

Strategic Development Committee	Date: 10 March 2016	Classification:	Agenda Item No:
Report of: Corporate Director Development & Renewal Originating Officer: Andy Simpson		Title: S106 Planning Obligations - Allocation of Financial Contributions and Project Spend between 2010 and 2015. Ward(s): All	

1.0 PURPOSE OF REPORT

- 1.1 This report has been prepared to outline the process for the allocation of financial contributions secured through Section 106 (s106) planning obligations and provide an overview of s106 spend between 2010 and 2015, and highlight key projects which have been delivered during this period through s106 contributions.
- 1.2 The Strategic Development Committee and Development Committee are responsible for determining planning applications and making recommendations on the heads of terms to be secured in associated s106 agreements.
- 1.3 It is important to note that while there is a comprehensive programme of s106 projects (some of which are outlined within this report), s106 contributions form only one funding stream for the delivery of Council projects, with many being delivered without s106 funding. This being the case, s106 receipts still remain an important funding source for the Council in delivering projects.
- 1.4 S106 contributions, once received are allocated to specific projects in accordance with the terms of the relevant s106 agreement and priorities that are relevant at the time the money is received. These priorities will reflect adopted Council policies. Upon approval by the Planning Contribution Overview Panel (an internal, officer-led panel with delegated powers to monitor the implementation and expenditure of S106), implementation of projects is commenced. Throughout this phase, projects deliver (and are monitored against) set outcomes as agreed within the relevant project documentation and s106 funding is drawn down on an annual basis.
- 1.5 Since March 2010, £46m of s106 funding has been spent delivering projects which mitigate the impact of development within the Borough. These projects, are aligned to Council priorities and have had a transformational impact upon not only physical infrastructure, but also the lives of residents within the Borough.
- 1.6 A selection of these projects is outlined by theme towards the end of this document, and whilst this report focuses on those projects delivered in the last

5 years, it is the intention that an annual update will be reported to SDC henceforth.

- 1.7 In addition to this annual update report, it is important to note that all delegated decisions regarding approved s106 funded projects are available online, as well as a 6 monthly s106 newsletter which provides a spotlight on a selection of current s106 projects.

2. RECOMMENDATION

- 2.1 That the Committee note the contents of the report.

3. BACKGROUND

Planning obligations and S106 Agreements

- 3.1 Section 106 agreements are legally binding agreements that are made between the local planning authority and land owner(s) and/or developer(s) and/or mortgagees under Section 106 of the Town and Country Planning Act 1990. S106 agreements may contain obligations, either in cash or kind, to ensure that a developer makes a reasonable and proportionate contribution to the increased need and use of local infrastructure.
- 3.2 S106 planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms. Since 6 April 2010, planning obligations secured by the Council as a reason to grant planning permission must meet the following three statutory tests set out in the Community Infrastructure Regulations 2010 (as amended) (previously contained in national planning policy): :
 - that they are necessary to make the development acceptable in planning terms,
 - directly related to the development,
 - and fairly and reasonably related in scale and kind.
- 3.3 The Council's approach to securing planning obligations was set out in the S106 Planning Obligations Supplementary Planning Document (SPD) adopted in 2012. The Planning Obligations SPD, provided a framework for collecting s106 contributions from new development in the Borough. This document formalised that contributions are generally secured for the following themes; Affordable Housing, Employment and Enterprise, Community Facilities, Education, Health, Sustainable Transport and Highways, Environmental Sustainability and Public Realm & Public Open Space.
- 3.4 The adopted Planning Obligations SPD was revised and published for consultation in 2015 to reflect the introduction of the Council's Community Infrastructure Levy (CIL) from 1st April 2015]. Amongst other things, the CIL regime prohibits planning authorities from requiring obligations as a reason to grant planning permission which provide or fund the provision of infrastructure identified on the authority's adopted list of infrastructure to be funded through CIL receipts (otherwise known as the Regulation 123 List). It may be worth clarifying for the purpose of the overview of historic S106 expenditure detailed further on in this report, that this restriction does not apply to planning

obligations contained in S106 agreements that were entered into before 1st April 2015.

- 3.5 The revised SPD provides that, as from the introduction of the Council's CIL, S106 contributions that satisfy the statutory criteria will be sought for the following general categories: Affordable Housing and Wheelchair Accessible Housing; Student Housing Development; Employment, Skills, Training and Enterprise; Transport and Highways; Public Realm, Public Access and Children's Play Space; and Environmental Sustainability. The current status of the revised SPD is that it has yet to be adopted, but appropriate weight is to be given to it nonetheless as emerging policy.
- 3.6 As part of SDC's role in considering major planning matters, there is a large influence on the scale and nature of s106 contributions which are secured and received to deliver infrastructure in the Borough and mitigate the impact of development.
- 3.7 S106 monies are usually paid in instalments at key stages during the construction of a development. The stages at which payments are due are known as 'Trigger Points'. For example, s106 contributions could be payable by instalments with 50% paid upon commencement of development and the remaining 50% paid prior to occupation of a specified number of market units or upon completion of a development.

Programming, Allocation and Delivery

- 3.8 The SPD provides that s106 contributions are to be secured to ensure that all major development within the Borough assist in meeting the objectives of the LBTH Core Strategy 2010, Infrastructure Delivery Plan (IDP) and other relevant Council Strategies by helping to ensure that the necessary social and physical infrastructure is in place to support the significant increase in population and jobs in the Borough over the next 15 years.
- 3.9 S106 money is programmed [allocated] to specific projects in accordance with the terms of the relevant S106 agreement and the priorities that are relevant at the time the money is received. These priorities will reflect adopted Council policies. The individual Directorates who cover the specific improvement area take the lead on identifying projects.
- 3.10 Due to the Borough wide impact, financial contributions towards some infrastructure such as Idea Stores, open space, leisure, education and health have been pooled in line with the former Government Circular 05/2005. This will allow expenditure to be planned on a Borough-wide basis to meet residents' needs. An allocation case study can be seen in Appendix 1.
- 3.11 When s106 money is available and required for a project, a Project Initiation Document ("PID") is prepared by the assigned LBTH Project Manager, which describes the project, its s106 justification, responsibilities for governance, programming, any match-funding, and risks. This is to ensure that monies are spent in accordance with the specific s106 legal agreements in a controlled project management environment.
- 3.12 All decisions to finally allocate resources are approved through the Council's Planning Contribution Overview Panel (PCOP), an internal, cross directorate officer-led panel set up by Cabinet in 2004, which has the authority, under

delegated powers, to monitor the implementation and expenditure of s106 agreements and monies, and ensure delivery in accordance with the terms of the relevant s106 agreement.

- 3.13 Upon approval, the project moves into project delivery phase. Dependent on the approach and nature of the project, it may be delivered internally or externally: in both circumstances the project would be allocated an internal project manager. All projects are monitored on a quarterly basis against both the milestones and budget specified within the PID.

4 SUMMARY OF FINANCIAL CONTRIBUTIONS SPENT SINCE APRIL 2010

Heads of Term	Description	Total
Affordable Housing	Expended on the provision of affordable housing, in addition to the securing on-site [or off-site?] units as affordable housing	£ 61,715.00
Arts	Expended on public art, usually in a public space in close proximity to the specific development.	£ 110,670.65
Community	Expended Secured for improvements/provision of Idea Stores and libraries; and multi-use community facilities.	£ 8,000,109.19
Heads of Term	Description	Total
Crossrail	Secured on behalf of, and passported to TfL to deliver Crossrail works.	£ 514,748.56
Education	Expended on educational facilities for public use, provided by the Local Education Authority, and including primary and secondary schools in the LBTH.	£ 10,506,343.36
Employment	Expended on a range of initiatives including the Council's job brokerage programme, Skillsmatch, Access to Employment and supporting local business growth.	£ 2,064,620.46
Environment	Expended on a range of public realm, public safety and environmental improvements.	£ 9,775,789.70
Health	Expended on a range of improvements to health facilities made by the Primary Care Trust/Clinical Commissioning Group.	£ 7,010,000.00
Leisure	Expended on a range of improvements to sport & leisure facilities	£ 187,411.11
Open Space	Expended on improvements and maintenance of parks and similar land for public use	£ 1,628,441.98
Masterplan	Expended on planning documents/studies, including Masterplans.	£ 14,000.00
Millennium Quarter ("MQ")	Secured from developments within the Masterplan area and expended on MQ related projects, such as South Quay DLR Station, as defined in the 'MQ Contributions Framework'.	£ 1,338,053.25
Highways	Expended on highway works and sustainable transport initiatives	£ 3,470,443.03
TfL	Expended on Transport for London (TfL) specific projects.	£ 621,091.24
Total		£ 6,112,437.53

5 BREAKDOWN OF S106 FUNDED PROJECTS BY HEADS OF TERMS

- 5.1 A total sum of £46m s106 funds has been expended across the Borough on projects between April 2010 and March 2015. These projects have wide ranging objectives, mitigating the impact of development through a number of ways, some through delivering much needed affordable housing, health or education facilities, others through delivering employment outcomes, open space enhancements or highway enhancements. Outlined below, by theme, are a selection of the projects on which s106 funds have been spent between April 2010 and March 2015, to demonstrate the nature of projects delivered.

Affordable Housing

- 5.2 Local Authority New Build – £861k of s106 funding was expended as a contribution to the provision of 15 new build houses and flats for council tenants at Stayners Road, Prusom Street, Penang Street and Quinn Close.

Arts & Community

- 5.3 Cable Street Mural – £60k of s106 was spent on refurbishment works to repair and restore the original quality of the mural, safeguarding it from future wear and tear.
- 5.4 Baishakhi Mela – £40k of s106 funding was utilised to support the delivery of the Baishakhi Mela (including costumes and the creation of large kinetic street art pieces to be re used as part of future street parades), promoting friendship, harmony and community cohesion, increasing footfall to the cultural event and showcasing local artists.
- 5.5 Brady Arts and Kobi Nazrul Centre – This project delivered £274k of building improvement works to ensure that the cultural centres could provide a full programme of arts and community activities.
- 5.6 Bishops Square Programme– £1.7m of s106 funds were spent on a suite of projects delivering economic and social well-being benefits in and around the Bishop's Square area.
- 5.7 Watney Idea Store - £1.04m of s106 funding was used to create a new Idea Store at Watney Market containing Adult and children's library, public internet access and flexible learning labs and additional community services.

Education

- 5.8 Mulberry and Bigland Green Children's Centre – £200k of s106 was expended to undertake building works supporting the provision of a new Children's Centre offering a range of free support and services for local residents.
- 5.9 St Paul's Way – £6.5m of s106 funds were utilised towards the delivery of a flagship new-build school with facilities that benefit both the pupils and the wider community, including a public library, a theatre and a large public sports provision.

- 5.10 Stebbons Primary School – £3.4m of s106 funding was applied towards building works providing additional accommodation at Stebbon Primary School, delivering addition primary school places.
- 5.11 Stepney 6th Form - £326k of s106 funding was utilised on building works to provide additional accommodation at Stepney Green Maths Secondary School for the provision of 6th Form places.

Employment and enterprise

- 5.12 Enterprising Town Centres – 27k of s106 funds were applied to support the commercial viability of town centres in Tower Hamlets, promoting new business start-ups in vacant commercial premises throughout the Borough.
- 5.13 Working Start – £1.2m of s106 was expended on pilot interventions aimed at assisting workless young people to compete more effectively in the labour market including the identification of target groups and the brokerage of work placements and placement support.
- 5.14 Construction & Associated Services – £68k of s106 funding was utilised on a range of interventions aimed at assisting workless young people attain employment in construction and associated services.
- 5.15 Addressing Multiple Barriers to Employment – £22k of s106 funds were expended on interventions aimed at supporting those with multiple employments needs (e.g. substance misuse, poor health, debt, poor literacy/numeracy) into placements and employment.
- 5.16 Creative Apprentices – £38k of s106 funding was applied on this project, a unique intervention aimed at creating 10 creative and cultural apprenticeships for Tower Hamlets young residents, paid at London Living Wage.

Environment

- 5.17 Ocean Environmental Works – £4.2m of s106 funds were applied to deliver the refurbishment of 3.5 hectares of landscape and public realm around the existing apartment blocks, creating new seating areas, tree planting, mounded landscapes with play with equipment, and urban gardening opportunities.
- 5.18 Bromley by Bow – £3.6m of s106 was expended delivering Step Free Access onto each of the platforms at Bromley by Bow Station, an increase in the passenger capacity and safety in the ticket hall and over-cladding the existing ticket hall structures to provide enhanced ambience to the station exterior and interior.
- 5.19 East India Station Improvement Works – £160k of s106 was utilised to finance a package of works to improve the station environment, specifically at ground/concourse and mezzanine levels.
- 5.20 St Anne's Street Works – Project delivering improvements to the quality of the public realm around St Anne's Street & St Anne's Row, primarily the upgrading of walking routes for which £34k of s106 funds was applied.

- 5.21 Bow Lock Improvements – £138k s106 funding was spent to deliver a package of highway infrastructure improvements facilitating the relocation of Bow School.
- 5.22 Bethnal Green Gardens – Project enhancing the quality of green space and play provisions at Bethnal Green Gardens for which £156k s106 funding was utilised.
- 5.23 Footway Carriage Way – £1.3m s106 funding was applied to deliver improvements to the street environment across the Borough, up-grading the footway and carriageway, improve street lighting, traffic calming, road safety measures and ensure that the walking, cycling and road surfaces are safe, accessible and free from street clutter.

Health

- 5.24 Mile End Hospital - £100k s106 funding was utilised to deliver the fit out of the Mile End hospital Practise, allowing the relocation of primary care service away from XX Place to the Mile End Hospital site.
- 5.25 St Katherine's – Expansion and redesign of St Katharine Docks Practice, totalling £195k, to increase capacity as well as incorporate technology such as remote monitoring and tele-consultations resulting in an increase of clinical appointments available within the surgery.
- 5.26 £6m in s106 funding was utilised on the fit out of St Andrews Health Centre and the Dunbridge Health Centres, the latter containing 14 clinical rooms, staff and patient rooms and community facilities/services,

Leisure & Open Space

- 5.27 St Georges Leisure Centre – £30k of s106 was utilised to deliver improvement works to St. George's Leisure Centre, including sprung floor for the multi-use area, 25m Lane rope configuration, dry diving equipment, and gymnastics equipment.
- 5.28 Poplar Park, Millwall Park & Island Gardens, Langdon Park & Jolly's Green – £353k of s106 was spent to improve the quality of green space and play provisions at Poplar, Millwall and Island Gardens, Langdon Park & Jolly's Green.
- 5.29 Tree Planting - £16k of s106 funding applied towards the planting and maintenance of 31 extra heavy standard street trees which improving the aesthetic quality of the local street scene at 4 locations across the Borough.

Masterplanning

- 5.30 Aldgate Masterplan Connections Study – £14k of s106 funds were expended on the delivery of a Masterplan for the Aldgate Area, identifying projects and programmes to improve the local area as well as identify funding sources for these programmes.

Millennium Quarter (“MQ”)

- 5.31 MQ Bus Enhancements - £691k of s106 funding was utilised towards enhancing bus services on the Isle of Dogs so improving access to and from

the Isle and mitigating the additional demand placed upon the bus network from additional developments.

- 5.32 MQ Streetlighting – £203k of s106 funds were applied for Streetlighting improvements in the MQ area through replacing the street lighting stock with higher specification lighting within the area.
- 5.33 Isle of Dogs Community Foundation (IDCF) Payments – £1.31m of s106 funding was passed onto /transferred? passported to the IDCF as per funding agreements for delivery of social and community projects on behalf of the Council in and around the Isle of Dogs. These projects included those described under paragraphs 5.34- 5.36 below.
- 5.34 Clubhouse Refurbishment, Millwall Rugby Club, - development of two disused arches for use as a clubhouse for gatherings, committee meetings, administrative functions, and also as a venue for sport-related training courses
- 5.35 Healthy Living Project - provided healthy activities and food for elders senior citizens? once a week from three venues.
- 5.36 Spaceworks - Refurbishment of 'The Space' on Manchester Road, a multi-arts centre on the Isle of Dogs. Works included new seating plus a new toilet block.

Highways & transport

- 5.37 Parking project – £35k of s106 funding was applied to deliver an assessment of on street parking and pressure points across the Borough.
- 5.38 Cycle Hire Infrastructure – £350k s106 was utilised to part fund the Barclays (now Santander) Cycle Hire scheme extension eastwards across Tower Hamlets, providing a network of over 100 docking stations and over 2,000 bikes.
- 5.39 SPW Streetscape – £226k of s106 was spent to deliver highway improvements including surfaces, footway and carriage way and street lighting to improve the environment and streetscene.
- 5.40 Brady Street – £199k of s106 was applied to deliver a range of highway works including traffic calming measures, improved walking routes and crossing and street lighting on Brady Street.
- 5.41 Marsh Wall Highway Works – £150k of s106 funding was utilised to deliver a series of highways works including traffic calming measures and junction improvements to deliver improved environment and streetscene.
- 5.42 Crossrail – £1.13m of s106 funding was passported to TfL to enable the delivery of Crossrail.

6 2015/16 EXPENDITURE

- 6.1 The development, approval and delivery of s106 projects is a continual process, with projects being developed on a rolling basis alongside the receipt of s106 contributions. Following PCOP approval, below is a brief example of projects being developed/delivered in 2015 -2016;

- Watts Grove – Delivery of 148 council owned affordable homes on the Watts Grove site, part funded by £868k of s106 funding.
- Wellington Way – £3.1m Project delivering an extension and subsequent to the Wellington Way Health Centre allowing additional primary care service capacity.
- Bethnal Green Library - Refurbishment of Bethnal Green Library to allow extended usage of this community facility for residents.
- Victoria Sports Hub – £1.2m Project providing a new community multi-sports hub in the park, including a refurbished changing room pavilion, increase the number and quality of sports pitches in the park.

6.2 As commented at paragraph 1.6 above, it is the intention for the SDC to receive an annual update of s106 expenditure, including an account highlighting the more significant projects which have benefited from expenditure with similar details to those set out above.