

SUBJECT:	SECTION 106 CONTRIBUTIONS UPDATE
DIRECTORATE:	COMMUNITIES AND ENVIRONMENT
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1. Purpose of Report

- 1.1 To update Committee on section 106 agreements, what contributions have been collected and what contributions have been negotiated.

2. Executive Summary

- 2.1 Section 106 agreements are routinely drafted to require developer contributions for certain infrastructure where residential development is proposed over a certain number of dwellings in order to ensure the development is sustainable and compliant with national and local plan policy.
- 2.2 Local plan policies set out what the City Council should ensure development provides such as, Affordable Housing, Education Provision, Playing Fields, Children's Play Space, other Local Green Infrastructure and Highway Improvements, where necessary. When these are required and cannot be provided for at the site being developed, a financial contribution is required to enable the City Council (or County Council) to provide these at another suitable location.
- 2.3 The Central Lincolnshire Authorities including the City Council have, as of 5th February 2018, implemented the Community Infrastructure Levy (CIL). This is a mandatory tariff on qualifying development and will specifically collect money for the Lincoln Eastern bypass and secondary education at a rate of £25 per square metre of residential development and/or food retail. This is in addition to any section 106 contributions that may be required.
- 2.4 This will slightly alter the way the City Council requests contributions in future in that section 106 contributions will no longer be requested for secondary education or the bypass as authorities cannot request for the same infrastructure twice.

3. Background

- 3.1 There is a section 106 group made up of officers from across the Council who meet quarterly to monitor the contributions coming in and allocate them to the projects that the money has been collected for. These projects have been identified by portfolio holders and chief officers through the delivery of their various service areas and in line with relevant Vision 2020 initiatives. An example of a corporate project that has received section 106 monies is the recent Boultham Park regeneration scheme.

- 3.2 The section 106 group reports directly to the Remarkable Place Vision Group via their chairperson who sits on both groups. Strategic projects are identified and approved by the relevant portfolio holder and their delivery monitored through this process. Section 106 monies are collected once the development reaches certain milestones and must be spent within a period of 5 or 10 years depending on the type of infrastructure it has been collected for. Timescales for spending the contributions are monitored by the section 106 group to ensure that the 5 and 10 year deadlines are met so that contributions do not have to be returned unspent.
- 3.3 The contributions collected through section 106 agreements are calculated on a pro-rata basis proportional to the amount of additional population the development is expected to create. The delivery of schemes is reliant on other funding sources in addition to section 106 monies and/or the accumulation of multiple section 106 contributions as section 106 amounts are rarely enough to fund schemes entirely. However, legislation determines that Local Authorities are only permitted to collect up to 5 section 106 contributions per project. This is also monitored by the section 106 group. The collection of section 106 contributions is strictly regulated by the Town and Country Planning Act 1990 and what we collect money for is outlined in the Central Lincolnshire Local Plan, which was adopted in April 2017.
- 3.4 Education and highway improvement contributions are paid to the County Council for them to spend on relevant infrastructure and the other contributions are retained by the City Council for allocation to appropriate projects. The contributions negotiated can only be collected if the development is implemented. Not all developments which are granted planning permission end up being constructed, so from time to time planning permissions expire that have section 106 agreements attached to them, and in those instances, the section 106 agreement ceases to have effect and the contribution will not be collected.

4. Main Body of Report

- 4.1 The following figures illustrate what contributions have been negotiated, what has been spent and/or allocated and how much is expected:
- 4.2 Contributions negotiated up to the end of quarter 3 (Dec 2017):

Classification	Value of s106
Playing Fields	£171,155
Play Areas	£132,588
Open Spaces & Adoption and Maintenance	£0
Highways/Footpath Improvement	£113,000
Sculpture & Public Arts	£0
Education	£143,988
Affordable Housing	£0
Total	£560,731

4.3 Amounts already allocated or spent on projects:

Classification	Value of s106
Yarborough Leisure Centre	£153,726
Swift Gardens play area	£60,200
Boultham Park	£107,639
Hartsholme Country Park	£59,481
Highway improvements	£110,000
Education	£0
Affordable Housing	£262,500
Total	£753,546

4.4 The Community Infrastructure Levy will now be collected and administered alongside section 106 contributions although there will not be a need to monitor expenditure of the levy in the same way as there is no time limit for expenditure and it can only be spent on the bypass and secondary education. CIL therefore goes directly to the County Council. Whilst the local plan viability process that was examined by the Planning Inspectorate identified that development within Central Lincolnshire is viable with the levy and section 106 contributions, it is anticipated that development where the levy is payable will require a viability appraisal to establish whether it is viable for that particular site to deliver both CIL and section 106 contributions.

4.5 There could be instances where a development is not viable to deliver both, in which case CIL will be the only contribution as it is a mandatory tariff, whereas section 106 contributions can be negotiated on grounds of viability. This could impact on the amount of section 106 contributions the City Council can achieve in future, but officers will be closely monitoring each development and will report regularly to the Remarkable Place Vision Group.

5. Recommendation

5.1 That Members note the contents of the report.