sqm	
			Default	User Values
Flats		1 bed	50.00	
		2 bed	70.00	
		2 bed	70.00	
		2 bed	70.00	
Houses	Semi	2 bed	79.00	90.00
	Terraced	3 bed	93.00	
	Semi	2 bed	79.00	
	Semi	2 bed	79.00	
	Semi	2 bed	79.00	
	Semi	4 bed	106.00	
	Detached	3 bed	93.00	
	Detached	4 bed	106.00	
	Detached	5 bed	119.00	
	Bungalow	1 bed	58.00	

2.19 Once **Table 1.4** is finished, the user must then allocate each dwelling (or portion of dwelling) into the different tenures set out in **Table 1.5**, as in the following example.

Table 1.4				Table 1.5						
			Dwelling Sqm		Affordable Rent	Social Rent	Shared Ownership	First Homes	Other	
			Default	User Values						
Flats		1 bed	50.00		1.00					
		2 bed	70.00							
		2 bed	70.00			0.60				
		2 bed	70.00							
Houses	Semi	2 bed	79.00	90.00			0.25			
	Terraced	3 bed	93.00							
	Semi	2 bed	79.00							
	Semi	2 bed	79.00							
	Semi	2 bed	79.00							
	Semi	2 bed	79.00							
	Semi	4 bed	106.00							
	Detached	3 bed	93.00							
	Detached	4 bed	106.00							
	Detached	5 bed	119.00							
Bungalow	1 bed	58.00								
					1.00	0.60	0.25	0.00	0.00	Total
					1.00	0.60	0.25	0.00	0.00	Required

⁴ See https://assets.publishing.service.gov.uk/media/6123c60e8fa8f53dd1f9b04d/160519_Nationally_Described_Space_Standard.pdf

2.20 In the above example the user is modelling:

- One 1b flat of 50 sq m – as affordable rent
- 0.6 of a 2 bed flat at 70 sq m – social rent
- 0.25 of a 2 bed semi at 90 sq m – shared ownership

Good practice tip:

Keep the splits as simple as possible and do not exceed 2 decimal places as this will make the calculation more complicated and prone to error

2.21 There are two lines at the bottom of **Table 1.5**. The first calculates the total amount of dwellings that the user has allocated to each tenure. The second gives an indication of the number of units that it is expecting is 'required' based on the data that the user input into **Table 1.3**. If the total number of units in any tenure does not sum to the required number (as shown in **Table 1.3**) a red 'warning light' appears at the foot of the table.

Good practice tip:

The unit type and number of each tenure should have already been agreed as part of the application but if this has not been stated then use the latest version of the HNA

2.22 When tables 1.1 to 1.5 are completed, the user should move to Tab 2 – Market Values.

'Tab 2' Market Values

2.23 The Calculator provides the user with different options for calculating the market values, but for whichever option the user needs to replicate the mix used in **Table 1.5**.

2.24 The Calculator has a set of default market values shown in the grey cells in Table 2.2 in the column called 'Default'. These values are based on the values drawn from the Dorset Local Plan evidence base⁵, and reflect values at January 2021. The default values are a calculated figure that multiplies together the value per sq m shown in Table 2.1 and the dwelling size set out in Table 1.4. For example, the two bed semi at 79 sq m and £3,643 per sq m generates a market value of £286,619. If the user does nothing further at Tab 2, these are the values that will be used by the Calculator for each dwelling that the user has specified as part of the mix in **Table 1.5**.

⁵ <https://www.dorsetcouncil.gov.uk/web/guest/-/dorset-council-area-viability-assessment>

2.25 If the default values are not applicable then the user has two options. The first option is to change the £ sq m in Table 2.1 by amending the HPI figure in the green cell as shown below (see Appendix 3 for detailed guidance about updating the HPI figure).

Table 2.1		
Select a value area from the dropdown list	V1: Dorset East & Dorchester	
	Flats	Houses
£ per sqm	£3,691	£3,643
HPI (January 2021)	86.5	
Latest HPI	97.8	

2.26 Alternatively, if the user has information about actual market values for the scheme, the user can override the calculated figures in the grey 'Default' column by entering the market value in the pale orange cells in the column called 'User Values' in **Table 2.2**.

Good practice tip:

It can be a useful check to compare the calculated market values using the £/sq m values in Table 2.1 and dwelling sizes from Table 1.4 with values provided by a scheme's promoter.

Table 2.1			
Select a value area from the dropdown list		V1: Dorset East & Dorchester	
		Flats	Houses
£ per sqm		£3,691	£3,643
HPI (January 2021)		86.5	
Latest HPI		97.8	

Table 2.2				
			Market Value	
			Default	User Values
Flats		1 bed	£208,659	
		1 bed	£208,659	
		3 bed	£354,720	
		4 bed	£434,010	
House	Semi	2 bed	£325,394	
	Semi	2 bed	£325,394	
	Semi	2 bed	£325,394	
	Semi	2 bed	£325,394	
	Semi	2 bed	£325,394	
	Semi	4 bed	£436,604	
	Detached	3 bed	£383,058	
	Detached	4 bed	£436,604	
	Detached	5 bed	£490,150	
Bungalow	1 bed	£238,897		

2.27 The user only has to put in values for the types of units selected in **Table 1.5**, all others can be left blank as they will not form part of the calculation.

2.28 **Table 2.3** – the Calculator is **not** producing a residual value (i.e. taking into account both costs and values in a scheme), it is a **best estimate of** the relative **value** of affordable housing to inform a Commuted Sum request. However, the Calculator does make some cost adjustments to take into account the major differences in cost between market and affordable housing. These relate to return, marketing fees and CIL.

2.29 In **Table 2.3**, the default figures in the grey cells are drawn from the Dorset Local Plan evidence base⁶. However, the user can override these figures by entering their own values in the pale orange cells in the column called 'User Defined'

⁶ <https://www.dorsetcouncil.gov.uk/web/guest/-/dorset-council-area-viability-assessment>

Table 2.3		
	Default	User Defined
Developer Return (Open Market)	17.50%	
Contractor Return (First Homes)	10.00%	
Contractor Return (Affordable)	6.00%	
Marketing Fees	3.00%	

2.30 Table 2.4 is for the user to enter the relevant CIL rate per sq m (in the green cells) that would apply to the selected dwellings in Table 1.4/1.5, as if they were standard market dwellings.

Table 2.4	
	User Defined
CIL Rate per sqm (House)	
CIL Rate per sqm (Flat)	

2.31 In calculating the commuted sum, the Calculator takes a strict view of the equivalence principle. The Calculator assumes that, were the affordable housing provided on-site, the affordable units would be exempt from CIL and therefore the total levy would be reduced accordingly. The Calculator therefore 'allows' for the reduced levy that is foregone and deducts it from the commuted sum that is to be paid. The user may consider that this allowance against the commuted sum is not justified and use a £0 levy.

Please note that this calculation whilst accurate for houses, may not capture the full amount for flats, as CIL is applicable to GIA not NIA (see para 2.16).

2.32 When Tables 2.1 to 2.4 are completed, the user should move to Tab 3 Affordable Housing (AH) Values.

'Tab 3' Affordable Housing (AH) Values

2.33 Table 3.1 sets out three ways in which the Calculator calculates affordable housing revenue. The user can select different ways for different tenures using the drop-down boxes in the yellow cells in **Table 3.1**.

Good practice tip:

The method of calculation used in this Calculator for affordable housing revenue will be whatever has been selected in Table 3.1 regardless of what assumptions are entered into Table 3.2 to 3.4.

Table 3.1	
	Method of Calculation
Affordable Rent	% of Open Market Value
Social Rent	Capitalised Value
Shared Ownership	User defined
First Homes	User defined
Other	% of Open Market Value

2.34 The three options for calculating affordable housing revenue are:

- Option 1 - as a percentage of the Market Value (or Transfer Value) – the market value is taken from **Table 2.2** and the percentage used taken from **Table 3.2** (see below).
- Option 2 - Capitalised value (not to be used for First Homes tenure)
 - For social and affordable rent - calculated as the amount that can be borrowed against the net rent
 - For shared ownership – calculated as the sum of the bought percentage of the open market value and the amount that can be borrowed against the rent on the unbought share
- Option 3 - User defined. Where the user has a known value for the affordable housing they should use the 'User defined' box in the drop-down list then complete **Table 3.4**

2.35 Option 1 - Table 3.2 should be completed when the user specifies that the value for a tenure is to be calculated on the basis of a percentage of open market value.

Good practice tip:

If you are entering user defined figures, note that you can only enter a percentage in this table as it is a proportion of the market value and please keep as simple as possible, preferably with using whole numbers but no more than 2 decimal places to make calculations simple to understand.

If you want to use option 1, then it is suggested that the percentages are checked with locally active registered providers and the council's housing team on an annual basis at the same time

2.36 The grey cells in the column called 'Default' are percentages drawn from the Dorset Local Plan evidence base⁷. Alternatively, the user can over-ride these with different percentages entered into pale orange cells in the right hand column as can be seen below.

Table 3.2 (% of Open Market Value)		
	Default	User Defined
Affordable Rent	57.5%	
Social Rent	42.5%	
Shared Ownership	70.0%	
First Homes	70.0%	
Other	70.0%	

2.37 Option 2 - Table 3.3 sets out the data used by the Calculator to calculate a capitalised value. It has a number of elements with the option for the user to over-ride the default values in the Calculator (shown in the grey cells) by entering their own values in the pale orange cells in the column called 'User Defined' and the dropdown in the yellow cell.

Table 3.3 (Capitalised Value)				
LHA rates			Bournemouth BRMA	User Defined
		1 bed	£137.74	
		2 bed	£174.90	
		3 bed	£218.63	
		4+ bed	£287.67	
		Default	User Defined	
Social Rent	% of total LHA rate	75%		
Affordable Rent & Social Rent	Manage/maintenance costs pa	£1,500		
	Repairs reserve	£600		
	Voids & bad debts	2.50%		
	Capitalisation rate	4.50%		
Affordable Rent	Flats service charge (pw)	£10		
	House service charge (pw)	£5		
Shared Ownership	Average % purchased	40%		
	Rental on unbought share	2.75%		
	Capitalisation rate	5.50%		
	Repairs Reserve	£4,000		

2.38 Each part of Table 3.3 is described in turn:

⁷ <https://www.dorsetcouncil.gov.uk/web/guest/-/dorset-council-area-viability-assessment>

2.39 BRMA – in the yellow box the user needs to select the applicable BRMA area (this generates the rents by bedroom size set out in the grey default cells by bedroom size in Table 3.3, in which the proposed development is located – see Appendix 3 for details on how to do this.

Table 3.3 (Capitalised Value)			
LHA rates		Bournemouth BRMA	User Defined
	1 bed	£137.74	
	2 bed	£174.90	
	3 bed	£218.63	
	4+ bed	£287.67	

2.40 The Calculator assumes that the LHA rate (selected by choosing the BRMA area) is the rate for Affordable Rent (if that tenure is selected). For Social Rent (if selected) the assumes 75% of the LHA rent. Alternatively the user can over-ride the BRMA rates by entering rent figures in the pale orange cells in the column called 'User Defined'.

2.41 The other defaults:

		Default	User Defined
Social Rent	% of total LHA rate	75%	
Affordable Rent & Social Rent	Manage/maintenance costs pa	£1,500	
	Repairs reserve	£600	
	Voids & bad debts	2.50%	
	Capitalisation rate	4.50%	
Affordable Rent	Flats service charge (pw)	£10	
	House service charge (pw)	£5	
Shared Ownership	Average % purchased	40%	
	Rental on unbought share	2.75%	
	Capitalisation rate	5.50%	
	Repairs Reserve	£4,000	

2.42 The default values are all based on commonly used assumptions used to calculate the value of affordable housing in local plan and CIL viability studies. If not appropriate, alternative figures can be entered into the user defined column to the right of the default in the pale orange cells. Please see Appendix 3 for further details regarding the default figures.

Good practice tip:

Whilst you can use the default assumptions, we suggest that you check them with the council's housing team and registered providers' active in the area.

2.43 Option 3 - should the user not want to use either the % of open market method in **Table 3.2** or the capitalised value approach shown in **Table 3.3**, the user is allowed to enter in total per unit figures in **Table 3.4**. Note that this requires a per £/unit figure, and not the total amount. For instance, here we have indicated that each 2 bed affordable flat is worth £80,000 per unit.

Table 3.4 (User Defined values)			Affordable Rent	Social Rent	Shared Ownership	First Homes	Other
Flats		2 bed					
		2 bed					
		2 bed	£80,000				
		2 bed					
Houses	Semi	2 bed					
	Semi	3 bed					
	Semi	2 bed					
	Semi	2 bed					
	Semi	2 bed					
	Semi	4 bed					
	Detached	3 bed					
	Detached	4 bed					
	Detached	5 bed					
	Bungalow	1 bed					

Arriving at a final value

2.44 With all the information entered into the Calculator, the total commuted sum payable is shown at the top of the page, as set out below (and shown on each page of the Calculator). Please remember to 'save as' your final version.

Total Commuted sum
£0

Appendix 1 – Calculation of the commuted sum

- i. The revenue from a scheme varies with the amount of affordable housing and reduces as the proportion of affordable housing increases. This relationship is also affected by the type of affordable housing in a scheme (e.g. social rent versus shared ownership etc). The costs of building a market unit and an affordable unit are similar (for the same type and size of unit). Build costs, fees and the cost of finance do not differ significantly. However, market housing has additional costs (return, marketing & CIL) that do not apply to affordable housing.
- ii. Using the above principles, the commuted sum calculation is as follows:

Steps in calculation	Abbreviations
$CS = RV (M) - RV (AH)$	CS = commuted sum RV (M) =residual value market housing RV (AH) = residual value affordable housing
$RV (M)= Rev (M) - C (M)$	RV (M) = residual value market housing Rev (M) = revenue for market housing C (M) = costs of market housing
$C (M) = \text{Basic costs} + DR\% + \text{Marketing}\%$	C (M) = costs of market housing Basic costs = costs of building, fees and interest DR% = developer return as % revenue Marketing % = marketing fee as % revenue
$RV (AH)= Rev (AH) - C (AH)$	RV (AH) = residual value affordable housing Rev (AH) = revenue for affordable housing C (AH) = costs of affordable housing
$C (AH) = \text{Basic costs}$	C (AH) = costs of affordable housing Basic costs = costs of building, fees and interest (Note – Basic costs are same for market and affordable housing for same type /size of unit)

So that the out-turn commuted sum is calculated as follows:

$$CS = ((\text{Rev}(M) - (\text{Basic costs} + DR\% + \text{Marketing } \%)) - ((\text{Rev} (AH\%)- \text{Basic costs}))$$

$$CS = \text{Rev}(M) - (DR\% + \text{Marketing } \%) - \text{Rev}(AH)$$

Appendix 2 Licence agreement

THREE DRAGONS CALCULATOR LICENCE

IMPORTANT NOTICE: PLEASE READ CAREFULLY BEFORE DOWNLOADING, INSTALLING OR USING THE SOFTWARE: This licence agreement (Licence) is a legal agreement between you (Licensee or You) and Three Dragons (LC) Limited of 123 Marsh Lane, Yeovil, BA21 3BZ (company number 4897621), a company registered in England & Wales (Licensor or We) for this Three Dragons Calculator software product (Software), which includes computer software, the data supplied with it, the associated media, and electronic documentation (Documentation).

Licensor's order number DC1

Licensor's Licence fee £1

Details of Licensee

Name Dorset Council

Registered number

Address County Hall, Colliton Park, Dorchester, DT1 1XJ

Contact details

- Claire Lynch, Email: Claire.Lynch@dorsetcouncil.gov.uk, tel: 01929 557388
- Sue Belamy, Email: sue.belamy@dorsetcouncil.gov.uk, tel 01929 557 303

Licensee's purchase number

Territory

BY PROCEEDING TO DOWNLOAD, INSTALL OR USE THIS SOFTWARE YOU AGREE TO THE TERMS OF THIS LICENCE WHICH WILL BIND YOU AND YOUR EMPLOYEES. IF YOU DO NOT AGREE TO THE TERMS OF THIS LICENCE, WE ARE UNWILLING TO LICENCE THE SOFTWARE TO YOU AND YOU MUST DISCONTINUE INSTALLATION OF THE SOFTWARE NOW

1 Grant and scope of licence

1.1 In consideration of payment of the agreed licence fee as set out in the Licensor's order number to the Licensee from time to time agreed between the Licensor and the Licensee, the Licensee agrees to abide by the terms of this Licence and the Licensor hereby grants a non-exclusive licence to use the Software and the Documentation for business purposes only in the Territory on the terms of this Licence.

1.2 The Licensee may:

- 1.2.1 download, install and use the Software for business purposes only, and in accordance with the Licensor's order number, either as agreed between the parties or if the Licence is a multi-user, the number of concurrent users required by the Licensee, provided that the users are connected to the Licensee, whether by way of being an employee, a third-party contractor or anyone who has purchased, acquired or been provided with a copy of the Software from the Licensee, with the Licensee's permission to use the Software ("Connected Users");
- 1.2.2 receive and use any free supplementary software code or update of the Software incorporating "patches" and corrections of errors as may be provided by the Licensor from time to time;
- 1.2.3 use any Documentation in support of the use permitted under condition 1.1 and make copies of the Documentation as are reasonably necessary for its lawful use.
- 1.2.4 transfer the Software and Documentation and the benefit of this Licence to a Connected User, provided the Connected User has agreed to accept the terms of this Licence.

2 Licensee's undertakings

- 2.1 Except as expressly set out in this Licence or as permitted by any local law, the Licensee undertakes:
 - 2.1.1 not to copy the Software or Documentation except where such copying is incidental to normal use of the Software or where it is necessary for the purpose of back-up or operational security;
 - 2.1.2 not to rent, lease, sub-license, loan, translate, merge, adapt, vary or modify the Software or Documentation;
 - 2.1.3 not to make alterations to, or modifications of, the whole or any part of the Software nor permit the Software or any part of it to be combined with, or become incorporated in, any other programs;
 - 2.1.4 not to disassemble, de-compile, reverse engineer or create derivative works based on the whole or any part of the Software nor attempt to do any such things except to the extent that such actions cannot be prohibited because they are essential for the purpose of achieving inter-operability of the Software with another software program, and provided that the information obtained by the Licensee during such activities:

- (a) is used only for the purpose of achieving inter-operability of the Software with another software program;
 - (b) is not disclosed or communicated without the Licensor's prior written consent to any third party to whom it is not necessary to disclose or communicate it; and
 - (c) is not used to create any software which is substantially similar to the Software;
- 2.1.5 to keep all copies of the Software secure and to maintain accurate and up-to-date records of the number and locations of all copies of the Software;
 - 2.1.6 to supervise and control use of the Software and ensure that the Software is used by Connected Users in accordance with the terms of this Licence;
 - 2.1.7 to replace the current version of the Software with any updated or upgraded version or new release provided by the Licensor under the terms of this Licence immediately on receipt of such version or release;
 - 2.1.8 to include the copyright notice of the Licensor on all entire and partial copies of the Software in any form;
 - 2.1.9 not to provide, or otherwise make available, the Software in any form, in whole or in part (including, but not limited to, program listings, object and source program listings, object code and source code) to any person other than Connected Users without prior written consent from the Licensor.

3 Ownership Acknowledgement

- 3.1** The Licensee may download the Software onto a computer but must erase the Software and Documentation on termination of this licence pursuant to condition **8**.
- 3.2** The Licensor shall at all times retain ownership of the Software in accordance with condition **4** and as originally downloaded or installed by the Licensee and all subsequent downloads, installation of the Software by the Licensee.
- 3.3** The Licensor does not own information provided to it from third party sources whether contained in the Software or Documentation ("Third Party Data") including but not limited to data supplied by the Land Registry, Royal Institution of Chartered Surveyors and governmental bodies and authorities.
- 3.4** The Licensor reserves the right to grant licences to use the Software and Documentation to third parties.

4 Intellectual property rights

- 4.1** “Intellectual Property Rights” includes patents, rights to inventions, copyright and related rights, moral rights, trade marks and service marks, trade secrets, trade names and domain names, rights in get-up, rights to goodwill or to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights (excluding Third Party Data, unless such data has been altered to a material degree by the Licensor for the Software), rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
- 4.2** Subject to any Intellectual Property Rights subsisting in any information or materials, whether provided by the Licensee or a third party, which said information or materials are used in the Software and / or the Documentation, the Licensee acknowledges:
- 4.2.2** that all Intellectual Property Rights in the Software and the Documentation throughout the world, created, developed, subsisting or used in connection with the Software and the Documentation are protected by English intellectual property laws, that rights in the Software and the Documentation are licensed (not sold) to the Licensee, that the Licensee has no rights in, or to, the Software or the Documentation other than the right to use them in accordance with the terms of this Licence and that no Intellectual Property Rights in the Software and / or the Documentation pass to, or are owned by, the Licensee.
- 4.2.3** That any new inventions, designs or processes which evolve in performance of or as a result of the Software, unless otherwise agreed in writing to the contrary with the Licensee, do not belong to the Licensee.
- 4.2.4** that the Licensee has no right to have access to the Software in source code form or in unlocked coding or with comments.
- 4.3** The Licensee shall keep confidential the Software and Documentation and limit access to Connected Users who are engaged in the use of the Software but the Licensee may with the prior approval of the Licensor pass for evaluation purposes only details of the Software to potential users for use only in the Licensee’s local authority area.

5 Connected Users

- 5.1 Connected Users who make use of the Software and Documentation pursuant to this Licence shall be bound by and required to comply with the terms of this Licence.
- 5.2 Upon the Connected User ceasing to be a Connected User, the Connected User must cease to use the Software, destroy, delete the Software and in particular, make no copies or distribute any copies of the Software.
- 5.3 Any rights and benefits conferred on the Connected User by this Licence (including any rights which the Connected User may have had pursuant to the Contracts (Rights of Third Parties) Act 1999) shall automatically terminate upon the Connected User ceasing to be a Connected User, save for any provision, which in relation to the Connected User is expressly or by implication intended to come into force or continue in force after cessation.
- 5.4 The Licensee shall procure that all Connected Users will comply with the obligations contained in this Licence.

6 Warranty

- 6.1 The Licensor warrants that:
 - 6.1.1 the medium on which the Software is stored and distributed is (at the time it is supplied), and will be for the period of 90 days after that time (“Warranty Period”), free from defects in design, material and workmanship under normal use. If a defect in the medium occurs during the Warranty Period, the Licensor will replace it free of charge if the Licensee returns it to the Licensor with (so far as the Licensee is able) a documented example of such defect or error;
 - 6.1.2 during the Warranty Period, the Software will, when properly used, perform substantially in accordance with the functions described in the Documentation, and the Documentation correctly describes the operation of the Software in all material respects;
 - 6.1.3 it has tested the Software for viruses using commercially available virus-checking software, consistent with current industry practice.
- 6.2 The Licensee acknowledges that the Software may not be free of bugs or errors and agrees that the existence of any minor bugs or errors shall not constitute a breach of this Licence.

- 6.3** If, within the Warranty Period, the Licensee notifies the Licensor in writing of any defect or fault in the Software in consequence of which it fails to perform substantially in accordance with the Documentation, and such defect or fault does not result from the Licensee having amended the Software or used it in contravention of the terms of this Licence, the Licensor will, at its sole option, repair or replace the Software, provided that the Licensee makes available all information that may be necessary to assist the Licensor in resolving the defect or fault, including sufficient information to enable the Licensor to recreate the defect or fault.
- 6.4** The Licensor's obligation under condition 6.3 is subject to compliance by the Licensee with the terms of condition 2.1.7 and 1.1.
- 6.5** This condition 6 represents the Licensee's sole remedies for any breach of the Licensor's warranties, given to the Licensee.
- 6.6** The express terms of this Licence are in lieu of all warranties, conditions, undertakings, terms and obligations implied by statute, common law, trade usage, course of dealing or otherwise all of which are hereby excluded to the fullest extent permitted by law.

7 Licensor's liability

- 7.1** The following provisions set out the Licensor's entire liability (including any liability for the acts and omissions of its employees, agents, authorised representatives and sub-contractors) to the Licensee, however, nothing in this Licence shall exclude or in any way limit the Licensor's liability for fraud, or for death and / or personal injury caused by its negligence, or any other liability to the extent that it cannot be excluded or limited as a matter of law.
- 7.2** Subject to condition 7.1 the Licensor shall not be liable under or in connection with this Licence or any collateral contract for:
- 7.2.1** loss of income;
 - 7.2.2** loss of business profits or contracts;
 - 7.2.3** business interruption;
 - 7.2.4** loss of the use of money or anticipated savings;
 - 7.2.5** loss of information;
 - 7.2.6** loss of opportunity, goodwill or reputation;
 - 7.2.7** loss of, damage to or corruption of data; or

- 7.2.8 any indirect or consequential loss or damage of any kind howsoever arising and whether caused by tort (including negligence), breach of contract or otherwise.
- 7.3 Subject to condition 7.1 and condition 7.2, the Licensor's maximum aggregate liability under or in connection with this Licence, or any collateral contract, whether in contract, tort (including negligence) or otherwise, shall be limited to a sum equal to 100% of the licence fee.
- 7.4 Subject to condition 7.1, condition 7.2 and condition 7.3, the Licensor's liability for infringement of third party intellectual property rights shall be limited to breaches of rights subsisting in the UK.
- 7.5 In relation to Third Party Data and Subject to condition 7.1, condition 7.2, condition 7.3 and condition 7.4 the Licensee agrees that:
- 7.5.1 the Licensor will not be liable for any misuse, reliance placed by the Licensee or Connected Users on Third Party Data contained within the Software and Documentation.
- 7.5.2 Third Party Data contained in the Software and Documentation is for guidance only and the Licensor has had no opportunity to check the content, accuracy or veracity of any information or materials contained in the Software which originate from Third Party Data.
- 7.5.3 The Licensor makes no guarantee about the content, accuracy, correctness or completeness of any information or materials from Third Party Data contained in the Software.
- 7.6 This Licence sets out the full extent of the Licensor's obligations and liabilities in respect of the supply of the Software and Documentation. In particular, there are no conditions, warranties, representations or other terms, express or implied, that are binding on the Licensor except as specifically stated in this Licence. Any condition, warranty, representation or other term concerning the supply of the Software and Documentation which might otherwise be implied into, or incorporated in, or conflict with this Licence, or any collateral contract, whether by statute, common law or otherwise, is hereby excluded to the fullest extent permitted by law.

8 Termination

- 8.1 The Licensor may terminate this Licence immediately by written notice to the Licensee if:

- 8.1.1 The Licensee commits a material or persistent breach of this Licence which The Licensee fails to remedy (if remediable) within 14 days after the service on of written notice requiring the Licensee to do so; or
- 8.1.2 a petition for a bankruptcy order to be made against the Licensee has been presented to the court; or
- 8.1.3 the Licensee (where it is a company) becomes insolvent or unable to pay its debts (within the meaning of section 123 of the Insolvency Act 1986), enters into liquidation, whether voluntary or compulsory (other than for reasons of bona fide solvent amalgamation or reconstruction), passes a resolution for its winding-up, has a receiver or administrator manager, trustee, liquidator or similar officer appointed over the whole or any part of its assets, makes any composition or arrangement with its creditors or takes or suffers any similar action in consequence of its debt, or becomes unable to pay its debts (within the meaning of section 123 of the Insolvency Act 1986).
- 8.1.4 The Licensee challenges or disputes the Licensor's ownership of the Intellectual Property Rights in the Software or the Documentation or claims that the Licensee owns all or any part of the Software or the Documentation.

8.2 Upon termination for any reason:

- 8.2.1 all rights granted to the Licensee under this Licence shall cease;
- 8.2.2 the Licensee must cease all activities authorised by this Licence;
- 8.2.3 the Licensee must immediately pay to the Licensor any sums due to the Licensor under this Licence; and
- 8.2.4 the Licensee must immediately delete or remove the Software from all computer equipment in the Licensee's possession and immediately destroy or return to the Licensor (at the Licensor's option) all copies of the Software and Documentation then in the Licensee's possession, custody or control and, in the case of destruction, certify to the Licensor that this has been done.

9 Transfer of rights and obligations

- 9.1 This Licence is binding to the Licensee, Connected Users, the Licensor and the respective successors and assigns of the same.
- 9.2 The Licensee may not transfer, sub-license, assign, charge or otherwise dispose of this Licence, or any of the Licensee's rights or obligations arising under it, without the Licensor's prior written consent.

9.3 The Licensor may transfer, sub-license, assign, charge, sub-contract or otherwise dispose of this Licence, or any of his rights or obligations arising under it, at any time during the term of the Licence.

10 Notices

10.1 All notices given pursuant to this Licence shall be in writing sent to or delivered by hand to the other's registered office (if a company) or its principle place of business (in any other case) for the time being.

10.2 Notices may be sent by hand delivery, by pre-paid first class post or email. Service of notices will be deemed to have been given: -

10.2.1 if by hand delivery, at the time of delivery (and if served outside usual working hours at 9.00am on the next working day); or

10.2.2 if sent by post, on the second working day following the day of posting; or

10.2.3 if sent by email, at the time of transmission and if served outside usual working hours at 9.00am on the next working day.

11 Events outside the Licensor's control

11.1 The Licensor will not be liable or responsible for any failure to perform, or delay in performance of, any of its obligations under this Licence that is caused by an event outside its reasonable control (Force Majeure Event).

11.2 A Force Majeure Event means any act, event, non-happening, omission or accident beyond the Licensor's reasonable control and includes in particular (without limitation) the following:

11.2.1 strikes, lock-outs or other industrial action;

11.2.2 civil commotion, riot, invasion, terrorist attack or threat of terrorist attack, war (whether declared or not) or threat or preparation for war;

11.2.3 fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural disaster;

11.2.4 impossibility of the use of railways, shipping, aircraft, motor transport or other means of public or private transport;

11.2.5 impossibility of the use of public or private telecommunications networks;

11.2.6 the acts, decrees, legislation, regulations or restrictions of any government or of the European Commission or of any regulatory authority.

11.3 The Licensor's performance under this Licence is deemed to be suspended for the period that the Force Majeure Event continues, and it will have an extension of time for performance for the duration of that period. It will use its reasonable endeavours to bring the Force Majeure Event to a close or to find a solution by which its obligations under this Licence may be performed despite the Force Majeure Event and if this cannot be done within 60 days, then either party may terminate this licence.

12 Waiver

12.1 If the Licensor fails, at any time during the term of this Licence, to insist on strict performance of any of the Licensee's obligations under this Licence, or if the Licensor fails to exercise any of the rights or remedies to which he is entitled under this Licence, this shall not constitute a waiver of such rights or remedies and shall not relieve the Licensee from compliance with such obligations.

12.2 A waiver by the Licensor of any default shall not constitute a waiver of any subsequent default.

12.3 No waiver by the Licensor of any of these terms and conditions shall be effective unless it is expressly stated to be a waiver and is communicated to the Licensee in writing.

13 Severability & Validity

13.1 If any of the terms of this Licence are determined by any competent authority to be invalid, unlawful or unenforceable to any extent, such term, condition or provision will to that extent be severed from the remaining terms, conditions and provisions which will continue to be valid to the fullest extent permitted by law.

13.2 The Licensee will not contest the validity or enforceability of these terms solely because it was provided electronically.

13.3 The restrictions contained in this Licence are considered reasonable by the parties (having taken or had the opportunity to take independent legal advice) but in the event that any such restriction is found to be void but would be valid if some part thereof were deleted, or the period of area of application reduced, such restriction shall apply with such modification as may be necessary to make it valid and effective.

14 Entire agreement

This Licence and any document expressly referred to in it represents the entire agreement between us in relation to the licensing of the Software and Documentation and supersedes any prior agreement, understanding or arrangement between us, whether oral or in writing.

15 Dispute Resolution

- 15.1 In the event of any dispute arising between the parties in connection with this agreement which cannot be settled by negotiation, the parties will in good faith, seek to resolve that dispute through mediation under the auspices of the ADR Group, 1st Floor, 83 High Street, Rayleigh, Essex SS6 7EJ or similar organisation as agreed by all parties.
- 15.2 If the dispute is not resolved within 30 days from the start of mediation, or either party fails to participate or to continue to participate in the mediation before the expiration of the said period of 30 days, or the mediation terminates before the expiration of the said period of 30 days, the dispute shall be finally resolved by the courts of England and Wales in accordance with clause 15.4 in this agreement.
- 15.3 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.
- 15.4 Each party irrevocably agreed that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

16 VAT

Save insofar as otherwise expressly provided all amounts stated in this Licence are expressed exclusive of Value Added Tax and any Value Added Tax arising in respect of any supply made hereunder shall on the issue of a valid tax invoice in respect of the same be paid to the party making such supply by the party to whom it is made in addition to any other consideration payable therefor.

17 Contact

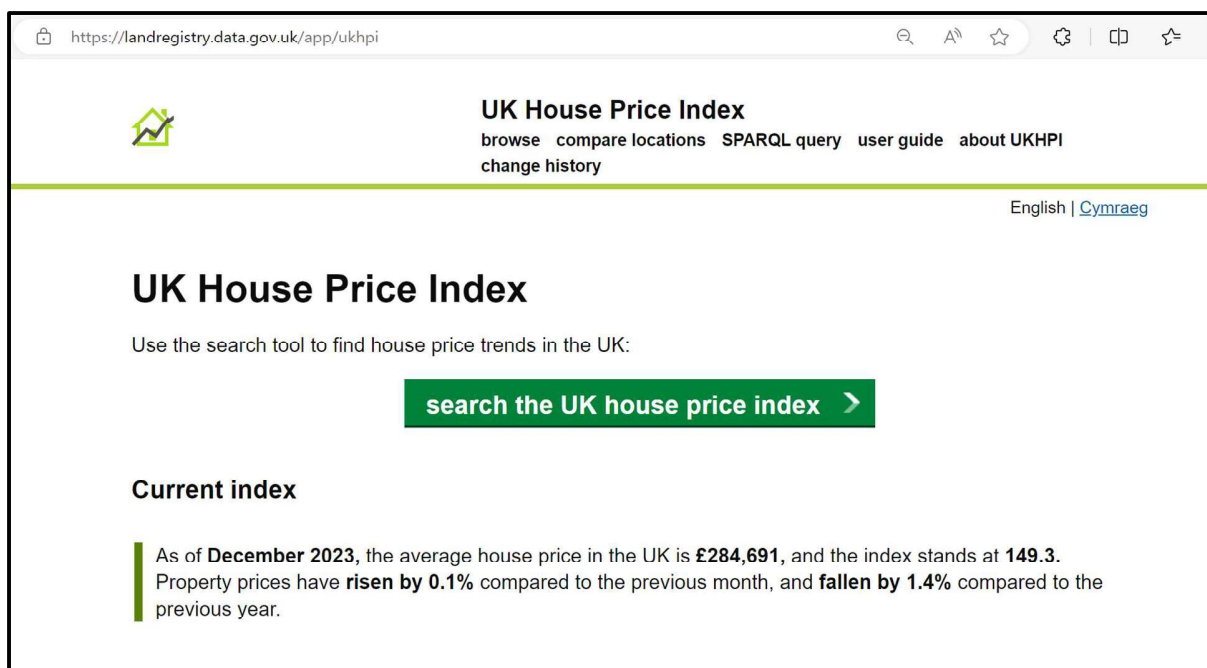
If You have any questions concerning this Licence please contact Lin Cousins at Three Dragons (LC) Limited of 123 Marsh Lane, Yeovil, Somerset, BA21 3BZ (company number 4897621), tel [07880 798400] email [lin.cousins@three-dragons.co.uk

BY PROCEEDING TO DOWNLOAD, INSTALL OR USE THIS SOFTWARE YOU AGREE TO THE TERMS OF THIS LICENCE WHICH WILL BIND YOU AND YOUR EMPLOYEES. IF YOU DO NOT AGREE TO THE TERMS OF THIS LICENCE, WE ARE UNWILLING TO LICENCE THE SOFTWARE TO YOU AND YOU MUST DISCONTINUE INSTALLATION OF THE SOFTWARE NOW

Appendix 3 HPI, LHA rates & AH capitalisation

House price index

- i. The £s per sq m values are based on values within the Dorset Local Plan evidence base⁸ and uprated to values as at January 2025 using the House Price Index (HPI)⁹ published monthly by Land registry (<https://landregistry.data.gov.uk/app/ukhpi>). The user is able to uprate the index further by following the link and selecting 'Search the UK house price index' as shown in the page below. We suggest this is reviewed each time you use this option as the HPI is updated on a monthly basis.

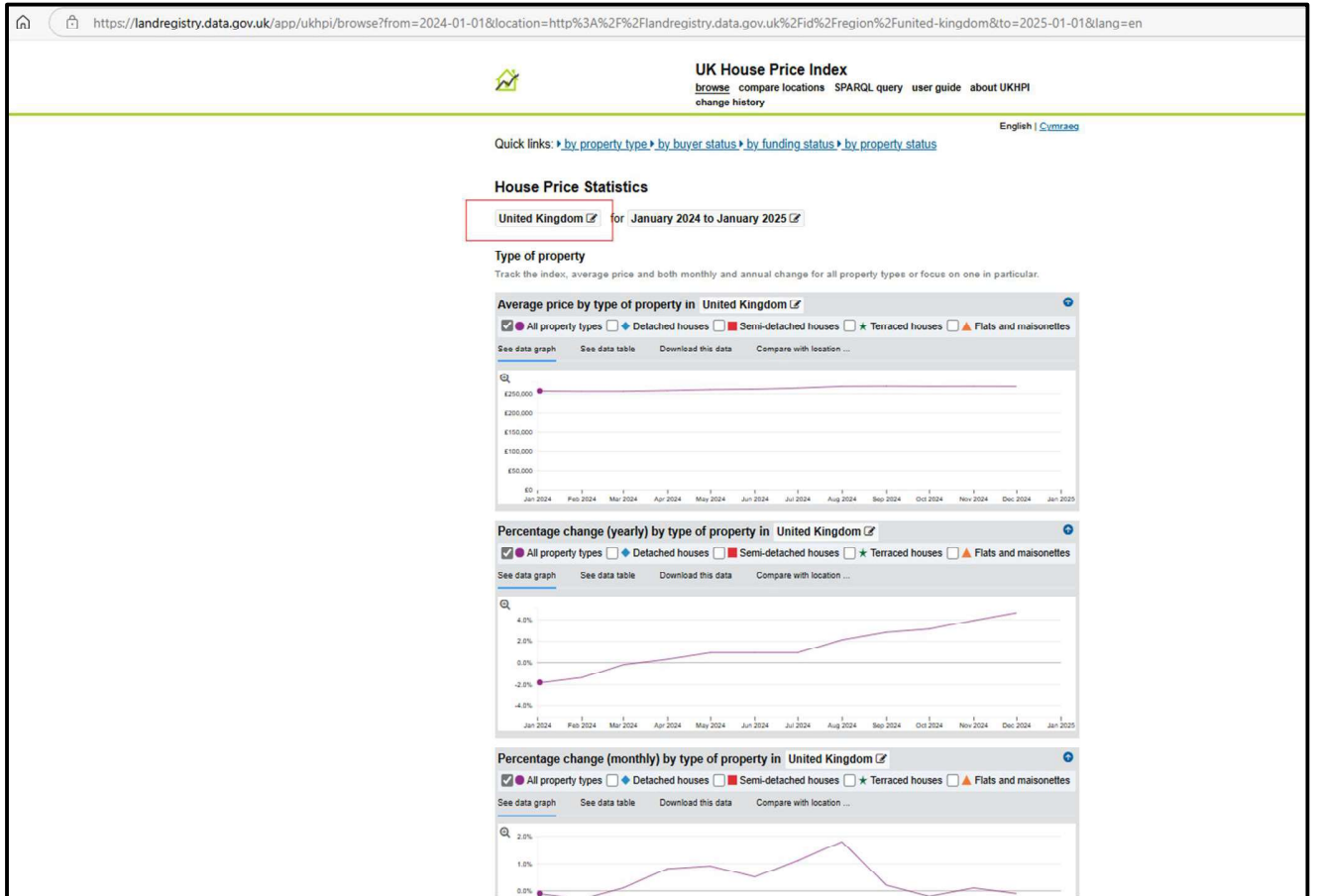


The screenshot shows the 'UK House Price Index' website. The URL in the browser is <https://landregistry.data.gov.uk/app/ukhpi>. The page features a green header with a house icon and the title 'UK House Price Index'. Below the title are navigation links: 'browse', 'compare locations', 'SPARQL query', 'user guide', 'about UKHPI', and 'change history'. A language selector shows 'English | [Cymraeg](#)'. The main content area has the heading 'UK House Price Index' and the instruction 'Use the search tool to find house price trends in the UK:'. A prominent green button with white text says 'search the UK house price index >'. Below this, under the heading 'Current index', a green vertical bar is followed by the text: 'As of **December 2023**, the average house price in the UK is **£284,691**, and the index stands at **149.3**. Property prices have **risen by 0.1%** compared to the previous month, and **fallen by 1.4%** compared to the previous year.'

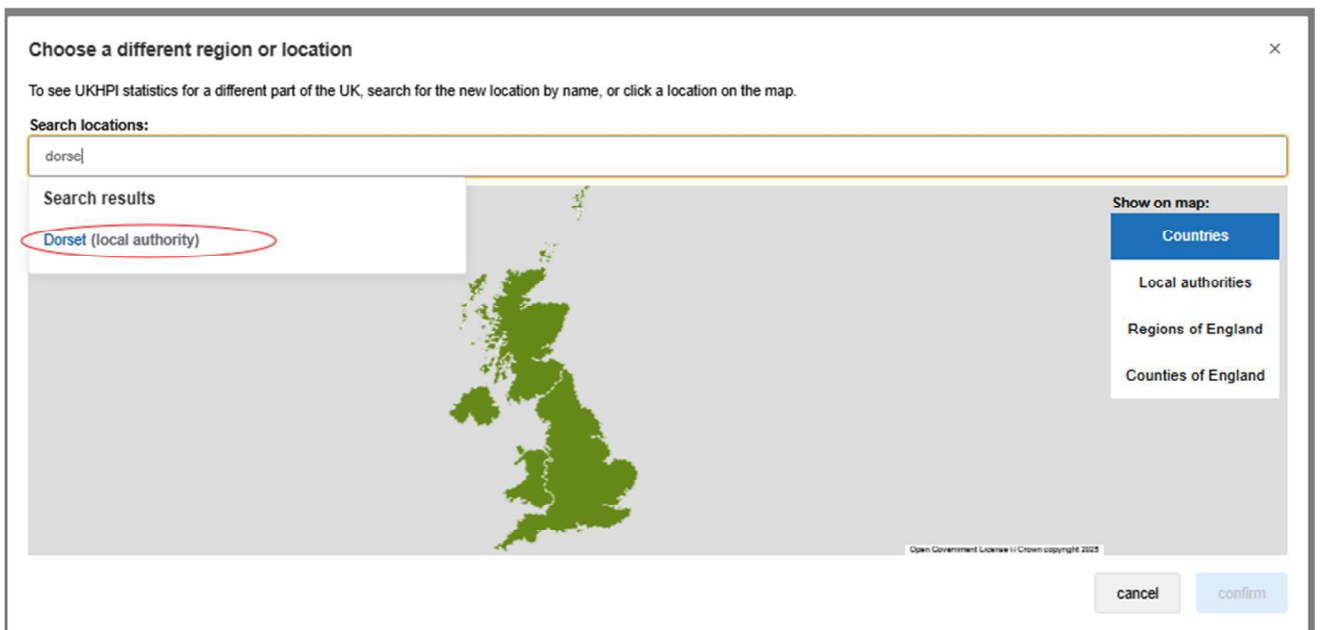
- ii. Land Registry data will have a default to the 'United Kingdom' as shown below.

⁸ <https://www.dorsetcouncil.gov.uk/web/guest/-/dorset-council-area-viability-assessment>

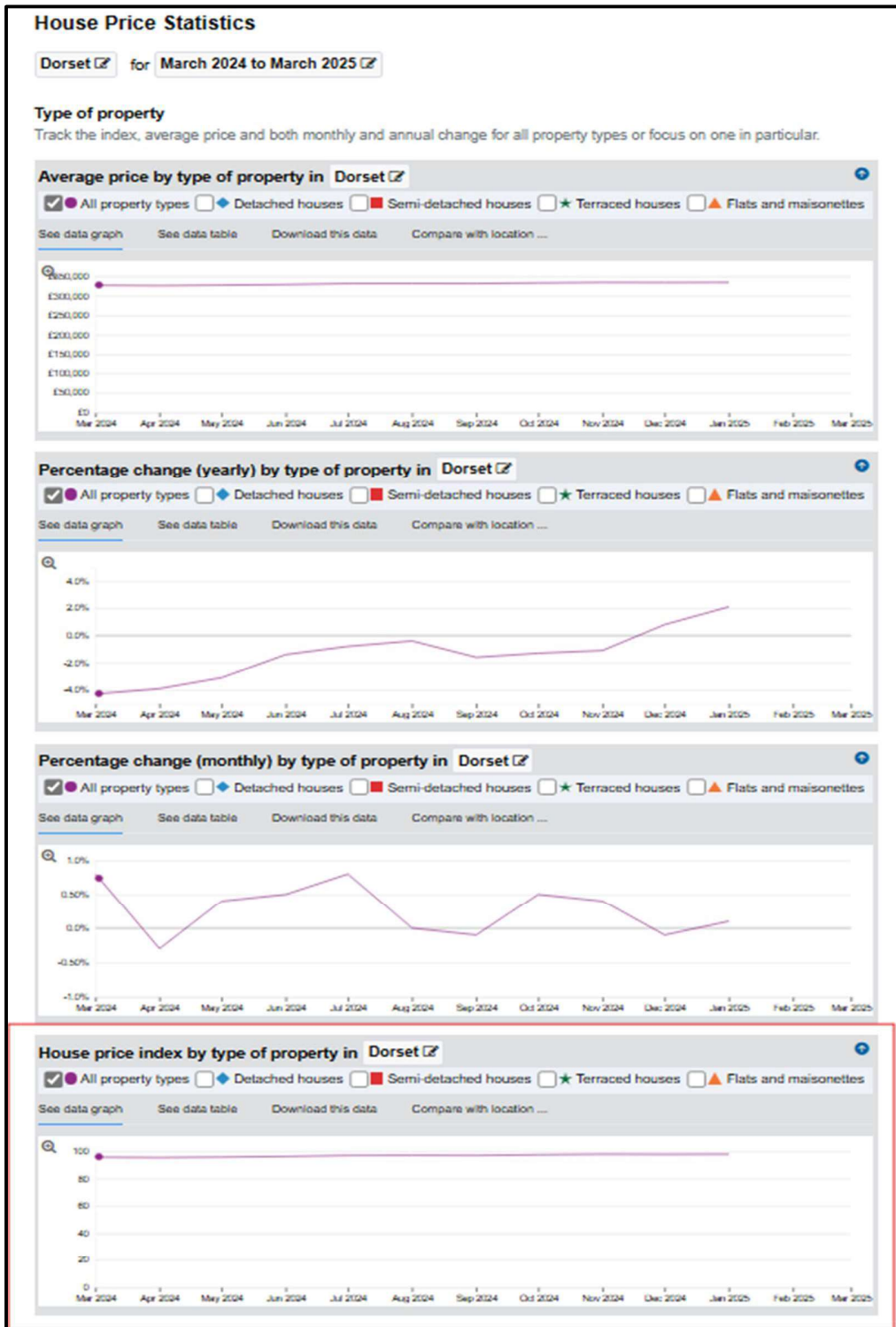
⁹ The House Price Index uses sales data from Land Registry to determine an index in which captures changes in the value of residential properties in the UK compared to a base year (January 2023). More details can be found on the <https://landregistry.data.gov.uk/app/ukhpi/>



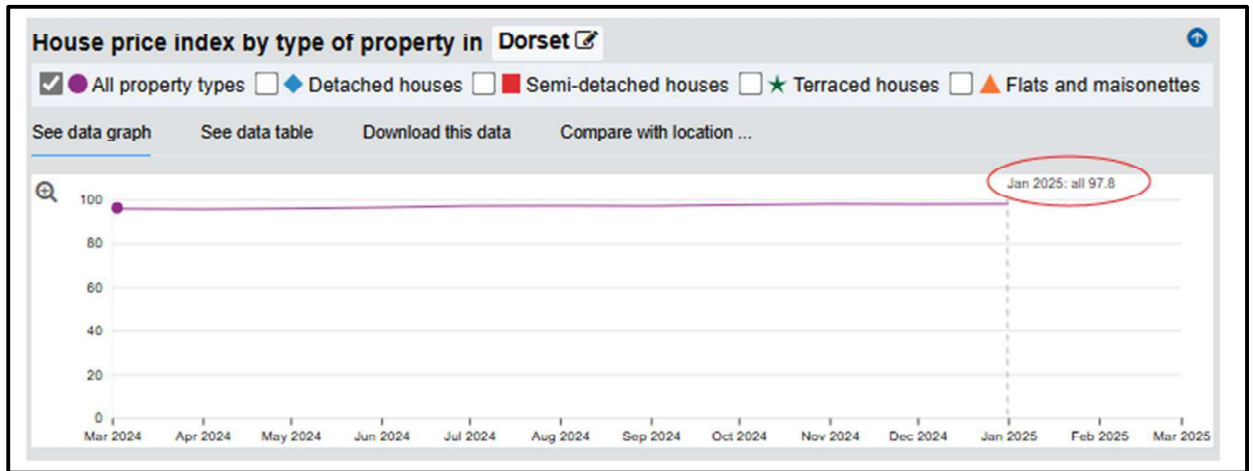
- iii. By clicking on United Kingdom (in red, above), then the user is able to change this to show the local authority of Dorset instead.



- iv. The HPI data is therefore shown in the table marked 'House price index by property in Dorset'– and is the fourth table down on the page, as shown below.



The table shows how house prices change over a time period. For the purposes of the Calculator, the latest index is the one required. This can be found by hovering the cursor over the latest date recorded. In this instance it is January 2025, which shows an index of 97.8.



v. Alternatively, this is also shown as the last entry under the 'See data table' tab.

Date	All property types
Mar 2024	95.60
Apr 2024	95.40
May 2024	95.70
Jun 2024	96.20
Jul 2024	96.90
Aug 2024	97.00
Sep 2024	96.90
Oct 2024	97.40
Nov 2024	97.80
Dec 2024	97.70
Jan 2025	97.80

[print this table](#)

vi. The latest index (in this instance 97.8) can be entered into the green cell labelled 'Latest HPI'. The effect of using a different HPI figure amends all the grey, default market values in **Table 2.2**.

Local Housing Allowance

- vii. Local Housing Allowance (LHA) rates are based on private market rents being paid by tenants in a Broad Rental Market Area (BRMA) and can be found at <https://lha-direct.voa.gov.uk/search.aspx> . Dorset is covered by Bournemouth, Mid & West Dorset, Salisbury and Yeovil BRMAs and the above website provides maps to show the boundaries of the BRMAs. Should the user have a postcode for the scheme, this can be entered into the weblink, and the user can select 'submit'. This should indicate which BRMA boundary the development falls within. It is for the user to select the relevant BRMA.

The screenshot shows the Directgov website's search page for Local Housing Allowance (LHA) rates. The page is titled "Search for Local Housing Allowance rates by postcode or local authority". It features a search form with the following fields and options:

- Find your Local Housing Allowance rates**: To find your LHA rate, fill in the details and select 'Submit'. Required information is marked with an asterisk (*).
- Bedrooms**: A dropdown menu to select the number of bedrooms (currently set to "Show all").
- Postcode**: A text input field for a postcode (e.g., CB24 2AE).
- OR**: A section for selecting a local authority from a dropdown menu.
- Benefit Claim Start**: Two dropdown menus for "Month housing benefit claim starts" (set to "February") and "Year housing benefit claim starts" (set to "2024").

At the bottom of the form are buttons for "Clear all", "LHA Bedroom calculator", and "Submit". On the right side, there is a "Service provided by" section for the Valuation Office Agency (VOA), with contact information for Rent Officers Wales and the Rent Service Scotland.

- viii. The Calculator includes default values for the four BRMA's as of February 2024, however it is possible that these may change in future years. LHA rates are provided for shared accommodation, and for one, two, three and four bedroom properties – with no distinction between flats and houses.

Affordable housing capitalisation approach

- ix. For both affordable and social rent there are a number of costs to be deducted from the gross rent to determine the net annual rent for a property. These are:
- Management/maintenance costs pa
 - Repairs reserve
 - Void and bad debts.

- x. The Capitalisation Rate is the assumed rate at which the provider of the affordable housing (typically a housing association) can borrow against the net rent it receives. The default value is based on the published annual reports of housing associations operating in and around Dorset.
- xi. For Affordable Rent only, an allowance is made for service charges and also deducted from the gross rent. There are different service charges for flats and houses. The default values are based on custom and practice.
- xii. For shared ownership only, the Calculator uses data for
 - Average % purchased
 - Rental on unbought share
 - Capitalisation rate
 - Repairs Reserve
- xiii. The default values are based on custom and practice.