



**REPORT of
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

**to
PLANNING AND LICENSING COMMITTEE
5 SEPTEMBER 2019**

SECTION 106 AGREEMENTS – INTERIM UPDATE

1. PURPOSE OF THE REPORT

- 1.1 This report puts forward a proposal to modify the existing timelines for periodic reporting to the various Committees. In addition, it provides an interim update, as requested, on the status of the current day to day operations of Section 106 (S106) and is to be read in conjunction with the Community Infrastructure Levy (CIL) Update also on the agenda.

2. RECOMMENDATIONS

- (i) Members are asked to note the progress in reviewing Section 106 and note that all future monitoring reports will refer only to previous periods.
- (ii) That the progress towards commencement of works (inhouse) to assess the potential for implementing a revised CIL Charging Schedule be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 In 2015, the Government conducted an independent review into the Community Infrastructure Levy (CIL) and its relationship with planning obligations (S106). The Review (A New Approach to Developer Contributions) was meant to make improvements to the workings of the existing S106 / CIL regime and was published in February 2017.
- 3.2 More recently, several recommendations from the CIL Review Team, 2016, have been adopted. Some of the more notable changes, due to come into effect on 1st September 2019, are outlined below as follows:
- Requirement for councils to publish annual infrastructure funding statements, (Schedule 2) setting how much CIL is collected, how much is spent and what it is spent on, as well as making similar provision in relation to planning obligations, (Regulation 9).
 - Removal of the pooling restriction (Regulation 11), which restricted the number of agreements that a charging authority could ‘enter into’ in funding local infrastructure (resulting in the removal of CIL Regulation 123).

- Addressing the time taken for local authorities to introduce or revise existing CIL charging schedules by reducing the consultation requirement from two rounds of consultation (before adoption) to one (Regulation 3).
- Allowances for councils to seek Section 106 contributions towards the monitoring and reporting of planning obligations (Regulation 10).
- Improving the administering of exemptions through the introduction of a small penalty for failure to submit a commencement notice (CIL form6); rather than loss of entitlement to CIL exemption (Regulation 6).

3.3 **Planning and Licensing Committee Update**

3.3.1 The Council has recently appointed two interim local plan specialists to oversee a review into the workings of the current Section 106 (S106) and Community Infrastructure Levy (CIL). Over the next three (3) months, this work will undertake an extensive review into the existing S106 systems, processes and procedures.

3.3.2 In addition, an inhouse review of the existing CIL evidence base will be undertaken with the view to making recommendations on the potential for adopting a revised charging schedule to support a more robust S106 / CIL regime.

3.3.3 Findings and Update

3.3.3.1 An initial assessment into the workings of S106 has determined that there are adequate measures in place to allow for the continuity of the Council's day to day monitoring and collection of existing obligations.

3.3.3.2 However, the preliminary stages of the review have also revealed an urgent need to update the existing committee reporting methodology. Essentially, this will mean that periodic S106 / CIL reports submitted to the relevant Committees, in the current period, should cover only financial and operational activities relating to the previous period.

3.3.3.3 For example, quarterly committee reports covering the first financial period (1st April - 30th June) will be submitted to Committees held in the second financial period (1st July - 30th September) and quarterly reports covering the third financial period (1st October - 31st December) will be submitted to Committees held in the fourth financial period (1st January - 31st March, of the following year).

3.3.3.4 Similarly, biannual Committee reports covering the first financial period (1st April - 30th September) will be submitted to the relevant Committees held in the second financial period (1st October - 31st March).

3.3.3.5 The proposed changes to the current reporting methodology are necessary to facilitate the new government requirements for the Council to publish annual infrastructure funding statements.

4. CONCLUSIONS

- 4.1 The Maldon District Council is well prepared in terms of monitoring S106s, forecasting S106 income and preparing PID (Project Initiation Document) for its existing projects. Regular meetings and communication are in place with all Maldon District Council service managers to share the latest information on S106 income and discuss possible funding for identified projects. The Council has set up a communication channel to the NHS England and the Essex County Council to ensure that all relevant information on S106 income is provided as soon as possible.
- 4.2 The requirement for all charging authorities to keep their charging schedules under review is emphasised in para. 2.2.6.3 of the CIL Guidance, February 2014. Therefore, should the Council choose to implement its charging schedule, it will need to demonstrate that the 2014 “levy charges remain appropriate over time”.

5. IMPACT ON STRATEGIC THEMES

- 5.1 The use of section 106 agreements to prescribe, compensate and mitigate the impacts of development enables the Council to enhance services to meet new local demands, which supports the Strategic Theme of Place as set out in the Corporate Plan for sustainable growth and new infrastructure.

6. IMPLICATIONS

- (i) **Impact on Customers** – Plans to work in partnership with ECC and NHS England to ensure the delivery of key infrastructure within the Maldon District Council for the benefit of residents.
- (ii) **Impact on Equalities** – S106 projects are delivered to all sectors of the community in the District. All projects will go through the consultation of the local community and will be subject to an Equality Impact Assessment.
- (iii) **Impact on Risk** – The Maldon District Council needs to ensure that all contributions from S106 agreements are spent as per the specification in the legal agreement. It is important that the Council delivers key infrastructure, in a timely manner, to sustain the level of growth within the District.

Most S106 agreements are time limited by the developer in terms of allocating and spending the contribution. If a developer pays a contribution and the Council fails to allocate within the time period specified, the Council runs the risk that the developer might seek to clawback the contribution. The nearest clawback periods run until 2021 and programming has started to ensure that the risk of clawback is minimised.

Delays in getting projects underway as soon as possible after the contributions are received lead to additional risks. Once the S106 contributions have been received they are not protected against cost inflation, which can result in insufficient funding to provide facilities in full. Therefore, the programme of works needs to be closely aligned to the receipt of the contributions. All the

Maldon District Council's projects need to be delivered on time to minimise the Council's potential financial exposure.

- (iv) **Impact on Resources (financial and human)** – The negotiation of Section 106 agreements remains part of the planning services core budget. Also, the developer pays for the Council's costs in drafting and completing the agreements.

Regular monitoring of S106 is essential to enable the delivery of infrastructure and new S106 / CIL regulations will introduce a monitoring fee. This new fee will provide an additional source of funding for monitoring more complex S106 applications. Particularly, where triggers for the obligations might be phased over long periods.

- (v) **Impact on the Environment** – Agreements can seek to compensate and mitigate for the impacts of development on the local environment. Infrastructure design and concept should respect the future social, environment and economic aspects of sustainable development. Infrastructure Delivery Programme will enable the Council to endorse sustainable development and safeguard the local environment.

Background Papers: None.

Enquiries to: Clayton DeBeauville, Local Plan Specialist, (Tel: 01621 875862)
clayton.debeauville@maldon.gov.uk.