

**TELFORD & WREKIN COUNCIL**

**PLANNING COMMITTEE 25 JANUARY 2017**

**MANAGEMENT OF S106 AFFORDABLE HOUSING CONTRIBUTIONS**

**REPORT OF SERVICE DELIVERY MANAGER DEVELOPMENT  
MANAGEMENT**

**LEAD CABINET MEMBER: COUNCILLOR RICHARD OVERTON**

**PART A – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

To delegate authority to the Assistant Director Governance, Procurement & Commissioning to manage the Payments in Lieu element of the section 106 funds and to allocate these funds subject to stated criteria.

**2. 2.1 That Planning Committee delegate authority to the Assistant Director, Governance, Procurement & Commissioning:-**

- a) In consultation with the Chair of Planning Committee, to exercise the Council's powers to manage and allocate payments received through planning obligations in lieu of on site contributions in accordance with stated criteria;
- b) In consultation with the Chair of Planning Committee, to enter into any required grant agreements, section 106 Town & Country Planning Act 1990 agreements or other agreements to implement the allocation.

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	Secure the delivery of Affordable Housing through the allocation of financial contributions received in lieu of on site affordable housing provision.
	Will the proposals impact on specific groups of people?	
	No	
<b>TARGET COMPLETION/ DELIVERY DATE</b>	Report to be taken to Planning Committee on the 25th January 2017.	

<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	Section 106 contributions are held separately within the Council's accounts and receipts and usage are closely and regularly monitored. Finance will continue to work closely with the service as they finalise the criteria to be applied to allocate these payments to ensure that Section 106s continue to be used to their full potential.
<b>LEGAL ISSUES</b>	Yes	<p>The Service Delivery Manager Development Management is authorised generally and, in respect of specific applications, by Planning Committee to enter into, sign off and discharge s106 agreements.</p> <p>This report seeks to clarify the position regarding the management of these s106 payments in lieu of on site affordable housing and to clearly delegate the power to the Assistant Director, Governance, Procurement &amp; Commissioning to allocate these payments in conjunction with the Chair of Planning Committee.</p> <p>The arrangements for allocating any payments in lieu will be governed by terms and conditions which will include provisions to ensure that the funds are spent properly on the long term provision of affordable housing or returned</p>
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough-wide impact

## **PART B – ADDITIONAL INFORMATION**

### **4. INFORMATION**

4.1 Section 106 of the 1990 Town and Country Planning Act gives the Local Planning Authority the power to enter into legal agreements with developers to make development proposals acceptable that would otherwise be unacceptable in planning terms. This may include a requirement for the developer to pay financial contributions to compensate for any loss or damage caused by the development, or to mitigate a development's wider impact.

4.2 The key principles for establishing S106 contributions are defined in the National Planning Policy Framework (NPPF) which states

Planning Obligations should only be used where they meet all of the following tests:

- Necessary to make the proposed development acceptable in planning terms
- Directly related to the proposed development
- Fair and reasonable in scale and kind to the proposed development

4.3As financial contributions to the Council, S106 receipts can only be spent towards the purpose set out in the S106 agreement. The power to enter into a S106 agreement and to make payments out of the section 106 account for the stated purposes is exercised by the Service Delivery Manager for Development Management.

4.4Since 2014 the Local Planning Authority has accepted a number of “Payments in Lieu” of on site provision of affordable housing units to mitigate against the impact of development. these payments have arisen out of s106 planning obligations and these planning obligations continue to require allocations for the provision of off site affordable housing. The existing delegated powers to the Service Delivery Manager do not specifically include authority to sign off and allocate these payments in lieu.

4.5The authorisation sought would enable the Assistant Director, Governance, Procurement & Commissioning on the recommendation of the Service Delivery Manager - Development Management, in consultation with the Chair of Planning Committee to make allocations in respect of all of the various payments in lieu already received as well as those to be received in the future. Authority is also sought to enter into any required grant agreements, s106 or other agreements to implement and control the allocation of these funds.

4.6The main payments in lieu of on site affordable housing provision which the Council has agreed to receive from developments in the Newport area include Land at Wellington Road Newport for a sum of £2.75m, Land between Beech Hill and Blue House Barn, Chetwynd Road, Newport for £350k and Land adjacent The Barns, Church Aston, Newport for £459k. These three payments are ring fenced to be spent within the Newport/Church Aston area.

4.7Within Telford there have been a number of contributions namely from developments at the former Ever Ready Factory Hinkshay Road Dawley for £150k, the former Celestica site off Castle Farm Way for £1,100,000, Land between Castle Farm Way and the A5 at Priorslee for £2,026,113 and for Land to the north of Haygate Road Wellington for £300k.

4.8These sums are all subject to various triggers for payment related to the amount of houses built on site or specific time periods. To date

the only payments that have been received concern the first two instalments towards the £2.75m sum from Wellington Road Newport and the Local Planning Authority is now in a position to allocate these funds to affordable housing provision in Newport.

4.9 All Section 106 planning obligations are recorded on the Council's Section 106 database and there is a specific officer within Development Management responsible for Section 106 monitoring. The officer is responsible for regularly monitoring the implementation of development and on-going monitoring is undertaken throughout the year. The results of the monitoring are checked against the Section 106 database, which has a comprehensive record of signed agreements and unpaid contributions, and the records for payments received. Records will be kept in respect of any allocations of these payments in lieu of on site affordable housing.

## **5. LEGAL COMMENT**

5.1.1 The Service Delivery Manager Development Management is authorised generally and, in respect of specific applications which are reported to Planning Committee, to enter into s106 agreements and he signs off and discharges these agreements.

5.1.2 This report seeks to clarify the position regarding the management of these Payments in Lieu of on site affordable housing and to delegate the power to the Assistant Director, Governance, Procurement & Commissioning on the recommendation of the Service Delivery Manager - Development Management, in consultation with the Chair of Planning Committee.

5.1.3 The arrangements for allocating any payments in lieu will be governed by terms and conditions which will include provisions to ensure that the funds are spent properly on the long term provision of affordable housing or returned

## **6. CRITERIA**

The criteria to be applied to allocate these payments will be worked up, discussed with the Chair of Planning Committee, finalised and made public. However, certain principles may need to be reflected in the criteria including the following:

6.1 recipient will need to enter into binding arrangements to secure that that the funds are spent properly on the long term provision of affordable housing or returned

- 6.2 the allocated funding should be necessary to provide the affordable housing e.g. the viability of the site is such that the recipient would not have otherwise been able to afford to provide it
- 6.3 the proposed allocation should be reasonable in all respects e.g. it represents value for money
- 6.4 the recipient will have to agree to provide information to the Council to demonstrate that any allocated funds are being spent properly on the provision of affordable housing
- 6.5 Affordable housing is needed in the area where the allocated funds are to be spent.

7. **PREVIOUS MINUTES**

None

8. **BACKGROUND PAPERS**

None

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