

MANCHESTER CITY COUNCIL

REPORT FOR RESOLUTION

COMMITTEE RESOURCES AND GOVERNANCE OVERVIEW & SCRUTINY COMMITTEE

DATE DECEMBER 13th 2007

SUBJECT SECTION 106 AGREEMENTS

REPORT OF HEAD OF PLANNING

PURPOSE OF REPORT

Following a request from the Resources and Governance Overview & Scrutiny Committee, this report sets out the current position regarding benefits accrued from S106 agreements across the City on a ward by ward basis, it outlines how decisions are made regarding content of the agreement and provides an update on the Government's recent announcement relating to Planning Gain Supplement.

RECOMMENDATIONS

It is recommended that Members note the contents of the report.

Financial Consequences for the Revenue Budget

None

Financial Consequences for the Capital Budget

None

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Wards Affected

All

Implications for:

Anti-Poverty	Equal Opportunities	Environment	Employment
No	No	Yes	Yes

INTRODUCTION

1.1 Planning agreements, under Section 106 of the Town and Country Planning Act 1990, are generally used to mitigate harm that may be caused by a development and are negotiated as part of the planning application process. The Act allows for Local Planning Authorities and developers' to negotiate a range of obligations under such an agreement which can either be linked to financial contributions, be restrictive in nature or require specific works or actions to take place.

1.2 The basis for assessing and entering into such an agreement is set out in legislation and in summary an agreement must be:

- Necessary
- Relevant to planning
- Directly related to the proposed development
- Fairly and reasonably related in scale and kind to the proposed development
- Reasonable in all other respects

1.3 Planning agreements are therefore generally entered into to reduce the harm caused by a development to an acceptable level. Acceptable development should not be refused because an applicant is unwilling or unable to offer benefits similarly unacceptable development should not be approved because of unnecessary or unrelated benefits being offered. There is however a degree of flexibility provided the applicant agrees the content of the agreement.

1.4 Work on financial contributions negotiated through this process has ordinarily been linked to a direct development. Due to the physical and functional profile of the City Centre, it is however, appropriate to pool many of the contributions that have been secured from development proposals in this area.

2. Current Position

2.1 Since 1994, approximately £17M in total has been negotiated via S106 agreements. The overwhelming majority of the agreements have been negotiated over the last 6 years and to date £6.5M has been received with £2.1M having been spent on a range of benefits across the city.

2.2 Appendix 1 sets out on a Ward-by-Ward basis the position regarding S106 agreements. One point to note is that whilst the majority of agreements are based on monetary contributions, they also contain non-financial obligations or are entirely based on the latter.

2.3 The significant difference between the total amount negotiated through this process and that received highlights some of the uncertainty and unpredictability around Section 106 contributions. The reality is that no benefits can be secured until a specific development has at least commenced on site and, as a planning

consent can be for 3 (formerly 5) years prior to implementation, there is uncertainty around when or if monies will be received. Once a planning permission expires, the possibility of receiving negotiated monies will have been lost.

2.4 The legislative and procedural framework provides for the local planning authority to lead on these negotiations. Where there are likely to be significant contributions, discussions with Regeneration Teams and relevant Council Services take place prior to resolving what work is necessary to enable development to proceed.

2.5 Examples of where contributions have delivered a local benefit include:

- Improvements to local parks and play facilities
- Targeted training schemes
- Assistance to local environmental works (eg. Victoria Baths)
- Local infrastructure (highway) works
- Local environment initiatives (eg. archaeological digs)
- Match funding for major environmental schemes (eg. St Michael Flags in North Manchester)
- Improved pedestrian links into the City Centre (eg. footbridge over Mancunian Way).
- Cycle route (Fallowfield Loop)
- Improved play provision in Baguley
- Access improvements to the Mersey Valley

2.6 Planning agreements are also reported through the early stages of the Gateway process. This allows for consideration to be given on how the obligations contained within the agreements can contribute to capital schemes and achieve corporate local priorities.

2.7 Administering and monitoring planning agreements has recently been reviewed and has been refocused through a more robust project management approach. This now falls under a distinct area of project management.

3. Planning Gain Supplement (PGS)

3.1 Planning Gain Supplement was first proposed in Kate Barker's independent review of the supply of housing and the effect the planning system was having on that supply. PGS was recommended as a way of capturing a proportion of the uplift in land value gained following the grant of a full planning permission to fund infrastructure improvements. The money raised would have been collected centrally by HM Revenue and Customs and refunded to local authorities as a 'revenue stream'. The intention was that this would operate alongside a revised planning obligation system (S106 agreements),

3.2 The suggested PGS system attracted concern from across a broad spectrum of public and private sector organisations. Whilst the City Council itself welcomed the aim of capturing land value uplift to deliver infrastructure and affordable housing, significant issues were identified relating to the deliverability of PGS and impact on continuing physical and economic regeneration. In particular, there was concern that:

- Centralisation of the system and collection of revenue raises issues of local accountability.
- A lack of current clear regional, sub-regional and local strategy frameworks would restrict ability to make appropriate decisions in allocating PGS revenue
- A national set rate for PGS would not be flexible enough to address the various land development issues in places such as Manchester where there are many sites in need of remediation. There is a very real danger that a rigid system will incur problems of viability of marginal schemes and actually prevent schemes being delivered.

3.3 A statement on PGS contained within the Chancellors' pre-budget and comprehensive spending review report announced a move away from its introduction, stating that, the next Parliamentary Session would not include legislation to implement the system.

3.4 There is still an intention, however, that some element of volume is captured through the grant of planning permission and the Government is now committed to legislate in the Planning Reform Bill to "empower Local Planning Authorities in England to apply new planning charges to new development, alongside negotiated contributions for site specific matters".

3.5 As with PGS, it has been indicated that such a charge regime will operate alongside the current planning obligation system and will be used to fund infrastructure requirements identified through the development plan process. It is also indicated that the charge would include contributions towards the costs of infrastructure of regional or sub-regional importance.

3.6 The details of the planning charges are not yet fully known and it is far from clear that the proposed system would overcome the significant concerns previously identified by the City Council over PGS. In deed a uniform tariff system could accentuate the marginalised development in many places

4. The Way Forward

4.1 The new development plan for the City will need to include a policy for planning agreements as part of its core strategy. This will have to be formulated within the limitations set out in current legislation and regard to any emerging proposals for capturing uplift in land values.

4.2 S106 agreements will in future be a key delivery mechanisms for securing a range of housing choice through the planning process. This will introduce issues around the level and scale of other benefits that developers will be prepared to include in planning agreements in the future.

4.3 More significant, however, is the potential for S106 agreements to be much more limited in their ability to deliver benefits other than very specific on-site works following the introduction of a wider 'planning charge'. It is imperative therefore that as details of the charge emerge, Government is engaged to ensure such a scheme does not undermine and prejudice the City's continuing regeneration

and economic growth. This is not only for the Council to do but also its key partners in the wider development sector.

5. Conclusion

- 5.1 Members had requested information regarding S106 agreements and the benefits that are secured through the planning process via this mechanism. The schedule attached to the report identifies negotiated and signed agreements and the type of obligations attached to each. The range of benefits that have been or will be secured are broad but are believed to comply with the 'needs' testing required of the legislation governing the use of such agreements.
- 5.2 Ultimately, it is the local planning authority on behalf of the City Council who determines whether it is appropriate to seek an agreement based on the merits and circumstances of a particular application and where appropriate, the type of benefit to be negotiated will be in consultation with other bodies.