



North Tyneside Council

Briefing note

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To: Finance Sub Committee

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Title of Briefing: Section 106 overview and update on spend and project delivery

Background:

Planning obligations under Section 106 (s106) of the Town and Country Planning Act 1990, are commonly known as s106 agreements. They are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable, and are focussed on mitigating the impact of the development on an area. S106 agreements are often called 'developer contributions' or '**planning gain**' and include a range of identified categories, historically including highways, affordable housing, sport and leisure, health and play sites, amongst others.

Investment Programme Board (IPB) s106 subgroup:

Concerns regarding the efficiency and transparency of the s106 process had been raised by Members and Officers within the Authority. Issues identified which needed to be resolved, included:

- A strategic position was not developed for service areas delivering planning gain projects resulting in uncoordinated adhoc delivery
- Individual planning gain projects were not being developed or delivered due to under resources and uncertainty about the process
- S106 needed to be clearly linked to the Authority's priorities and plans allowing for strategic context
- Changes to the teams and officers who dealt with the s106 process resulted in a lack of clarity and management
- Lengthy timescales involved with the planning gain process

IPB agreed to set up a s106 sub group to provide political oversight of the s106 process and to overcome the identified issues set out above. The sub group would approve and manage all the Authority's s106 spend and project delivery in an agreed, transparent way, linked to agreed service area priorities and wider Authority's priorities and plans. Through Cabinet Member

oversight and scrutiny the IPB s106 group has been developing policy and procedures to deliver planning gain for the Borough since spring 2019.

To ensure a fair distribution of monies across North Tyneside, the group, in line with the Authority's strategic plans and priorities, agreed that for all future s106 allocations, the Borough would be split into four areas / quadrants: North East, North West, South East and South West. This allowed a more flexible approach to projects and spend through maximising opportunities. Additional management of this process has also been achieved through the appointment of a dedicated s106 Capital Programme Manager. This post will oversee all areas of planning gain and will work closely with service areas to develop projects for the IPB s106 group to approve.

This group, which includes the Deputy Mayor, Cabinet Member for Finance, The Head of Environment, Housing & Leisure and Senior Officers, meets on a fortnightly basis to consider how, when and where s106 monies are spent, in line with the set legal agreements attached to each developer contribution. A key function of the group is to also assess relevant new planning permission requests and their associated s106 requirements based on the impact of that development and agree the appropriate level of planning gain. This ensures that future s106 receipts can easily be aligned to the Authority's plans and priorities.

Proposals from Officers are presented to the IPB s106 group indicating how and when the monies should be spent and then approved if deemed acceptable. The s106 strategies and projects deliver projects which adhere to the Our Ambition for North Tyneside aligning with the Authority's policies and priorities.

Following discussion at the IPB s106 sub group, engagement is undertaken with relevant Ward Members, prior to discussions at IPB, to ensure there is transparency. All matters are then referred to the main IPB for consideration / decision as appropriate. The Investment strategy Gateway process is utilised with all capital and revenue spend following the appropriate approval processes.

Service area s106 strategies developed and approved by the IPB S106 subgroup:

As part of the IPB s106 sub group's continued knowledge collation and project development, work was commissioned to develop two strategies (play sites and allotments) in order to better understand the current status of both offers and to identify where need was located and the type of developments required in those areas. Both strategies were presented to the IPB s106 sub group in summer 2020 and now form the lynchpin for all future s106 decisions and spend for play site and allotment projects moving forward.

Play sites Strategy – Appendix 1
Allotment Strategy – Appendix 2

Examples of s106 projects approved and delivered in the last 12 months:

Many s106 projects have been approved and delivered during the IPB s106 sub group's creation, from a range of service areas, including play sites, parks, sport and leisure, health and highways.

Some recent examples include:

Burradon Recreation Ground - £520k

Provision of a new artificial grass pitch and natural grass pitch improvements as well as a new bowling green irrigation system and footfall changing facilities improvements. Project due to complete end of December 2020.

Rising Sun Sports Ground - £22k

Various sports facility and site improvements, including new dug outs, goal posts and car park improvements.

Project due to complete November 2020.

White Swan Surgery – £8.8k

New consultation room for surgery.

Project completed.

Affordable housing - £3.377m

The s106 commuted sums for affordable homes that is currently available has been approved by Cabinet to be spent by Aurora Properties to provide more affordable housing. The Company target is 100 by April 2022. Therefore, the above figure is now allocated, and will be included within the Financial Management report for approval by Cabinet in November 2020.

Additionally, there was £1.554m which was already allocated to Affordable Homes in the 20/21 budget/Investment Plan. Of this, we have spent £0.482m to date on the 4 properties bought so far. Therefore, there is a total of £4.409m which has been allocated to the Affordable Homes programme by the Development Company which at the time of writing remains unspent (but allocated). Of this, £1.872m is in the Investment Plan to be spent in the current year, and the remaining £2.537m in 2021/22.

S106 monies:

The s106 Capital Programme Manager and s106 service area leads utilise the information collated within the Authority's s106 spreadsheets to define what monies are available for what and where this can be allocated, and develop projects based on this information.

The s106 programme of works aims to supplement and support the wider Authority budget, to ensure a good spread of spend for all areas of the Borough and to provide

flexibility and value for money. An example of this, would be where significant condition related improvements were achieved to The Lakeside Centre in Killingworth through a mix of funding, including various s106 contributions.

Service areas are routinely reviewing this information and developing projects, which are then presented to the IPB s106 sub group for consideration prior to securing the IPB approval. If approved the projects are then delivered. The examples referenced above are a small snapshot of this process in action.

The latest s106 spreadsheets which include the financial information of all developer contributions, either as 's106 allocated monies' or 's106 pipeline monies' can be found in the appendices below:

Appendix 3 – s106 Allocated monies

Appendix 4 – s106 Pipeline monies

S106 allocated monies relates to money received by the Authority through planning gain, this totals £8.997m as at 12 November 2020. In order to deliver projects within this figure, service areas are developing and completing projects based on the legal parameters set within the wording of the planning obligations, all overseen by the s106 sub group. Significant work is happening with relevant officers in developing key projects and allocating the spend within all service areas.

Pipeline s106 monies are those amounts which have been attached to a planning approval, but where the set triggers have yet to be hit, and therefore the money has yet to be received by the Authority. Even though the money may not have been received by the Authority, the figure relates to planning permissions which have not commenced (and may never commence). Service areas and the s106 sub group are aware of what may become available and strategies and project plans are developed based on this information, allowing for future planning and delivery. Pipeline monies are also monitored by the s106 Capital Programme Manager.

The list below sets out the detail of both s106 spreadsheets (Appendix 3 and 4):

Section A – s106 allocated monies: £8.997m

1. Education - £2.752m

£742k has identified specific primary schools

£1.170m is specific to Secondary education but not school specific.

£738k is either not specified or includes 'or other schools in locality', as well as naming specific schools.

It should be noted that the planned spend of Education s106 monies would be subject to review by Officers while accessing the movement of pupils and needs. This is an

integrated decision to move resources where they are most required to ensure the best use of the money available and may take several years to complete.

Officers are currently exploring the opportunities to invest in the school estate based on the above allocations as part of the impact of those builds on the schools in the locality.

2. Highways - £742k (and Travel provisions - £268k)

The Highways team are continuing to undertake a full review of all the Highway s106 schemes with the aim of submitting a phased approach of project delivery over 2020/21, using the appropriate Gateway 2 approval process through the IPB governance arrangements.

The first Gateway 2 approval form, following the aforementioned review, was submitted and considered by the IPB s106 sub group on the 18th March 2020 (see attached Appendix 9). This Gateway form included seven schemes which will be delivered over the next 18 months. See attached delivery plan (Appendix 10) which was issued to the IPB s106 sub group on the 22nd September 2020.

Highways have also obtained IPB approval in July 2020 for the Coach Lane development in Wideopen. The monies associated with these works have subsequently been drawn down from Newcastle City Authority and the highway works are currently being delivered on site.

3. Health - £579k

The s106 Capital Programme Manager continues to work with the NHS North Tyneside Clinical Commissioning Group (CCG) to develop health projects based on the s106 funding available. The CCG are currently working on a number of smaller projects using smaller pots of s106 monies to provide Covid-19 adaptations to existing NHS buildings and sites.

Project development and spending is managed by the CCG and involves approval from the Authority's Public Health team and the s106 Programme Manager. Progress has been delayed due to the significant impacts of Covid-19 on the health system.

The CCG is also working on some larger projects. £129k is allocated for the new Wallsend Town Centre Medical Centre to the rear of The Forum Shopping Centre. The CCG and Planning have agreed this, and the proposals will come before the s106 sub group for approval in due course to ensure it aligns with the Authority's plans and priorities. There is also a large pipeline sum that once the triggers are hit with the development will be added to this already received amount to assist with the delivery of this prominent project.

4. Sport and Leisure - £1.172m

A number of s106 projects have been successfully developed, approved and delivered within this service area, including:

- Burradon Recreation Ground – New artificial pitch and grass pitch improvements, new bowling green irrigation system and football facility improvements - £520k
- Rising Sun Sports Ground – Various sports equipment and facility improvements and car park improvements - £22k

S106 project plan for sport and leisure: Appendix 7

Officers are currently exploring the opportunities to deliver additional investment with the residual balances. This will be reported to future meetings of the IPB s106 sub group

5. Green Infrastructure and Play - £2.003m

These monies will be assessed as part of the agreed s106 strategies and Our Ambition for North Tyneside, to ensure the best use of the Authority's monies.

Officers are currently exploring the opportunities to deliver investment opportunities with the available funding. This will be reported to future meetings of the IPB s106 sub group.

Play Sites

Linked to the newly completed play sites strategy (Appendix 1), which has been considered by the IPB s106 subgroup, this strategy is an investment plan for play sites using the available s106 monies which come into the Authority.

5 year s106 investment plan for play sites: Appendix 6

The play sites service area also has projects totalling £50k currently being delivered as part of the existing Investment Plan linked to the scrutiny and approval process of the IPB governance arrangements

Allotments

Linked to the newly completed allotment strategy (Appendix 2), which has been considered by the IPB s106 subgroup, this strategy is an investment plan for allotments using the available s106 monies which come into the Authority.

Allotment s106 project plan: Appendix 5

6. Recreation and Community - £986k

Officers are currently exploring the opportunities to deliver investment opportunities with the available funding which aligns with the Our Ambition for North Tyneside aims and priorities. This will be reported to future meetings of the IPB s106 sub group.

7. Employment Initiatives - £45k

S106 project plan for employment and skills, including investment plan for the next 12 months: Appendix 8

8. Culture - £28k

S106 project update:

- Lidl Commission – Artist is contracted for this work, Andy Mayers (Mayers Design Ltd). Target timeline for completion/installation of artwork Spring/early Summer 2021.
- Travelodge: Works to facilitate artist select and contract drafting.
- Weetslade: £5k investment to be considered as part of the Waggonways Project for a potential piece of artwork which would be iron cast depicting the industrial/mining history.

Section B – s106 Pipeline monies: £8.438m

This figure relates to planning permissions which have not commenced (and may never commence) or where set triggers have yet to be met, which releases planning gain monies to the Authority. This amount is unallocated, not received and would not require projects to be developed due to the uncertain nature of the developments.

Next Steps / Recommendation:

The Finance Sub Committee are asked to note the information contained within this briefing note and the associated appendices.