

Agenda Item No:

Report To: Cabinet

Date: 14th July 2016

Report Title: Section 106 Annual Monitoring Report 2015/16

Report Author: Michael Scaplehorn Section 106 Technical Officer
Lois Jarrett – Head of Development, Strategic Sites and Design

Portfolio Holder: Cllr Bennett



Summary: The primary purpose of the report is to show transparently how contributions are being collected and applied in a proper way; that the monitoring of section 106 contributions remains robust; This report will reinforce the point that section 106 is an important resource stream and also that officers are prepared for any legislative changes. The report includes details of new contributions negotiated; an accounts update, funds received from existing agreements, and update on projects being funded by section 106 funding.

Key Decision: NO

Affected Wards: None directly

Recommendations: **The Cabinet be asked to endorse the report, so it can be made available online to provide information to the public and provide a transparent record of s106 activity over the last financial year.**

Policy Overview: The delivery of high quality development as part of well-balanced communities supported by a range of community and other infrastructure is a key part of the Council's policy ambition. These are set out in the draft local plan, the Adopted Development Plan policy and the Council's Corporate Plan.

Financial Implications: As the Borough grows so does the need for more and improved community infrastructure. Section 106 funding support this growth is vital. It is important to have a robust Section 106 monitoring system ensuring the availability of capital from S106 agreements and that those contributions are collected and spent effectively on their intended purpose.

Risk Assessment Not applicable – this is a monitoring report

Equalities Impact Assessment Spending of section 106 contributions is in line with adoption plan policy and local priorities. Decisions on expenditure

involve working closely with many departments, local parishes and other organisations. Many contributions arise from site policies and development brief requirements that have been directly influenced by the wider community through design workshops and similar events

Background Papers:

None

Contacts:

Michael.Scapplehorn@ashford.gov.uk – Tel: (01233) 330202

Report Title: Section 106 Annual Monitoring Report 2015/16

Purpose of the Report

1. This report updates Members on the financial contributions negotiated and secured in the financial year 2015/16 and the use and management of financial resources. The report provides details of new S106 agreements signed in the financial year and identifies the progress that has been made since the last report. There is a breakdown of payments received in this financial year, what the contributions are to be used for, and contributions currently held on account. The report also includes examples of projects delivered by the Council in the financial year and new projects that are under way or soon to commence.

Section 106 Agreements negotiated 2015-16

2. Between 1 April 2015 and 31 March 2016, 13 planning permissions have been issued that have been subject to a Section 106 agreement. The total projected financial contributions arising from these agreements are £3.68m; this figure is down on the previous year's figure of £11.6 million. The agreements also provide for 'payments in kind' in the form of various works – mainly highway related and affordable housing as well as restrictions on land use. It should be noted that it is highly likely that the Chilmington Green section 106 will be signed next year, it has a financial value of around £125m and will therefore distort 2016/17 figures.
3. The following points should be noted: if a planning permission is not implemented, associated Section 106 benefits will not be paid. Also there is often a period of time between the issue of the planning permission and the payment of contributions as the timing of payments will be linked to the phasing of the development and when the need for the facility arises. Hence payments received in a specific year will often be from contribution by agreement one or more years ago.

Financial Overview

Overview	15/16	14/15	Average from 2014-2010
Number of Agreements Signed	13	27	23
Value of Agreements Signed	£3.68m	£11.6m	£5.98m
Payments Received	£3.79m	£3.96m	£3.00m
Section 106 Money Spent	£1.81m	£2.00m	£3.63m
End of Year Balance	£6.88m	£4.90m	£3.25m

4. The above table highlights the financial breakdown in the section 106 accounts for 2015/16 with a comparison of the year before. In summary:
- The number of section 106 agreements signed has dropped significantly. Much of this change is due to fluctuations in Government policy that potentially mean that the Council can't seek developer contributions on any development of less than 10 dwellings (unless in rural sites where the restriction is 5). The Section 106 pooling restrictions (that we are restricted in our ability to pool contributions for projects) have also impacted on the Council's ability to collect contributions.
 - As the construction sector continues to grow and more housing developments reach 'trigger' points for payments, the council receives more section 106 payments to go towards projects. It is expected that the section 106 payments will remain level in 2016/17 and that Section 106 money spent will likely increase as section 106 projects come to a conclusion.

End of year balance (breakdown)

<i>End of Year Balance (Breakdown)</i>		
Account	<u>15/16</u>	<u>14/15</u>
General S106 Account	£5.91m	£4.00m
Supplementary Planning Guidance (SPG6) main fund	£0.19m	£0.15m
Reserved Infrastructure Fund (sub fund of SPG6)	£0.77m	£0.75m

5. The general section 106 account is used to hold all section 106 contributions that are collected through section 106s & unilateral undertakings (excluding the SPG6 fund). This includes contributions towards open space, community halls & play areas. This account has grown considerably this year to just under £6 million. This is in part down to projects that have taken longer than originally anticipated to complete. Also housing market rise has also allowed the council to collect 'deferred contributions' & 'pay regardless'. These contributions are not tied to a single obligation (such as open space or education) but are tied to the contributions agreed in the section 106. These contributions generally take longer to spend as officers have to deliberate all available spending options from differing departments & organisations.
6. SPG6 main fund contributions are used to pay back the forward funded work for the J10 Interim improvement scheme completed several years ago. When a SPG6 contribution is received, 80% of the figure will go into this pot and will

be paid back to the developer until the council has paid back the entire sum. The total outstanding to pay back is around £1.3m,

CIL & the future of Section 106

7. As of April 2015 CIL restrictions have been put in place limiting the number of contributions the Council can secure for particular infrastructure projects. Subsequently a Court of Appeal statement has given weight to the threshold 'contributions not to be sought from developments of 10-units or less or 5-units or less in the designated rural area.
8. The council is currently working on a CIL charging schedule as part of the work on the local plan and it is planned that it will be looked to adopted in late 2017. CIL will ultimately come from the same 'economic headroom' from rising land values through development that currently funds S106. While CIL does provide a more 'flexible' funding stream than s106, proposed reforms are eroding this to some extent, with a greater emphasis on delivering infrastructure needed to implement a local plan.

Spending of Section 106 in 2015-16

9. Between 1 April 2015 and 31 March 2016 the council spent around £1.8 million on a variety of projects and schemes in the borough. These projects include funding towards community facilities, improvements to open spaces, sports facilities, primary & secondary education, town centre, highway improvements, adult education and youth and community projects. Below are a couple of examples of projects that are being funded with help from section 106 contributions.

Examples of completed and ongoing projects 2015/16

Repton Park Community Facilities

S106 Budget circa £2million

'Repton Connect'

Repton Park is getting a brand new community space which will include a new building and a multi-use games area. The centre will also be able to host clubs, educational courses, cooking workshops and social events. Planning permission was approved by ABC planning committee in February. The project has gone out to tender and it is anticipated that work will begin on site in August and completion in 2017.



Spearpoint Community Sports Pavilion

S106 Budget - £160,625

The new facility will allow for community use of the facility throughout the week. The previous building was in very poor condition and is used only at weekends to provide basic changing facilities for sports teams. The new pavilion will provide a community space for hire to groups such as playgroups, cubs, drama clubs, martial arts, exercise classes, youth groups, and church groups. Given the forthcoming housing developments in the Conningbrook area the new pavilion will provide valuable community facilities and a sporting hub. Funding has been levered in from the Football Foundation (£469,678), Sport England (£150,000) and £8,585 from the local community.



Brisley Farm Open Space

S106 Budget - £328,181.99

'Kestrel Park'

The long term proposal is to create a new park, working with TCV, local parish councils and ward members to ensure support and long term management. After consultation the proposal was to create a play fort with a mock 'Iron Age' theme. The Council went out to tender in May and it is expected that construction will begin on site by late summer.



Repton Park Open Space

S106 adoption





Risk Assessment

10. Failure to monitor Section 106 agreements in an efficient and timely manner would lead to the possibility of Section 106 contributions being missed and infrastructure not being constructed at the correct time. Another problem that may arise if Section 106 agreements were not monitored is that any payments collected or sent in by the developers may not be spent within the allotted time limit. This could lead to a scenario where the Council would be forced to pay back the contribution to the developers and the local community would receive no benefit.

Consultation

11. The Section 106 working group which meets quarterly was created to monitor the collection and spending of Section 106 contributions. The Section 106 working group comprises of officers from planning, cultural, finance, legal & property. An audit form process is used to make sure the required steps are completed and specific approval given before the money is transferred.

Conclusion

12. It is vitally important that the council continues to monitor the collecting and spending of Section 106 contributions to ensure that the necessary community, transport and other infrastructure is constructed and maintained to support the Borough's growth. The process of monitoring and spending 106

contributions is always being adapted and improved to make sure that any problems or challenges that arise can be dealt with quickly and efficiently.

Portfolio Holder's Views

13. *This report shows in detail the valuable development contributions to community infrastructure in line with our ambitions. It explains the annual fluctuations dependant on planning permissions and Government policy changes clearly and I commend it for approval by the Cabinet.*

Contact: Michael Scaplehorn (01233 330202)

Email: Michael.Scaplehorn@ashford.gov.uk

Appendix A Section 106 Agreements signed 2015/16

Date	App	Description	Obligation Detail	Financial Contribution (£)
07/04/2015	14/00681/AS	<u>Land abutting Celak Close</u>	Quality Monitoring	6,000.00
		Erection of 41 Dwellings with access from Calleywell Lane	Monitoring Fee	3,000.00
			Adult Social Care	3,180.00
			Community Learning	1,412.00
			Primary School	96,799.00
			Secondary School	96,751.00
			Youth Services	2,126.00
			Library Services	8,738.00
			Health Care Contribution	41,328.00
			Allotments	13,284.00
			Children's and young people's play space	53,792.00
			Natural Green Space	13,325.00
			Sub Total	339,735.00
14/05/2015	14/00849/AS	<u>Land opposite 11, Lower Road, Woodchurch</u>	Transfer of Village Green	0.00
		1 Detached dwelling, 1 office		
			Sub Total	0.00
17/09/2015	15/00250/AS	<u>Rooting Street Equestrian Centre</u>	Control of use	0.00
		Erection of a stable managers		

			Sub Total	0.00
29/09/2015	14/00757/AS	<u>(Tent1) Land South West of Recreation Ground Road</u>	Monitoring Fee	30,000.00
		250 Dwellings	Parking Contribution	70,000.00
			CPZ Contribution	10,000.00
			Quality Monitoring	90,000.00
			Adult Social Care	19,395.00
			Community Learning	8,613.00
			Cycleway Contribution	14,557.00
			Library Services	53,360.00
			Secondary School	589,950.00
			Youth Services	12,950.00
			Allotments	81,000.00
			Outdoor Sports Pitches	478,750.00
			Strategic Parks	11,750.00
			Health Care Contribution	252,000.00
			Voluntary Contribution	20,750.00
			Sub Total	1,743,075.00
08/10/2015	11/00757/AS	<u>Ashford College Building</u>	Bus Stop Contribution	10,000.00
		Construction of new college buildings	Bus Subsidy Sum	16,000.00
			Monitoring Fee	2,000.00
			Sub Total	28,000.00
09/10/2015	12/01449/AS	<u>Kent Highways Depot</u>	Secondary School	47,196.00

		erection of 20 dwellings	Library Bookstock	5,007.00
			Tenterden Day Centre	188.00
			Youth Services	539.47
			Fencing play area	15,180.00
			Youth Shelter/Skate Park	26,240.00
			Sports Pavilion	38,300.00
			Monitoring Fee	1,000.00
			Sub Total	133,650.50
11/11/2015	14/00195/AS	Land at Luckley Field	Adult Social	1,939.50
		Erection of 25 dwellings	Community Learning	861.25
			Primary Schools	59,024.00
			Secondary School	127,290.00
			Youth Services	668.50
			Health Care Contribution	25,200.00
			Public Right of Way	3,500.00
			Allotments	8,100.00
			Children's and young people's play space	32,800.00
			Natural Green Space	18,975.00
			Outdoor Sports Pitches	47,875.00
			Strategic Parks	9,312.23
			Sub Total	335,545.50
18/12/2015	15/01195/AS	Elwick Place	Variable message sign	10,000.00
		Cinema, car park, hotel & restaurants		
			Sub Total	10,000.00

13/01/2016	14/01515/AS	Former Conchorde House	Children's and young people's play space	18,368.00
		Erection of 14 dwellings	Natural Green Space	10,626.00
			Voluntary Contribution	1,162.00
			Sub Total	30,156.00
12/02/2016	15/01582/AS	Land rear of Crossways	Children's and young people's play space	6,560.00
		Erection of 5 dwellings		
			Sub Total	6,560.00
23/02/2016	15/00866/AS	10-12 Olantigh Road, Wye	Allotments	648.00
		Erection of 2 dwellings	Children's and young people's play space	2,624.00
			Natural Green Space	1,518.00
			Outdoor Sports Pitches	3,830.00
			Sub Total	8,620.00
15/03/2016	15/01467/AS	Land East of Challock	Children's and young people's play space	5,248.00
		Erection of 1 dwelling		
			Sub Total	5,248.00
09/03/2016	14/01420/AS	Land at Tilden Gill	Allotments	32,400.00
		Erection of up to 100 dwellings	Children's and young people's play space	131,200.00
			Natural Green Space	75,900.00

Appendix B Section 106 Contributions Collected 2015/16

DC Code	App	Description	Obligation Detail	Financial Contributions (£)
1041	10/01711/AS	Park Farm	Sports Area and Leisure 2nd Tranche	168,552.26
			Rail Halt Construction Fee	28,525.64
			Community Facilities Off Site	82,153.84
			Sub Total	279,231.74
1089	05/01798/AS	Newtown Works	Deferred Contributions	869,005.10
			Carbon Off-Setting	55,066.00
			Sub Total	924,071.11
1098	09/00962/AS	Ashford Hospital Site	Education Contribution	163,300.00
			Public Art Contribution	6,600.00
			Youth & Child	24,297.00
			Library Contribution	5,212.00
			Voluntary Sector	4,648.00
			PCT	15,352.00
			Sub Total	219,409.00
1104	08/01503/AS	Knoll Lane	Children's Play Area	185,727.32
			Deferred Contributions	714,659.50
			late interest charge	23,340.98
			Monitoring Fee	2,000.00

			Sub Total	925,727.80
1129	12/00979/AS	Land Adjoining 309 HYTE ROAD	Allotments	324.00
			Cemeteries Contribution	460.00
			Children's Play Area	1,312.00
			Natural Green Space	759.00
			Outdoor Sports Pitches	1,915.00
			Strategic Parks	193.00
			Sub Total	4,963.00
1133	10/01663/AS	Warren Sites A&C	Deferred Contributions	483,321.00
			Sub Total	483,321.00
1139	12/00052/AS	Chilham Saw Mills	Monitoring Fee	2,000.00
			Sub Total	2,000.00
1146	14/00057/AS	Plot Adj William Harvey	Monitoring Fee	2,000.00
			Sub Total	2,000.00
1157	10/00750/AS	Beaver Road School, St Stephens Walk	Primary School Contribution	211,728.00
			Secondary School Contribution	193,481.00
			Healthcare Contribution	26,733.50
			Library Contribution	7,307.00
			Off Site Children's Play	87,905.00
			Off Site Open Space	33,764.66
			Adult Education	1,533.68
			Youth & Community	1,720.00

			Adult Social Services	726.94
			Carbon Off-Setting	9,589.56
			Sub Total	574,388.34
1168	12/01230/AS	Land at Mill Road, Bethersden	Monitoring Fee	1,000.00
			Community Learning	590.00
			Secondary Education	79,743.00
			Library Contribution	1,037.00
			Play Area Contribution	27,555.00
			Outdoor Sports Pitches	29,894.74
			Natural Green Space	14,999.00
			Allotments	9,383.00
			Sub Total	164,181.74
1173	13/00051/AS	Bourne Lane, Lancaster Close	Primary School Contribution	169,091.00
			Administration Costs	2,754.80
			Sub Total	171,845.80
1196	13/00988/AS	Railway Hotel, Station Road	Open Space Contributions	14,017.29
			Sub Total	14,017.29
N/A	13/00949/AS	Farrow Court	Library Contribution	1,681.20
			Community Contribution	443.54
			Monitoring Fee	250.00
			Sub Total	2,374.74
1180	13/00265/AS	Townfields, Bridewell Lane	Children's Play Area	2,667.80

			Natural Green Space	1,518.00
			Outdoor Sports Pitches	3,830.00
			Sub Total	8,015.80
1214	14/00221/AS	Adjacent Park View	Allotments	648.00
			Children's Play Area	2,624.00
			Outdoor Sports Pitches	3,830.00
			Strategic Parks	386.00
			Natural Green Space	1,518.00
			Sub Total	9,006.00
1222	15/01467/AS	Land East of Challock House	Children's Play Area	1,312.00
			Sub Total	1,312.00
1190	13/01335/AS	Kingsmead Oast, Cranbrook Road	Children's Play Area	1,312.00
			Outdoor Sports Pitches	1,915.00
			Strategic Parks	152.10
			Natural Green Space	759.00
			Allotments	324.00
			Administration Costs	350.00
			Sub Total	4,802.10
			Total value of contributions collected	3,790,667
		Breakdown by Obligation Type		

		Education	817,343.00	22.20%
		Social & Youth	36,567.60	0.96%
		Health Care	42,085.50	1.11%
		Children's Play Space	309,103.12	8.15%
		Open Spaces & Sports	371,295.89	9.80%
		Highways & Public Transport	28,525.64	0.75%
		Administration Costs	31,695.78	0.83%
		Deferred Contributions	2,066,985.60	54.50%
		Carbon Off-Setting	64,655.76	1.70%

