Planning Applications Committee

09 September 2026

Reading Borough Council
Working better with you

Title	Deferred Payment Mechanisms
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Emma Gee, Executive Director Economic Growth and Neighbourhood Services
Report author	Mark Worringham, Planning Policy Manager / Acting Development Manager (Planning & Building Control)
Lead Councillor	Councillor Micky Leng, Lead Councillor for Planning and Assets
Council priority	Secure Reading's economic & cultural success
Recommendations	To note the report.

1. Executive summary

1.1. This report provides information on the use of deferred payment mechanisms in cases where a policy-compliant level of affordable housing cannot be provided.

2. Policy context

2.1 Deferred payment mechanisms are a standard tool, used by local authorities and accepted by the industry in cases where a development can show that the viability assessment demonstrates to officer satisfaction that a development would not be viable if a policy compliant (e.g. 30% for developments of 10 dwellings or more) level of affordable housing is provided, either through dwellings on site or a financial contribution. These mechanisms use a later viability calculation to assess whether sale values have increased or build costs decreased leading to an increase in actual profit that can be shared between the developer and the Council in the form of an off-site financial contribution. They form part of the Council’s existing policy approach to affordable housing through the Affordable Housing Supplementary Planning Document (SPD) adopted in 2021. The emerging Local Plan Partial Update also includes new wording securing a deferred payment mechanism in policy H3, and this is expected to be adopted early in 2027.

3. Background

3.1 Information has been requested on the degree to which deferred payment mechanisms have led to financial contributions have been made towards affordable housing. This report has therefore been prepared for information to outline the outcomes of past instances where such a mechanism has been secured.

3.2 With a more challenging market, developers are increasingly able to demonstrate that a policy-compliant level of affordable housing is unviable, and this has led to a drop in the amount of onsite or financial contribution, and in a number of cases this initial affordable housing provision is increasingly not being provided. This means that increasing importance is being placed on the deferred payment mechanism.

3.3 It is accepted that agreeing a deferred payment mechanism is a risk as an increase in profit is not guaranteed. However, it provides a commercial basis for achieving policy compliance while allowing housing, which is of good quality and in all other respects is acceptable, to come forward in the meantime.

3.4 Since 2012 55 planning permissions have been granted in Reading with a deferred affordable housing mechanism in one form or another. Of these, 9 agreements have made a payment under the review mechanism, with all but one below the maximum cap value specified in the agreement. We have a further 4 agreements that have reached the relevant trigger point, but where no payment has resulted from the submitted information (2 are currently being audited to confirm this). The remaining agreements have either expired from a planning permission perspective or have yet to reach the relevant trigger point for assessment.

3.5 Early in the reporting period, the offsite contribution was generally closer to policy compliance, but more recently there has been an increased number of agreements with a reduced contribution or no initial off-site contribution at all.

3.6 The deferred payment mechanisms have generated £5.5m over this period, including £3.5m from Kennet Island and £1.6m from Kings Point (now Verto), which are permissions from 2012 and 2015 respectively.

3.7 A list of the agreements is included in Appendix 1 together with any contributions made through a deferred payment mechanism.

3.8 Over the same period offsite financial contributions have in total secured £31m and delivered £16m from 346 agreements, so deferred payment mechanisms represent a small but important part of the overall financial contributions.

4. Contribution to strategic aims

4.1 The Council Plan (2025-2028) identifies five priorities for the Council over the next three years. These are:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce Reading's carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future.

4.2 Securing funding for the provision of affordable housing is an important element of securing Reading's economic and cultural success, as well as contributing towards all of the other priorities.

5. Community engagement

5.1 Council policies on affordable housing including the deferred payment mechanism have been subject to consultation as part of the Local Plan and SPD.

6. Equality impact assessment

6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 There are no direct equality implications of this report.

7. Environmental and climate implications

7.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). The Planning and Building Control functions are essential in helping to address the Climate Emergency through ensuring that development is undertaken to the highest possible environmental standards in line with national regulations and local policies.

7.2 There are no direct environmental or climate implications of this report.

8. Legal implications

8.1 None of this report.

9. Financial Implications

9.1 There are no direct financial implications arising from this report. The income received from deferred payment mechanisms is generally used towards the Council's Local Authority New Build programme.

Appendix 1: Deferred Payment Mechanisms since 2012

Address	Deed Date	Max Value	Policy Value	Received	Difference between received and max value	Offsite Contribution agree prior to the DPM trigger	Offsite contribution prior to DPM as % of policy
Kennet Island Phase 3 (excl 3A) Manor Farm Road	07/11/2012	£ 3,584,233.82	£ 3,584,233.82	£ 3,584,233.82	£ -		
Phase 2 Land At Chatham Place	28/11/2012	£ 1,586,800.00		£ -	£ -		
4-8 Cross Street	03/02/2014	£ 82,000.00		£ 56,000.00	-£ 26,000.00		
Heath Point Upper Warren Avenue	17/09/2015	£ 125,000.00	£ 125,000.00	£ -			
Kings Point, 120 Kings Road	30/09/2015	£ 2,600,000.00	£ 2,600,000.00	£ 1,673,498.16	-£ 926,501.84	£ 370,000.00	4%
92-96 Southampton Street	07/08/2017	£ 160,000.00	£ 160,000.00	£ 53,130.69	-£ 106,869.31	£ 53,000.00	10%
Former Cooper Reading Bmw	23/11/2017	Complex	£ 3,833,000.00				
155 Whitley Wood Lane	08/08/2017	5%	5%				
12 Shaftesbury Road	14/09/2017	£ 65,000.00	£ 65,000.00	£ 20,683.39	-£ 44,316.61	£ 20,000.00	9%
32 Northcourt Avenue, Reading, RG2 7HD	02/11/2017	£ 65,000.00	£ 65,000.00	£ 26,281.53	-£ 38,718.47	£ 26,000.00	12%
153 Hemdean Road, Caversham, Reading, RG4 7QU	04/01/2018	£ 92,500.00	£ 92,500.00				
Land to the rear of The Pond House Ph, 738 Oxford Road, Reading, RG30 1EH	27/06/2018	£ 138,000.00	£ 138,000.00				
74 Northcourt Avenue, Reading, RG2 7HQ	09/07/2018	£ 30,000.00	£ 30,000.00	£ 23,202.55	-£ 6,797.45	£ 22,000.00	22%
470-478 Oxford Road, Reading, RG30 1EF	20/12/2018	£ 151,144.00	£ 207,000.00	£ 70,732.62	-£ 136,267.38	£ 55,856.00	8%
199 Henley Road, Caversham, Reading, RG4 6LJ	20/12/2018					£ 250,000.00	
Mulberry House, 1a Eldon Road, Reading	27/03/2019	£ 49,680.00	£ 49,680.00				
34-36 & 38 Southampton Street, Reading, RG1 2QL	05/08/2019	£ 215,000.00	£ 215,000.00				
Land to the rear of 209 -219, Henley Road, Caversham, Reading, RG4 6LJ	25/03/2020	£ 468,000.00	£ 518,000.00			£ 50,000.00	3%
43 London Street, Reading, RG1 4PS	01/04/2020	£ 990,000.00	£ 1,090,000.00			£ 100,000.00	
Zoar Strict Baptist Chapel, South Street, Reading, RG1 4QN	01/07/2020						
11 Waylen Street, Reading, RG1 7UP	12/08/2020	£ 23,750.00	£ 23,750.00				

Address	Deed Date	Max Value	Policy Value	Received	Difference between received and max value	Offsite Contribution agree prior to the DPM trigger	Offsite contribution prior to DPM as % of policy
53-55 Argyle Road, Reading, RG1 7YL	18/11/2020	£ 210,094.00	£ 210,094.00				
Land adjacent, 135 Norcot Road, Tilehurst, Reading, RG30 6BS	19/05/2021	£ 18,000.00	£ 35,000.00	£ 46,333.22	£ 11,333.22	£ 17,000.00	
Gas Holder, Alexander Turner Close, Reading, RG1 3EA	14/07/2021	£ 1,517,379.00	£ 1,517,379.00				
12 Eldon Terrace, Reading, RG1 4DX	29/07/2021	£ 12,000.00	£ 36,000.00			£ 24,000.00	20%
292 Henley Road, Caversham, Reading, RG4 6LS	12/08/2021	£ 21,500.00	£ 36,500.00			£ 15,000.00	12%
5 Grass Hill, Caversham, Reading, RG4 7TJ	18/08/2021	£ 84,800.00	£ 84,800.00	£ -	-£ 84,800.00		
Broad Street Mall, Broad Street, Reading, RG1 7QG	03/12/2021	30%	30%	£ -			
39 Brunswick Hill, Reading, RG1 7YU	26/01/2022	£ 272,000.00	£ 272,000.00	£ -	-£ 272,000.00	£ 22,500.00	2%
8 Riley Road, Tilehurst, Reading, RG30 4UX	13/04/2022	£ 75,000.00	£ 85,000.00			£ 10,000.00	4%
41a London Street, Reading, RG1 4PS	28/09/2022	£ 43,200.00	£ 45,700.00			£ 2,500.00	2%
Alexander House, 205-207 Kings Road, Reading, RG1 4LS	09/11/2022	£ 168,000.00	£ 188,000.00			£ 20,000.00	3%
20 Shinfield Road, Reading, RG2 7BW	23/11/2022	£ 62,000.00	£ 62,000.00				
2-4 Send Road, Caversham, Reading, RG4 8EH	30/11/2022	£ 425,500.00	£ 425,500.00				
163 Oxford Road, Reading, RG1 7UZ	14/12/2022	£ 69,500.00	£ 119,500.00			£ 50,000.00	13%
389 Gosbrook Road, Caversham, Reading, RG4 8ED	11/01/2023	£ 159,500.00	£ 159,500.00			£ 10,000.00	2%
Sweeney & Todd, 10 Castle Street, Reading, RG1 7RD	02/03/2023	£ 83,995.00	£ 83,995.00				
303 Oxford Road, Reading, RG30 1AU	15/03/2023	£ 58,300.00	£ 73,300.00			£ 15,000.00	6%
Zoar Strict Baptist Chapel, South Street, Reading	22/03/2023	£ 200,000.00	£ 200,000.00				
75-77 London Street, Reading	26/04/2023	£ 714,490.00	£ 833,490.00			£ 119,000.00	4%
Mulberry House, 1a Eldon Road, Reading	14/06/2023	£ 253,198.00	£ 253,198.00				

Address	Deed Date	Max Value	Policy Value	Received	Difference between received and max value	Offsite Contribution agree prior to the DPM trigger	Offsite contribution prior to DPM as % of policy
75-81 Southampton Street, Reading, RG1 2QU	21/06/2023	£ 500,000.00	£ 500,000.00				
12-18 Crown Street, Reading, RG1 2SE	21/12/2023	£ 1,685,300.00	£ 1,773,300.00			£ 88,000.00	1%
59 Gloucester Road, Reading, RG30 2TH	09/04/2024	£ 46,100.00	£ 61,100.00			£ 15,000.00	7%
Land Adjacent, 300 Kings Road, Reading	01/05/2024	30%	30%				
233 London Road, Reading	04/06/2024	£ 101,500.00	£ 126,500.00			£ 25,000.00	6%
55 Vastern Road, Reading, RG1 8BU	15/08/2024	30%	30%				
207 Henley Road, Caversham, Reading, RG4 6LJ	06/09/2024	30%	30%			£ 75,000.00	
13-16 Market Place, Reading, RG1 2EG	09/09/2024	£ 812,250.00	£ 857,250.00			£ 45,000.00	
13-15 Station Road, Reading, RG1 1LG	13/12/2024	30%	30%			£ 72,446.00	
8 Ardler Road, Caversham, Reading, RG4 5AE	04/07/2025	£ 37,500.00	£ 47,500.00			£ 10,000.00	6%
33 CHAPEL HILL, TILEHURST, READING, RG31 5BT	20/08/2025	£ 26,250.00	£ 36,250.00			£ 10,000.00	8%
Land to the Rear of, 303 - 315, Oxford Road, Reading, RG30 1AU	18/02/2026	£ 440,332.00	£ 497,850.00			£ 57,518.00	3%
Webbs Court, 8 Holmes Road, Earley, Reading, RG6 7BH	18/05/2026	£ 28,250.00	£ 31,250.00	£ -	-£ 28,250.00	£ 3,000.00	3%
BELLE VUE HOTEL, 2 TILEHURST ROAD, READING, RG1 7TN	21/05/2026	£ 147,500.00	£ 147,500.00				