

Construction Management Plans – Construction Impact Bonds

Introduction

Construction activity can cause disruption to daily activities, however a well-run site that responds to the concerns of residents can greatly improve the situation. While most sites deal quickly and robustly with complaints from residents, and reinforce the requirements of the Construction Management Plan with site operatives, there can be situations where this does not occur and officers in the Council are required to take action.

Camden Planning Guidance (Developer Contributions) states that *“In respect of developments raising particularly complex construction or management issues where the Council will have to allocate resources to monitor and support delivery of obligations the Council may require payment of an upfront financial bond which the Council can draw upon if needs be.”*

The securing of a bond has received significant support, it fosters a confidence with residents that there is a clear incentive for contractors to abide by the CMP. The bond will be fully refundable on completion of works, with a charge only being taken where contractors fail take reasonable actions to remediate issues upon notice by the Council. A measure of success will be the Council not requiring to draw down from the bond; the funding of the CMP process more generally will continue to be funded via the CMP Implementation Fee.

Amounts

Development Typology	Indicative bond level
Low impact /small developments – contentious sites – for example below 10 residential units / 2,000m2/ work programme <16 weeks.	£8,000
Medium impact/medium developments - Sites identified likely to cause conflicts with neighbouring properties and complex access arrangements - for example sites with Basements/10-50 residential units / 2000-4999m2 /work programme 16 - 50 weeks	£16,000
High impact sites/large developments – Controversial sites with clearly identified issues - for example sites of >50 residential units / >5,000m2 / work programme >50 weeks	£32,000

If a site is considered uncontentious then a bond may not be sought.

How it will work?

As part of the drafting of any S106 legal agreement requiring a Construction Management Plan, a Construction Impact Bond will be calculated using the levels highlighted, depending on the site this may be on a pro-rata basis (i.e. site of 100 units = 2 x the high impact level = £60,000). The bond is payable on commencement of the site and will be held by the Council.

The Council will take a standard minimum ‘charge’ of £267 per action from the bond, under the following circumstances:

- A breach of the CMP which has occurred without reasoned justification;
- Failure to take appropriate action following a breach of the CMP;
- Failure to submit a CMP before any works start on site

The total sum taken by the Council for any breach will cover its reasonable and proper costs in connection with and/or arising from the carrying out of actions required under the Construction Management Plan.

Refunding of the Construction Impact Bond

Once the Council is notified that the site has been completed (through a Certificate of Practical Completion) and that the completed development has been occupied, the Council will repay the site owner the balance of any unspent amount from the bond (typically within 28 days).

Questions – if you have any questions on Construction Impact Bonds please contact planningobligations@camden.gov.uk.