

London Borough of Hammersmith & Fulham

Report to: Finance, Commercial Revenue and Contracts Policy and Accountability Committee

Date: 5th October 2020

Subject: Section 106 Agreements – Update Report

Report of: Joanne Woodward, Chief Planning Officer & Emily Hill, Director of Finance

Responsible Directors: Tony Clements, Interim Strategic Director of Economy
Emily Hill, Director of Finance

Summary

Following previous reports in July 2019 and January 2020 to this Committee, this report provides an update of the current position regarding Section 106 (S106) balances of funds received, pending, and proposed expenditure.

Recommendations

1. The Committee to note the report.

Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Building shared prosperity	The Council uses planning obligation to ensure the benefits of new development are realised by existing residents and businesses. This is achieved through various means, including but not limited to the provision of new community facilities; enhancements to open space; maximising job opportunities in both construction and post construction phases; and improvements in environmental quality.
<ul style="list-style-type: none">• Creating a compassionate council	The Council uses planning obligations to deliver facilities and services, including but not limited to improvements to existing facilities to ensure these are accessible to all in the community.
<ul style="list-style-type: none">• Doing things with local residents, not to them	The priorities for securing obligations seek to reflect local residents' views on the impacts a development will have on an area and the improvements necessary to address these. Local residents and businesses are also

	engaged in the development of projects delivered through S106 funds.
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	From the negotiation of obligations, to the procurement of facilities, the Council seeks to ensure we maximise the benefits from new development and are robust in getting value for money, including leveraging in further external funding where appropriate.
<ul style="list-style-type: none"> • Taking pride in H&F 	The overarching aim of Council's use of planning obligations is to ensure the impacts of growth are managed and that development benefits new as well as existing residents and that all residents have equitable access to high quality services, amenities, that met their needs.
<ul style="list-style-type: none"> • Rising to the challenge of the climate and ecology emergency 	Obligations are negotiated on new developments where these fall short of policy requirements on carbon reduction and ecological protection and net gain. Such funds are then to be used to deliver borough wide initiatives and projects in Council's climate change strategy.

Contact Officer(s):

Name: Joanne Woodward
Position: Chief Planning Officer
Telephone: 020 8753 4429
Email: joanne.woodward@lbhf.gov.uk

Name: Emily Hill
Position: Director of Finance
Telephone: 020 8753 3145
Email: Emily.Hill@lbhf.gov.uk

Name: Matthew Paterson
Position: Interim Head of Spatial Planning
Telephone: 0777 6672 447
Email: matt.patterson@lbhf.gov.uk

Background Papers Used in Preparing This Report

None.

1. CURRENT POSITION REGARDING S.106 FUNDS

- 1.1. Following the 2019/20 S106 drawdown, the financial year end closing balance of S106 funds already received was £47.7m. As at 1st September a further £5.19m in financial contributions has been received from developers. This brings the current total available balance of S106 funds to £52.9m.

- 1.2. Table 1 below summarises the balances at 1st September 2020 in respect of the S106 funds already received, expected future receipts, and the proposed S106 spend on projects and services over the next three years (2020/21 – 2022/23).

Table 1 – Overview of s106 balances at 1st September 2020

	(£'000)
Available balance (cash in hand) at 1 September 2020	£52,906
Expected future receipts	£127,546
Total current and expected future funds	£180,452
Proposed expenditure	£32,961

AVAILABLE S106 FUNDS

- 1.3. The S106 funds come from obligations negotiated on over 230 individual developments across the borough. Most contributions are limited to certain purposes or types of infrastructure through the individual legal agreement. Appendix 1 (attached) summarises the funds already received against the purposes for which the funding was secured.

EXPECTED FUTURE RECEIPTS

- 1.4. Future receipts negotiated but not yet received are in the region of £127m. The receipt of these funds is dependent on trigger points for payments being reached. Trigger points typically relate to a specific stage of development, such as commencement of development works on site or the first occupation of a residential unit and are therefore outside of the Council's direct control and are highly dependent on wider economic factors.
- 1.5. Appendix 1 indicates the expected future funds that could be received over the next 10 to 15 years. As with the available balances, the future funds are summarised by the purpose for which the funding has been secured. It should be noted that the future funds exclude the S106 funds agreed for schemes where currently there is little prospect of the proposed developments coming forward, such as the original Earl's Court scheme and Chelsea Football Club's stadium proposal at Stamford Bridge. The financial obligations negotiated on these developments amounts to £66.9m.
- 1.6. A number of notable S106 agreements have been negotiated since last reporting to this Committee, that will continue to add to the programme. These are summarised in table 2 below.

Table 2 – Notable agreements negotiated over last 6 months

Notable S106 Agreements negotiated over last 6 months	Approximate value (Excluding non-financial obligations) (£'000)
Olympia Exhibition Centre	£7,000
Hammersmith Magistrates Court	£7,500
Fulham Town Hall	£670

PROPOSED EXPENDITURE OF S106 FUNDS

1.7. As indicated in Table 1 above, there is currently £33m of planned/proposed expenditure on projects over the next three years (2020/21 - 2022/23). Table 3 below summarises proposed spend areas for the future.

Table 3 – Proposed Expenditure

Items for Spend	Estimated Expenditure (£'000)
Affordable Housing	22,803
Community Facilities	2,573
Community Safety and Security	4,520
Community Wellbeing and Social Inclusion	3,533
Parks, Leisure and Sports Facilities	268
	32,961

1.8. The Planning and Finance teams continue to work closely with the various service areas of the Council. This is to ensure the services are aware of the funding available and for what purposes, so that they can develop appropriate projects to include in their capital works programmes for the coming years to deliver on the obligations. Due to Covid and, therein the redirecting of resources and the need for our contractors to meet new assessment requirements, the work programmes for transport, economic development, and parks are still being developed and, as such, are not reflected in the above proposed expenditure.

List of Appendices:

Appendix 1 – S106 funding available and future funds

Appendix 1 – S106 funding available and future funds

Purpose	Available funds 1/09/2020	Future Funds
Affordable Housing provision		
Affordable Housing	17,079,186	30,306,600
Arts and Cultural Projects		
Facilitation of Engagement in Arts	175,318	2,250,000
Public Art Installation	0	50,000
Community Facilities		
Community Centres and Community Halls	93,687	300,000
Healthcare Facilities and Services	969,688	353,956
Libraries	495,141	0
Sports Facilities	136,000	675,740
Community Safety and Security		
CCTV	65,573	75,000
Enhanced Policing	136,293	595,000
Fire Safety	0.00	3,000
Community Wellbeing and Social Inclusion		
Anti-Poverty	11,467	1,587,500
Healthcare Services, including Mental Health	412,026	0
Social Inclusion Events and Initiatives	0	0
Social Services, including social enterprises	1,006,997	4,014,220
Economic Development		
Affordable Workspace	0	10,500,000
Inward Investment Projects	18,621	0
Local Employment and Training initiatives, including workplace coordinator	3,277,628	11,323,364
Procurement and Business Engagement	84,168	222,371
Town Centre Management/Manager	752,888	368,000

Environmental Improvements		
Air Quality	135,596	3,720
Carbon reduction and carbon offset	127,371	2,322,243
Environmental Improvements - General	785,315	0
SUDS, Flood Mitigation and Drainage	79,358	0
Waste Management	22,332	0
Heritage and Conservation		
Conservation Area Management	130,226	0
Heritage Projects	26,974	0
Various Purposes		
Opportunity Area/Fulham Town centre	3,936,956	2,575,000
Opportunity Area/Hammersmith Town Centre	564,477	1,210,000
Opportunity Area/White City	4,433,518	30,140,012
Borough	0.00	2,500,000
Parks, Leisure and Outdoor Sports Facilities		
Path and Walkway Management	13,707	0
Playground Improvements	1,442	105,000
Public Open Space Improvements	2,153,760	1,499,335
Tree Planting - General	22,315	53,200
Schools and Higher Education		
New Schools Provision	1,557,493	614,500
Transport and Public Realm		
Bus Improvements	571,586	2,778,000
CPZ	93,809	745,000
Environmental Improvements - General	37,800	0
Event Traffic Management	0	9,800
Highway and Junction Works	4,926,356	5,862,939

Parking	0	0
Public Realm Improvements	3,970,208	6,551,781
TfL	0	4,599,800
Traffic Safety Initiatives	0	137,000
Train, Tube and Station Improvements	3,456,753	750,000
Travel Plans and Monitoring	73,939	1,072,400
Tree Planting - Streets	31,021	20,000
Walking and Cycling facilities	1,001,057	1,371,500
Total	52,906,209	127,545,980