



Section 106/Community Infrastructure Levy funding in Lewisham Local Assembly guidance

1. Background & Context

What is Section 106?

Building developments often put extra demand and pressure on the environment and infrastructure of the local area. For example, new homes can mean more demand for school places and doctor's surgeries. New supermarkets can put pressure on the road system and public transport.

The planning system is designed to work in the public interest and therefore has to balance many competing demands and interests including the economic, environmental and social effects on the wider community. One way of doing this is through securing planning obligations, more commonly referred to as section 106 (S106). Local authorities can require s106 contributions from developers to secure scheme benefits (other than infrastructure) needed to support the new development and to mitigate the impact of the development.

It is set out in national planning regulations that in order to set a S106 obligation, it must meet the following three legal tests:

1. necessary to make the development acceptable in planning terms;
2. directly related to the development; and
3. fairly and reasonably related in scale and kind to the development.

Planning obligations can significantly increase the quality of development, securing benefits capable of mitigating the adverse impacts of a scheme and supporting growth.

What is Community Infrastructure Levy (CIL)?

On 01 April 2015, the Council began charging the Community Infrastructure Levy (CIL) which will in effect replace S106 for most forms of planning obligations. CIL is not ring fenced to be spent on a particular development or area. CIL is a set charge to deliver necessary infrastructure to support development and growth across the Borough. However, regulations note that a proportion of CIL raised in an area should be spent in consultation with the local community.

The Council is still developing its approach to the expenditure of CIL, however until developments charged under this new mechanism are delivered, existing S106 amounts held by the Council will continue to be the main focus.

As CIL is still an emerging mechanism, the council will prioritise the expenditure of S106 amounts until CIL income becomes the main source of funds - which is anticipated to be 2018. Further details on CIL expenditure will emerge in mid-2017.

Who decides what financial contributions go in to a Section 106?

The Council has a policy document called the Planning Obligations SPD, which provides a basis for setting a S106 agreement. For example the amount of funds that should go to support the creation of employment opportunities. Since the introduction of CIL, new S106 agreements will largely be limited to site specific requirements – such as a creation of a new junction required by the development, or affordable housing. The funds that the council received under the previous s106 process were based on a wider assessment of the impact that a development would have on a particular service in the local area - such as additional school places - as such they do have a potential wider application, but amounts are largely tied to a particular use - e.g 'education'.

A S106 agreement is based on what has been considered necessary as part of the planning permission, which takes into consideration the views of local communities. Furthermore any decision on an application must consider local planning policies which also have been subject to community participation. In a similar vein, CIL, which will replace the use of S106 for strategic infrastructure, will be prioritised on infrastructure priorities identified in adopted council strategies, such as the local plan and Infrastructure delivery plan, which can be found at

<http://www.lewisham.gov.uk/myservices/planning/policy/LDF/Pages/default.aspx>

How is the S106/CIL money collected spent?

Money that is collected through S106/CIL is held by the Council in a ring-fenced account until suitable projects have been identified on which to spend the funds. In many cases, a Section 106 Agreement will have specified how a contribution must be spent. In cases where there is more scope, the Council has a multi-department group (including a representative of the Council's Cultural and Community Development Team) who meet every 5 weeks to discuss the best ways to spend the funding. Through this group, projects are identified and agreed.

S106 is secured for a number of different uses. Some amounts are specifically stipulated as to what project they can be used for; others while not specifically stipulated, such as those generically described as 'affordable housing' or 'education', are still required to be spent in line with the council's relevant strategies and priorities. Other S106 contributions are relevant for local residents to be involved in deciding how the funds are spent and this approach has been successfully trialled in a number of areas with residents getting involved through their local assembly.

Council officers will discuss relevant pots of funding that are available for spending in your area, and guide assemblies through the process of securing and spending funds appropriately.

What can assemblies spend S106 funds on?

This is dependent upon the type of contribution and the wording in the agreement. A S106 agreement is a legally binding document and therefore the Council must abide by it. Council officers will help assemblies with definitions and requirements of spend.

Assemblies should note the following when considering how s106 funds should be spent:

- Legal definition - each S106 payment is set out in a legal document, with a definition on how it can be spent. Spend of the monies must ensure that this definition is adhered to. As an example, the Council may have secured a financial contribution of £3,000 to be spent on community facilities. In the S106 agreement "Community Facilities" will be defined and the money must be spent in accordance with that definition.
- Vicinity - the legal definition for each S106/ payment defines where the funds should be spent. Sometimes this is borough wide; sometimes it is within the 'vicinity', or a defined geographical area (e.g. postcode). Even where the definition states 'borough-wide' it is good practice, where possible, to try to spend the funds within the vicinity of the original development.
- Ward boundaries - S106 money relates to the development it was secured from, and where possible should be spent within the vicinity of the development (see above). This may involve more than one ward, and therefore may involve two or more assemblies working together.
- Capital - S106 is generally capital money; i.e. it can be used for physical improvements. For example it can fund the redecoration of a community hall; but it cannot be spent on youth activities in that hall.
- One-off - S106 is one-off funding. It is not ongoing, and so a project must be able to be fully delivered within the funds available.
- Match-funding - S106 can be combined with other pots of money (including the Assembly Fund). When applying for s106 funding approval will only be given if the match-funding has been secured, or contingency is in place if it's not confirmed.
- Who will deliver - when deciding how to spend S106 funds assemblies should be clear about who will deliver the project. This must be a bona fide organisation, and not the assembly itself.
- Deliverability - when considering spend of the S106 funds, assemblies must consider the achievability and feasibility of proposed projects. Projects will not be approved unless they are deliverable.
- Value for Money - proposed projects must show that they are good value for money, this may include ensuring alternatives are looked at and a range of quotes are sought.
- Release of funding - in normal circumstances S106 money will be released on completion of the project and evidence is provided of that completion. This will require the delivery organisation to be able to fund the project up front. Should this be an issue then alternative arrangements may be possible, and council officers will discuss this with assemblies.

Ideas for assembly spend of funds

Assemblies will be best placed to understand local need and priorities, and the assembly action plans are a good starting point for generating priorities and ideas to inform decisions on spend.

Current Priorities for Evelyn Ward

The assembly identified the following priorities for Evelyn ward

- Provision for young people and children
- Provision for older people, people with disabilities and intergenerational activities
- Skills development and access to local employment opportunities
- Community support on anti-social behaviour, crime and drug issues
- Housing issues / developments and improving the built environment
- Community capacity building, cohesion and events.

Feedback from consultation taken at the Pepys 50th Anniversary Event July 2016

This took the form of The Wishing Tree, where residents were asked to write their wish(es) for their ward on luggage tags and tie them to the tree. Below is the list of those that related to the built environment. All views are represented. This is for information and further discussion as part of the Assembly consultation.

- ~ More 106 money to be used on community assets and buildings
- ~ Community trust to protect our S106. Community board to discuss where it should be spent
- ~ Spend section 106/CIL in Evelyn ward on improving the buildings
- ~ Give Deptford an ASD purpose secondary school of its own, our kids travel out of the ward/borough to be educated
- ~ Get tangible local benefits from S106, with all the building projects in our area
- ~ Put 106 money into Sir Francis Drake School. All children must benefit with new tables & chairs not just new funded FA for 30 new children in 2017
- ~ Fair, correct and transparent allocation of section 106 money for Evelyn ward
- ~ Curb the out of control developments in the area ~ especially as there are insufficient plans for improved infrastructure
- ~ Better infrastructure benefits from architecture and construction skills in the area ~ for community led projects
- ~ Help extend the cycle route under Blackhorse Bridge so there is a safe crossing on Evelyn Street
- ~ Consider accessibility for disabled people during construction
- ~ Help to get a new/better play area built in Folkestone Gardens
- ~ Play area for the children rather than just one climbing frame
- ~ Protect all green spaces not just parks but green verges, green "brownfield sites" and on estates etc.
- ~ Encourage self-build, housing co-ops for local people, especially the young (follow example of RUSS and Walter Segal)



- ~ Bicycle lanes
- ~ Maintenance of the area
- ~ Sort out fly tipping
- ~ Swimming pool and pubs and cafes
- ~ 5 star casino and hotel resort complex
(must have swimming pool)
- ~ Bingo hall
- ~ Starbucks
- ~ More notices emphasising cleanliness
e.g. no spitting in lift, leaving rubbish or weeing in communal areas
- ~ Signs and literature on keeping communal areas clean & tidy. I believe if there is a notice people will think twice before spitting in the lifts



2. S106 in Evelyn Ward

This section provides an overview of S106 money that has been spent in Evelyn ward to date and that has been received from developers.

Total Received to Date	£15,847,618
Total Spent	*£4,759,760
Total Allocated	£3,750,469
Total Unallocated	£7,337,389

S106 contributions are used to offset impacts of a development. In some cases, the projects that provide this mitigation (such as additional school places and healthcare) go beyond ward boundaries and serve a wider area. Not all S106 money from developments in Evelyn ward are spent in the ward and there has been money from other wards that has been utilised in Evelyn, hence the difference in totals spent in the tables above and below marked *.

To date £342, 703 has been spent outside of Evelyn ward, whilst circa £500, 000 from outside the ward has been used on projects in Evelyn (this is included in the total column). Money from other sources may also be used towards the delivery of projects, as reflected in the total column below.

The following amounts have been spent or allocated to specific projects

Project	Total	S106 Contribution from Evelyn Ward
Silwood Estate Nursery	£661,192	£661,192
Silwood Community Facility	£2,089,478	£2,089,478
North Deptford Retail Facilities Scheme	£499,000	£499,000
Deptford High Street GLA Outer London Fund	£169,282	£169,282
Marine Wharf West Linear Park	£5,000	£5,000
The Lenox Project	£74,190	£74,190
Grinling Gibbons Improvement of School Facilities	£80,279	£80,279
Sayes Court Study	£10,000	£5,000
Sayes Court Project Development	£10,000	£10,000
Folkestone Gardens Improvements	£225,064	£225,064
TfL Feasibility Study A2 Deptford Broadway Jctn	£6,000,000	£133,447
Quietway 2 - Trundleys Road to Folkstone Gardens	£80,000	£28,682
Quietway 3 - Childers Street	£381,290	£381,290
Deptford Park Outdoor Gym	£51,000	£28,000
2002 Community Action Centre Equipment	£4,353	£4,222
Riverside Youth Club Equipment	£1,715	£1,715
Co-op Pepys Improvements & Equipment	£4,997	£4,997
2002 Community Action Centre Flooring	£14,230	£5,230
Total	£10,310,070	*£4,406,068

Amounts have been designated for specific projects as part of their S106 agreement (As of Q3 2016/17)

Type	Amount	Specified Scheme
Open space / Play space	£87,914	Crossfield Amenity Green - temporary alternative provision
Community and leisure	£10,000	Open space feasibility study
	£65,810	Lenox Project and Sayes Court specific contributions
	£79,143	Youth Club at Pepys Estate
	£132,623	Sport and activity days and events for children living in the vicinity of Deptford Church Street
	£87,963	Silwood SRB Area
Town centre / Public realm	£226,868	Yeoman Street Chiltern Grove and Croft Street Improvements
		New pedestrian crossing over Edward Street and pavement improvements on Arklow Road and Edward Street
Education	£283,833	St Joseph's RC School
Transport	£703,303	Cycle and pedestrian access for Deptford Church Street, Creek Road, Crossfield Estate and Deptford Bridge/Broadway
	£140,738	CPZs
Total	£1,818,195	

Generic Amounts received which have been identified for specific projects (As of Q3 2016/17)

Type	Amount	
Health	£1,558,935	The Council is working with the Lewisham Clinical Commissioning Group (CCG) to identify health spending priorities. At present it is proposed that some funds will go towards establishing a new integrated healthcare hub
Employment and Training	£637,270	The Local Labour and Business Scheme harnesses opportunities through regeneration for residents and businesses who live or are based within the borough. The funds are not allocated on a ward basis, however given the level of development in Evelyn, it is likely the ward will be a key focus of the scheme.
		The Council seeking to establish a dedicated service to provide construction training and other relevant support for residents and businesses, enhancing the current LLBS offer. This will be known as the Lewisham Construction Hub (LCH) and will be launched in 2017.

		In addition to this, the Council is currently testing a proposal to establish a physical presence in key locations across the borough in order to make the proposed services more accessible to residents and businesses. Should the proposal prove viable it will be funded by amalgamated employment and training contributions.
Affordable housing (off site contribution)	£372,702	Further Funding to be allocated to establish homeless accommodation at Deptford Reach
Total	£1,932,274	

Money received and yet to be allocated to a project (As of Q3 2016/17)

Type	Amount	
Open space / Play space	£202,031	Some for open spaces. Some for play space. Locally, Green Scene have expressed commitment to continue to work with DeptfordFolk to exploit all potential funding opportunities to make improvements.
Community and leisure	£ 1,119,032	£703,765 for community facilities and community development trust. £415,266 for leisure. The Community resources Manager and Development Officer will work with the community to prioritise and develop projects through the new processes.
Town centre / Public realm	£6,546	Two small amounts for projects such shop front improvements and small business support. Managed by Economic Development
Education	£2,527,240	Secondary school expansion programme; currently earmarked towards Addey & Stanhope expansion. This is managed through the Capital Regeneration Board.
Transport	£1,025,392	For improvements to Public Transport. This is delivered by Highways Team and TfL. Consultations are undertaken.
Affordable housing (off site contribution)	£2,394,967	For affordable housing. Managed strategically by Housing Team.
Carbon offset	£43,999	Project in development with Asset Management Planning.
Total	£7,337,389	

3. CIL

CIL collected in the borough and Evelyn ward.

Total received by end of 2016/17	£5,811,253.40
at 15%	£871,125.34
at 25%	£1,452,813.35
Of which raised within Evelyn Ward	£2,727,708.57
at 15%	£409,156.29
at 25%	£681,927.14

4. How decisions are made – now and in the future

Bids for funding are put forward by the relevant council service area, such as parks or education. Proposals from service providers outside the council submit via the most relevant council department. Individual projects, dependent on their size and scope, will be subject to public consultation in their own right as they are developed. This is led by the service area.

The formation of bids is led by (and assessed on) the contents of agreed strategies and plans (all of which have been developed in consultation with the local community and are regularly reviewed) – in particular the adopted Local Plan.

A list of other relevant strategies and plans can be found at <http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Pages/default.aspx>

S106

Where the S106 requires expenditure on a specific identified project, or where the value is less than £40,000, the Council's S106 Overview Group undertake an assessment of a project and agree funding. This may also include sums of money to be directly allocated via ward assemblies.

For larger schemes, particularly those involving S106 amounts that have a wider definition as to what they can be spent on, or where delivery requires a greater co-ordination of resources, the Regeneration and Capital Delivery Programme Board undertake the assessment. The annual Regeneration and Capital Programme will be presented to, and agreed by, M&C each year in advance (most likely as part of the Annual Budget).

In all cases, any expenditure follows the Councils adopted financial processes. Details of what S106 has been spent on are reported in the Council's Annual Monitoring Reports available at <http://www.lewisham.gov.uk/myservices/planning/policy/LDF/Pages/Annual-monitoring-report.aspx>

CIL

CIL spend will also be directed through the Regeneration and Capital Programme and presented to, and agreed by, M&C each year in advance (most likely as part of the Annual Budget).

In addition, the CIL local proportion will be spent in consultation with the local community. The Council are developing an approach to identifying local priorities and projects for spend as part of a project bank, most likely to be developed at a ward level to identify projects to support the growth in the area. This would work alongside those areas that have a Neighbourhood Plan which would themselves identify projects and priorities for CIL spend which would be subject to a referendum as part of the plan making process

A pilot project is being developed in 2017 which would then be rolled out across the Borough.