

PROTOCOL ON SECTION 106 PLANNING OBLIGATIONS

July 2015

(Addendum to fees 1st April 2023)

Protocol on Section 106 Planning Obligations

Preamble

- 1 Under Section 106 of the Town and Country Planning Act 1990 any person interested in land in the area of a Local Planning Authority may, by agreement or unilaterally, enter into a planning obligation -
 - (a) restricting the development or use of land in any specified way;
 - (b) requiring specified operations or activities to be carried out on the land;
 - (c) requiring the land to be used in any specific way;
 - (d) requiring a sum or sums to be paid to the authority on a specified date for an agreed purpose.

The Council will also incorporate Section 111 of the Local Government Act 1972 into a planning agreement.

- 2 Planning permission can therefore be granted subject to planning obligations enabling proposals to go ahead which might otherwise be refused.
- 3 The Council is currently preparing a county-wide Core Strategy which will include a strategic policy on the use of planning obligations. This will replace many of the policies contained in the current statutory development plan which comprises the Local Plans, Core Strategies and other Development Plan Documents prepared and adopted by the Council's predecessor authorities. Those policies are shown at Appendix 1 to this Protocol.
- 4 A new Core Strategy for Northumberland is expected to be in place by Autumn 2016. Until that time those policies in the current statutory development plan will continue to apply. The purpose of this protocol is to assist in the interpretation and implementation of those policies and to set in place the Council's common approach to negotiations on planning obligations in the future. It is also recognised that local Members, Town and Parish Councils and local communities can offer valuable insight into locally specific issues which can be mitigated through a Section 106 agreement.
- 5 If undertaken properly and in accordance with policy it is envisaged that early engagement through the pre-application process will produce realistic Section 106 obligations which will fulfil the aspirations of the local community. Collaborative discussions at an early stage will help to shape better quality schemes and improve the outcomes of a proposed development.
- 6 Members are encouraged to get involved in discussions and negotiations on Section 106 agreements. They are a part of the proper planning process and are not confidential. However, it is essential that such arrangements are operated in a way that is seen to be fair, open, transparent and reasonable in order to retain public confidence in the fundamental principle that planning permission cannot be bought or sold. This has been widely acknowledged as a concern of the planning system for some time with negotiations on S106 agreements being perceived as taking place "behind closed doors". This protocol provides a firm commitment to address this issue in Northumberland

and, in addition to providing opportunities for Member involvement in S106 discussions, also provides the opportunity for Town and Parish Council's and local communities generally to better engage in the process.

- Following publication of the National Planning Policy Framework (NPPF) in March 2012 all other government policy and guidance on the use of planning obligations has been cancelled. NPPF restates the statutory tests in the <u>Community Infrastructure Levy Regulations 2010</u> as policy tests and this more recently has been reinforced by National Planning Practice Guidance (NPPG) which was published in March 2014. Re-inforcing the established approach of ensuring that, where a choice exists, preference must always be given to resolving objections to development through the use of planning conditions rather than planning obligations.
- 8 Both the NPPF and NPPG make clear that planning obligations may only constitute a reason for granting planning permission if they meet the tests which are set out in the Community Infrastructure Levy Regulations 2010. These Regulations provide that, in order for a planning obligation to be used as a reason for granting planning permission, it must be:
 - necessary to make the development acceptable in planning terms;
 - directly related to the proposed development; and
 - fairly and reasonably related in scale and kind to the proposed development.
- 9 Planning obligations should not duplicate conditions and should only be used where it is not possible to address unacceptable development impacts through the imposition of planning conditions. Applicants retain an immediate right of appeal against conditions whereas the terms of an obligation may currently only be appealed after five years. However, there are some matters over which planning obligations give more appropriate control than conditions, for example in respect of affordable housing.
- 10 Where they are used planning obligations must be necessary to make a proposal acceptable in land-use planning terms and must be proportionate to the objection they would seek to resolve. Planning obligations should not be sought where a connection does not exist between the proposed development and the matters secured by the obligation or where that connection is too remote.
- 11 Acceptable development should never be refused because an applicant is unwilling or unable to offer benefits that the Local Planning Authority or the community may wish to secure where these are unrelated to the proposed development. Likewise, unacceptable development should never be permitted because unnecessary or unrelated benefits are being offered by an applicant.
- 12 An obligation may involve payment by a developer of a sum of money to be used by a Local Authority to overcome a genuine potential reason for refusal of a planning application. Common examples of this type of planning obligation arise when a proposed development creates additional demand for public open space, parking spaces, transportation infrastructure or local traffic

calming measures. In such cases payment of an appropriate sum of money to the Local Authority can enable the authority to provide the new or replacement facilities, where these are outside the developer's control.

- 13 The following are examples of what may be sought as planning obligations:
 - Affordable housing;
 - Open space, including maintenance payments;
 - Recreational facilities;
 - Highways, transport and travel schemes including cycle and public transport improvements, highway infrastructure works, park and ride contributions, pedestrian facilities;
 - Community Projects e.g. Community facilities, community safety, local labour and training initiatives, business units and infrastructure, community art provision;
 - Community centres;
 - Local environmental improvements including enhancement of designated nature conservation areas;
 - Long term management of restored minerals or waste sites;
 - Flood defence;
 - Mix of uses;
 - Affordable business space;
 - Archaeology and conservation including contribution to the repair and maintenance of publicly owned listed buildings and Ancient Monuments, particularly those on the "at risk" register;
 - Educational facilities;
 - Pollution monitoring and mitigation;
 - Libraries;
 - Healthcare facilities;
 - Fire and rescue facilities;
 - Crime and disorder prevention activities;
 - Town centre improvements; and
 - Employment and training.
- 14 The above list is not exhaustive and the precise details of what will be sought by way of a planning obligation will be dependent on the scale and nature of the application and will also be governed by relevant development plan policies in force in the area and any associated Supplementary Planning Documents.
- 15 On 29th November 2014 revisions were made to NPPG in respect of the use of planning obligations. The revisions took immediate effect and included changes relating to Section 106 planning obligations for affordable housing and tariff style* planning obligations which should no longer be sought from schemes involving:
 - Developments of 10 residential units or less and which have a maximum combined gross floor space of no more than 1000sqm; and
 - Residential extensions or annexes added to existing homes.

*Tariff style planning obligations are those which go towards pooled funding pots intended to provide common types of infrastructure for the wider area, for example general sport and recreation contributions.

16 Appendix 1 of this document shows a list of the policies in the current development plans in force within the County which specify what may be required by way of a S106 agreement for particular types of development. It should be noted that these are general requirements and each application is assessed individually to determine whether there is a requirement for an obligation to be entered into in order to allow planning permission to be granted. The precise requirements of any necessary S106 obligation will depend on the nature and scale of the development proposed.

Practice

- 17 It is important that the negotiation of planning obligations does not unnecessarily delay the planning process, thereby holding up development delivery. It is therefore essential that all parties proceed as quickly as possible towards the resolution of obligations in parallel to planning applications (including through pre-application discussions where appropriate) and in a spirit of early warning and co-operation, with deadlines and working practices agreed in advance as far as possible.
- 18 The Council will advise applicants as early as possible if a planning obligation is required in connection with their development proposal as well as the reasons for this. Ideally this should form part of the pre-application discussions and further advice on this is provided in the Pre Application Protocol and the Major Application Protocol. In addition, applicants for planning permission will be informed as soon as possible if it is likely that there is a potential reason for refusal which could be overcome through a planning obligation.

Member Involvement

- 19 Section 25 of the Localism Act 2011 makes it clear that Councillors can both campaign and represent the views of their constituents without compromising their ability to take part in the actual decision-making process should they form part of a Planning Committee determining planning applications. As such there is an opportunity for Members to get involved in negotiations on Section 106 contributions both at the pre-application stage and through the formal planning process. Further information on how this will be operated in practice is provided in the Major Developments Protocol and Pre-Application Protocol.
- 20 It is important to note however that Planning Committee members role in preapplication and Section 106 discussions is to learn about emerging development proposals and help to shape schemes and any associated legal agreements to ensure the outcomes reflect the needs of their local community and local area. Councillors are able to express preliminary views on emerging development schemes and associated Section 106 obligations at the preapplication stage but these must not be given in a way that could be perceived by others as having pre-determined their position in the event that they are, or

become, a member of the Planning Committee that determines any subsequent application.

- 21 If a Councillor decides to express anything other than a clear preliminary view at the pre-application stage, or at this stage decides to represent a view on behalf of their local community or ward in support of their role as a community champion, their pre-determination of the scheme will require them to stand aside from the determination of any subsequent planning application.
- 22 Any member of a Planning Committee who elects to support a view, for or against, the development being discussed in pursuit of their community champion role will have pre-determined their position to the extent they will be advised to declare a prejudicial interest. This will leave them free to present the views of their local community in the event of the application being presented to Planning Committee for a decision but does not allow them to take part in the vote on the scheme.
- 23 Larger developers are often keen to meet with local Councillors prior to the submission of a formal planning application to discuss local needs and the issue of wider community benefits. This is recognition of the important role that Members can play in the pre-application process. In light of the above advice it is quite appropriate for local Members to get involved in early stage discussions, even when they sit on a Planning Committee, provided they do not pre-judge a development proposal. It is recognised that training will be required to give Members the knowledge and confidence with which to participate fully in pre-application and S106 discussions and this will be provided by the Planning & Housing Team. Local members can also make formal representations on planning applications to identify potential infrastructure and other requirements and can speak at Planning Committee meetings on such matters. Training will again be provided in this respect.
- 24 The issue of S106 requirements on individual developments is frequently a subject for debate and Member comment at Planning Committee meetings. Discussions and negotiations on S106 agreements are part of the proper planning process and as such are not confidential.
- 25 Draft heads of terms and legal agreements are held on the planning file and can be viewed by contacting the planning case officer. In cases where Members have been involved in early stage S106 discussions, officers will provide Members with regular updates on progress and feedback on any issues arising through the negotiation process.
- 26 Details of all existing S106 agreements are also held on the S106 Monitoring Spreadsheet which can be made available to Members upon request by contacting the Council's S106 Officer, and on the electronic Obligation Tracker which can be viewed via the Council's website.

Town / Parish Council and Local Community Involvement

- 27 Town and Parish Council's, other key stakeholder groups and local communities can also have an important role to play in identifying potential S106 requirements at the pre-application stage, through formal responses to planning applications and also through the preparation of a Neighbourhood Development Plan for their area identifying local social and physical infrastructure needs such as, for example, affordable housing, sheltered accommodation, open space and local environmental improvements. However, it is recognised that in the past third parties have found it difficult to engage in both the pre-application and S106 processes. The Council's Pre-Application and Major Developments protocols seek to address this issue by providing an opportunity for developers to present their proposed schemes to Members, Town and Parish Council's and other key stakeholder groups at the early pre-application stage. It is envisaged that early stage discussions on likely S106 requirements will take place as part of this process to ensure better Town / Parish Council and local community engagement in the process in the interests of openness and transparency. Relevant training on S106 obligations will be offered to all Town and Parish Councillors as part of an ongoing and rolling training programme being delivered by the Council's Planning & Housing team.
- 28 Where it has been identified that a S106 agreement will be required then a draft heads of terms should be provided when a planning application is submitted. In respect of most major open market housing developments there will be an expectation that a proportion of the housing should be affordable and that this will be provided, controlled and managed through a S106 planning obligation. It will be appropriate to resolve the proportion of affordable housing to be provided with the Local Planning Authority prior to submitting a planning application in order to provide the developer with some certainty of what is required. Local Members, including Town or Parish Councillors, have an important role to play in this respect in assisting the Local Planning Authority to fully understand housing need in their area.
- 29 The planning officer in their report will include a section referring to the S106 agreement detailing its necessity to make the development acceptable in planning terms, stating how the requirements are directly related to the development being proposed and demonstrating how they are fairly and reasonably related in scale and kind. This section of the officer report can then be referred to in any future enquiries or planning appeals.
- 30 The Council will provide the developer with a Heads of Terms document at the earliest possible opportunity which will set out clearly the contributions required by the Council. The Heads of Terms can be wide ranging but typically may include financial contribution towards sports, play and recreation facilities; affordable housing provision; education and infrastructure improvements. It is intended that this document will be a working document to be used between the parties and again local Members, Town and Parish Councillors, and other key stakeholder groups can have an important role to play in fully understanding essential requirements in their area.

Unilateral Undertakings

- 31 The submission of unilateral undertakings on behalf of applicants may be acceptable. If this approach is being considered on behalf of the applicant then it is important that it is discussed with the relevant case officer before any work is done on the proposed undertaking. A unilateral undertaking must comply with the same statutory and policy requirements as a bi-lateral agreement. Where a unilateral undertaking is submitted and it meets the relevant tests then it will be taken into account as a material consideration when determining the application. However, if the obligation does not meet those tests and the proposed development is unacceptable without it, then the planning application will be recommended for refusal. If an alteration to the undertaking would overcome the reason for refusal then the Council will advise the developer prior to determining the application.
- 32 If a planning obligation is considered essential to render a proposed development acceptable in planning terms and an applicant is unwilling to enter into that obligation then the planning application will again be recommended for refusal.
- 33 Planning obligations may involve the payment of a financial contribution to the Council. This is most likely to occur where a development is creating a need for, or placing an additional strain on, for example, education facilities, public parking facilities, transport infrastructure, public open space, recreational facilities or children's play areas. In such cases applicants will be made aware of at least the approximate level of the contribution, and what the contribution may be spent on, during negotiations and well in advance of the application being considered by the relevant Planning Committee, or the appropriate authorising officer if the decision is to be made under delegated powers.
- 34 In all cases the scale of a necessary obligation or financial payment will be directly related to the benefit that the proposed development will, over time, derive from them. The agreement will normally entail payment of any contribution as a lump sum subject to appropriate trigger points but normally upon commencement of the development.
- 35 The need for and calculation of financial contributions should be applied consistently but may, occasionally, be subject to negotiation with the Development Management case officer dealing with the application in consultation with relevant colleagues both within and outside the Council, including with local Members and/or Town and Parish Council's where appropriate. Where any departure from standard practice is being contemplated this will be made explicit and fully justified. Normally this will be in cases where there are substantial exceptional costs involved in the development such as remediation of heavily contaminated sites. In such cases the developer will be asked to provide independently verifiable financial evidence that the required financial contributions will make the scheme unviable if they are looking to challenge the proposed level of contribution, particularly where that level is set out in policy. The Council is currently preparing a Development Viability Protocol setting out specifically what will

need to be submitted by an applicant to underpin a viability argument and the expectations of how a financial appraisal will be carried out.

36 If a planning obligation will be needed to secure monetary payments then the Council may consider the creditworthiness of the proposed site owner and may require that financial information is provided to show that he has the financial capacity to meet the payments. The Council might ask that the owner provides a bond or a guarantee, particularly if the owner is a dormant subsidiary company.

Execution of the Agreement

37 If the Council has resolved to grant planning permission subject to the execution of a planning obligation, the planning permission will only be issued once the S106 agreement has been executed by all parties and dated by the Council. The Council will ask for evidence that the owner has capacity to enter into the agreement and that any persons signing the agreement on behalf of the owner are authorised to do so. For example, if the owner is a Trust then the Council will ask to be provided with a copy of the Trust's constitution, evidence that any signatory trustees are duly appointed and that the trust has properly resolved to enter into the agreement. Similarly, if the owner is a company then the Council may ask to be provided with a copy of the company's memorandum and articles of association, evidence that any signatory officers are duly appointed and that the company has properly resolved to enter into the agreement.

Unspent Financial Contributions

- 38 If contributions from developers have not been spent for their specified purpose within an agreed timeframe, which will be set out in the obligation and depend on the level of the contribution and its proposed end use, they will be returned to the developer. The time periods during which financial contributions are to be spent will run from the date the contribution is received by the Council once the trigger point is reached as opposed to the date of the agreement or obligation.
- 39 If the contribution cannot be spent for its originally specified purpose within the timescale set out in the agreement the Council will first seek to negotiate with the developer, or their successor in title, an alternative purpose for the financial contribution.

Legal costs

40 The Council will require the developer to contribute towards the costs of preparing the planning obligation or checking any draft agreement or unilateral undertaking. These costs vary according to the type of agreement or unilateral undertaking and the scale or complexity of the associated development. The Council's Legal Department will be able to advise on the cost of dealing with the agreement once they have received instructions from the Planning Department.

Implementation and Monitoring

- 41 Once planning obligations have been agreed it is important that they are implemented, monitored and, where necessary, enforced in an efficient and transparent way. This is to ensure that contributions are spent on their intended purpose and that the associated development contributes to the sustainability of the area. This will require monitoring which, in turn, may involve joint-working by different parts of the Council. In particular, financial contributions may need to be spent by separate departments or other obligations, such as travel plans, may need to be implemented or enforced by particular officers or teams.
- 42 Following the finalisation of a planning obligation there are a range of different activities that need to be undertaken by a variety of different parties, to different timetables, sometimes extending over a number of years. Some of these tasks include:
 - ensuring receipt of financial contributions at appropriate times;
 - ensuring the in-kind delivery of obligations by the developer to the required standard and timetable;
 - ensuring that the necessary infrastructure that the Council or another public body has agreed to provide (wholly or in part, funded by contributions) is delivered to the required standard and timetable;
 - monitoring adherence to restrictions imposed through planning obligations, such as occupancy or parking controls;
 - managing applications for the modification or discharge of agreements; and
 - any necessary enforcement action.
- 43 The Council have put in place a monitoring regime to assist in the monitoring of S106 agreements to ensure that payments are received on time and spend in accordable with the agreement. Details of all agreements are now available to view online: <u>http://www.northumberland.gov.uk/default.aspx?page=17737</u>
- In order that the enforcement and monitoring of planning obligations is carried out efficiently and effectively for the benefit of communities affected by development, the Council will levy a monitoring fee on each planning obligation. An assessment will be made on every S106 agreement and Unilateral Undertaking to determine the monitoring fee to ensure it is fairly and reasonably related to scale of development. This monitoring fee will be identified in the planning obligation and must be paid by the developer or other parties as may be specified in the obligation on signing the S106 agreement. The levy will be applied to all obligations whether these are by agreement or submitted as unilateral undertakings.
- 45 New CIL regulations from 1st September 2019 allows Local Planning Authorities to charge monitoring fees towards the cost of monitoring obligations and for the additional work and resources involved with publishing developer contributions

As from 1st April 2023 the monitoring fee for all new S106 agreements will be based on the number of trigger points as follows.

A fixed amount **per** obligation trigger point of **£300** A fixed amount for all CMS Unilateral Undertakings of **£100** A variable amount per unique obligation type depending on nature of obligation to be monitored, fee starting at **£1000 upwards** A variable amount for non residential large scale major developments priced on a case per case basis, fee starting at **£2000 upwards**

For S106 agreements containing Affordable Housing obligations these will require additional fees to the fees listed above to include a separate fee to cover the monitoring of the Discount Value Home (DMV) in perpetuity. This is set at £400 **per** home

The Council are introducing some additional service fees as follows:

A fixed fee to issue a letter of compliance of a S106 Agreement and its obligations. This would be payable by house owners through their conveyancing solicitor during the sale process **£40 plus vat = £48**

DMV Resales Introduce an additional administration charge for issuing Certificates for land Registry purposes to confirm compliance with requirements as per the Land Title restriction **£35 plus vat = £42**

Legal Fees New fees Introduced 10th January 2022

<u>View the Legal fees at</u> <u>www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Planning-</u> <u>and-Building/S106LegalFees.pdf</u>

APPENDIX 1

Current Development Plan Policies

Former Local Authority Area	Development Plan Policy	Requirements
Alnwick	Alnwick District Local Development Framework Core Strategy Development Plan Document 2007 Policy S20 Policy S23	Contributions from new residential developments towards the provision and maintenance of open space, sporting facilities and recreational provision to meet the targets and standards identified in the Open Space and Recreation Supplementary Planning Document and through the use of planning obligations.
		provision or improvement of physical or social infrastructure or local environmental improvements necessitated by the development or to provide affordable housing to meet housing need.
Berwick	Berwick Upon Tweed Local Plan 1999 Policy F30	Developers will be required to provide appropriate infrastructure, or other consequential educational, social, recreational, sporting or community facilities and nature conservation benefits commensurate with the scale of the development. This may be by means of developer contributions or, where appropriate, commuted payments or the direct provision of facilities. The provision of facilities may by agreement be made either on or close to the site of the application, or by contributing proportionately to some larger or more comprehensive facility of the required type to be provided in a related location.

Former Local Authority Area	Development Plan Policy	Requirements
Blyth Valley	Blyth Valley District Local Plan 1999 Saved Policy G11	 Planning Obligations will be sought in the following situations: Where the provision of specific off site infrastructure, services and/or facilities is regarded as essential before or during the implementation of the development proposal, and should not be provided by another agency within the timescale of the development; Where the application covers a large area of land and there is a need to ensure that development is phased in a satisfactory manner; Where the provision of some identifiable social, recreational or community facility, which would be required to serve the development is not part of the application or cannot be accommodated within the application site; Where, due to the effects of the proposed development, it is necessary to ensure the protection and management of an on-site or adjacent feature of open space, landscape or nature conservation interest; Where the provision of affordable housing is sought,. Where it is considered necessary to secure a financial contribution towards the provision of facilities which are necessary to the development

Former Local Authority Area	Development Plan Policy	Requirements
Blyth Valley (Continued)	Blyth Valley Local Development Framework: Development Control Policies Development Plan Document 2007 Appendix B	This sets out the open space sport and recreation provision that will be sought in connection with new developments and is read in conjunction with the Blyth Valley PPG17 Assessment which establishes the need for such provision.
Castle Morpeth	Castle Morpeth Local Plan 2003 Policy I2	 For major developments the council will, where necessary, seek through a planning obligation to make provision for related highway, infrastructure and community facilities. These may include: i) the provision of highway improvements, and facilities within the site, that are necessary in the interests of comprehensive planning and/or ii) the provision of off-site highway improvements and facilities where the development can be shown to put additional strain on existing resources.

Former Local Authority Area	Development Plan Policy	Requirements
Wansbeck	Wansbeck District Local Plan 2007 Policy CF7 Policy REC7 Policy REC8	·

Former Local Authority Area	Development Plan Policy	Requirements
Wansbeck (continued)	Provision for Sport and Play Supplementary Planning Document	Play / informal open space, indoor and outdoor sports facilities in connection with new housing development in particular in relation to the provision of commuted payments by developers in lieu of actual provision of facilities on site.
Northumberland County (as Minerals and Waste Planning Authority)	Northumberland Minerals Local Plan 2000 Policy EP23 Policy SM1 Policy R1	 Where appropriate and necessary to the grant of planning permission, the Council will seek to negotiate with mineral operators, community or environmental benefits which are both fairly and reasonably related to the proposals and commensurate with the likely impact and scale of the development. To secure the acceptable operation and reclamation of mineral sites, the Council will seek to conclude planning obligations to control mineral operations, their reclamation, after-use and subsequent management. Where appropriate the Council will seek a planning obligation to extend the aftercare period of Minerals sites.
	Northumberland Waste Local Plan 2001 Policy EP24 Policy R1 Policy SM1	Where appropriate and necessary to the grant of planning permission, the Council will seek to negotiate with waste operators, community or environmental benefits which are both fairly and reasonably related to the proposals and commensurate with the likely impact and scale of development.

Former Local Authority Area	Development Plan Policy	Requirements
Northumberland County (as Minerals and Waste Planning Authority) Continued		Proposals for landfill developments (including landraising) will only be permitted where proper provision has been made for the reclamation of the site. This will include: arrangements for the effective after-care of sites; measures to enhance the environment such as the retention or creation of woodland, hedgerows, landscape features, wildlife habitats geological exposures and rights of way; and financial provision for the proper reclamation of the site. Where appropriate and necessary to the grant of planning permission, the Council will seek to negotiate with waste operators, community or environmental benefits which are both fairly and reasonably related to the proposals and commensurate with the likely impact and scale of development.
Development Plan Policy	Requirements	<u> </u>
North East of England Plan: Regional Spatial Strategy to 2021	The provision of phased new or improved schools, health services and other services and facilities, through planning obligations or specifically designed schemes, with new housing are key to improving the health and quality of life of the Region's inhabitants. (Paragraph 3.99)	
	Have regard to the level of need for affordable housing, including the use of planning	
	obligations in the development of all housing sites, including when considering the renewal	
	of lapsed planning consents (Pa	olicy 30)