

Section 106 Year End Review 2010/11



1. Highlights of the Year: April 2010 to March 2011

2010/11 HIGHLIGHTS	
Value of Agreements Signed	£8.5m
Payments Received	£3.2m
S106 Money Spent	£2.3m
Balance at Year End	£15m

48 S106 agreements were signed in 2010/11 with a total value of £8,506,808 in financial contributions. This is much better than last year and compares well with previous years prior to financial downturn.

The 48 agreements involved **278** new planning obligations. 22 of the agreements involved financial contributions from developers. Table 1 below shows the breakdown of all 278 planning obligations by obligation type and financial value:

Table 1: Number and Value of Obligations by Obligation Type

Obligation Type	No of Obligations	Obligation Value
Affordable Housing - Off Site Financial	1	NIL
Affordable Housing - On Site	9	NIL
Affordable Housing - RSL Schemes Only	7	NIL
Car Club	9	£46,000
Children and Young People Play Space	7	£78,622
Community Facilities	3	£115,000
Community Safety	1	£85,000
Education	12	£2,244,173
Employment and Training	6	£221,731
Health	7	£276,670
Libraries	8	£87,150
Local Labour in Construction	16	£226,238
Miscellaneous	41	£50,000
Monitoring Charge	33	£201,297
Parking Restriction	24	NIL
Public Art	10	£320,600
Public Realm - Parks and Open Spaces	16	£1,066,299
Public Realm - Revenue Payment	11	£274,162
Public Realm - Streetscapes	6	£605,750
Public Transport	6	£1,999,350
Renewable Energy	3	NIL
Sport and Leisure	9	£319,306
Sustainable Design and Construction	2	NIL

Obligation Type	No of Obligations	Obligation Value
Traffic and Highway	20	£281,460
Travel Plan	11	£8,000
TOTAL	278	£ 8,506,808

2. Notable Agreements

Eleven agreements had planning obligations with financial contributions worth more than £100,000, accounting for 96 per cent of total new financial contributions negotiated during the year. These agreements are in relation to the following schemes:

Table 2: Schemes with More Than £100k in Financial Value

Legal Ref	Scheme Address	No of Obligations	Obligation Value
554/L/S106A	143-161 Wandsworth Road	24	3,180,510
596/L/S106	142-170 Streatham Hill & 2 Sternold Ave	23	1,741,588
598/L/S106	Myatt's Field North Estate	18	1,408,199
606/L/S106	111 Westminster Bridge Road	11	469,771
599/L/S106	170-188 Acre Lane	15	314,982
579/L/S106A	187-191 Clapham Road	14	289,576
589/L/S106	Plot Opposite 251-275 Milkwood Road	14	250,798
607/L/S106	63A Effra Road	12	182,196
605/L/S106	Barrington Lodge	11	119,150
613/L/S106	Rear of Brixton Bus Garage, Streatham Hill	15	114,497
600/L/S106	1 Langley La & 21-25 South Lambeth Rd	8	106,184
TOTAL		165	£8,177,451

There were four agreements in 2010/11 aiming to deliver at least 579 new units of affordable housing, which is significantly higher than last year. Table 3 lists the schemes with on-site affordable housing in 2010/11.

Table 3: Schemes with Affordable Housing On-Site

Legal Ref	Address	Date Signed	Ward	No of affordable units	No of market units	Total no of units	Affordable housing units %
596/L/S106	142-170 Streatham Hill & 2 Sternold Av	20-May-10	Streatham Hill	45	198	243	18.5%
589/L/S106	Plot Opposite 251-275 Milkwood Road	27-May-10	Herne Hill	9	46	49	18.4%
554/L/S106A	143-161 Wandsworth Road	19-Aug-10	Oval	59	180	239	24.7%
598/L/S106A	Myatt's Field North Estate*	20-Dec-10	Vassall	393	415	808	48.6%
579/L/S106A	187-191 Clapham Road	06-Jan-11	Stockwell	21	44	65	32.3%
452/L/S106A	368-372 Coldharbour Lane	17-Feb-11	Coldharbour	52	89	141	36.9%
TOTAL				579	972	1545	29.9%

* the major part of the Affordable Housing Units for Myatts Field is re-provision of existing

There were nine agreements during the year that provided for education contributions. These are:

Table 4: Schemes with Education Contributions

Legal Ref	Scheme Address	Education Contributions
598/L/S106	Myatt's Field North Estate	£901,169
596/L/S106	142-170 Streatham Hill & 2 Sternold Ave	£484,113
554/L/S106A	143-161 Wandsworth Road	£375,114
607/L/S106	63A Effra Road	£115,602
599/L/S106	170-188 Acre Lane	£112,660
579/L/S106A	187-191 Clapham Road	£98,598
589/L/S106	Plot Opposite 251-275 Milkwood Road	£86,662
613/L/S106	Rear of Brixton Bus Garage, Streatham Hill	£43,990
612/L/S106	60A Harleyford Road	£26,265
TOTAL		£2,244,173

3. Payments Received

Total payments received from April 2010 were £3.2m, lower than last year but still higher than other previous years. Table 5 below breaks down the value of receipts by obligation type:

Table 5: Receipts by Obligation Type

Obligation Type	Receipt
Affordable Housing - Off Site Financial	£95,426
Car Club	£13,000
Children and Young People Play Space	£18,439
Education	£681,431
Employment and Training	£70,636
Libraries	£4,000.
Local Labour in Construction	£104,678.
Monitoring	£102,795
Public Art	£17,890
Public Realm - Parks and Open Spaces	£288,250
Public Realm - Revenue Payment	£14,369
Public Realm - Streetscapes	£92,500
Public Transport	£1,056,354
Sport and Leisure	£1,000
Traffic and Highway	£118,460
Travel Plan	£5,028
Visitor Management	£520,430.
TOTAL	£3,204,690

Notable payments received were:

- **£1,006,354** from the developers of St George Wharf for index-linked public transport improvements relating to Vauxhall station. This relates to the principal St George Wharf S106 Agreement signed in October 2000, and is in lieu of works not being directly undertaken by the developers after a 10 year period.
- **£521,609** from the developers of the Freemans site towards the provision of primary and secondary education in the vicinity of Development.
- **£520,430** from the London Eye for its annual contribution towards "on-going measures" and community initiatives to mitigate the impact of the London attraction.
- **£143,674** from the developers of 118-120 Westminster Bridge Road towards employment and training, local labour in construction, library facilities, sport and leisure, parks and open space, public art, public realm revenue, public transport, and travel plan.
- **£124,491** from the developers of 1 Glyn Street towards the promotion of employment and environmental improvements in the vicinity of the site.
- **£114,720** from the developers of the site at East of Hammelton Green, Patmos Road for employment and training, local labour in construction, parks and open space, public realm revenue, transport and highways, streetscape and travel plan.
- **£100,000** from the developers of Santley Street as final settlement of an outstanding S106 debt for off-site affordable housing commuted payment, after being pursued by the Council's debt litigators Judge & Priestley. The case is now closed.
- **£168,500** from Lexadon Ltd which is also being pursued by Judge & Priestley for outstanding S106 contributions relating to 360-366 Coldharbour Lane and other developments. Lexadon has been making instalments of £18,000 per month towards its debt, including accrued interest and legal costs. The payments the developer has made so far has been allocated towards education, play space, car club, streetscape and parks and open spaces

Where legal action might be required, the Council employs Judge & Priestley to recover outstanding S106 contributions from developers. The legal costs are initially funded from S106 monitoring receipts but are later recovered from the developer after final settlement is reached. Table 6 below sets out the cases that have been referred to Judge & Priestley as of 31 March 2011.

Table 6: Debt Recovery

Date of First Instruction	Developer	S106 agreement	Amount Owed	Amount Recovered	Legal Cost	Date of Final Settlement	Status
Feb 2008	Riverbank Park Plaza Hotel	Queensborough House (57/L/S106A)	200,000.00	202,300.00	2,300.00	Sep 2009	Case closed
Feb 2008	London Green Development	Santley Street (01/L/S106)	120,000.00	150,000.00	4,573.20	Aug 2010	Case closed
Apr 2010	Lexadon Ltd	360-366 Coldharbour Lane, Herbert Morrison House, 1 Stirling Road	357,441.13	168,500.00	820.30	n/a	On-going
Nov 2010	McCabe Builders UK Ltd	Parkside Hotel	1,029,822.00	n/a	n/a	n/a	On-going
Nov 2010	Black Ant Company Ltd	54-56 Knatchbull Road, 29 Blenheim Gardens	29,459.00	n/a	n/a	n/a	On-going
TOTAL			1,736,722.13	520,800.00	7,693.50		

4. S106 Money Spent

Total expenditure of S106 financial contributions in 2010/11 was £2,326,146.74. Among the more notable draw downs are the following:

Education Projects

- **£434,768** in total was drawn down towards the refurbishment of Vauxhall Primary School from S106 education contributions from



Vauxhall Primary School. Education contributions from nearby developments at Kerrin Point, the

former Lambeth Hospital site, Kennington Park Road and Penzance House provided most of the funding to carry out refurbishment works for this school to achieve additional pupil places.

four developments in the vicinity. Works included providing additional classrooms, increasing classroom and work space size and enabling the school to expand from one form of entry to two forms of entry.

- **£190,092** was drawn down from the education contribution from Old Town and Grafton Square development to partly fund Phase 2 of expansion works at Clapham Manor Primary School. The project has improved the overall use of space by providing more logical pupil teaching areas, including better storage and additional much needed new toilet facilities. A new extension was also built to increase ground floor teaching capacity.

Note 2010/11 was the first year that S106 financial contributions were applied to school expansion projects. The remaining current banked S106 education financial contributions are programmed to be applied in 2011/12

Affordable Housing

- **£246,000** from two off-site commuted payments provided additional funding for the development of an affordable housing scheme at St John's Crescent in partnership with RSL Metropolitan Housing Trust. The scheme provides 4 x 6-bedroom 9 person homes with Lambeth receiving 100% nominations to all residential units.



St John Crescent. S106 affordable housing commuted payments from two developments in North Lambeth provided additional funds for a new 4 x 6-bedroom (9 person) scheme at the rear of Angela

Carter Close in Brixton. The scheme was developed by RSL Metropolitan Housing Trust with 100% affordable housing and 100% nomination rights for Lambeth Council.

Public Realm & Miscellaneous

- **£151,458** from the public realm contribution from the development at Stockwell Green to upgrade the local streetscape in Lingham Street. Benefits include improved surface water drainage, an improved road surface, safer crossing points, and reduced trip hazards for all pedestrians utilising the area.
- **£104,045** from the public transport contribution from 1 Westminster Bridge Road, now the Park Plaza Westminster Bridge, to develop the Lower Marsh Area-Based Scheme. Two design workshops have been held and the steering group composed of key stakeholders is due to approve Stage C outline designs to be taken out for consultation.
- **£133,013** on the Tesco Clapham South project from the £420k social facility commuted payment from the former South London Hospital for Women. Works have been carried out towards the restoration of Mount Pond, the refurbishment of tennis courts, and tree planting on Englewood Road, Clapham Common South Side. The project is implementing a range of improvements to Clapham Common and further progress is expected in 2011/12, including the provision of public toilet facilities, repairs to the bomb shelter, and landscaping the bandstand area.



Emmanuel Youth Centre. The £15,000 Youth Facilities Contribution from the former St Saviours College site Gipsy Hill paid for improvements to The Emmanuel Youth & Community Centre which required upgrading of the electrical wiring and fire safety equipment. The Centre is a purpose built facility that serves residents of the local community.

Visitor Management

- **£405,630** from London Eye to fund projects linked to visitor management and to mitigate other impact from the visitor attraction.

The actual spend for the financial year was £2,248,786 (not including S106 monitoring costs) against the first spend profile of £4,734,002 at the start of 2010/11. The total spend is much higher than last year's performance but is still a significant underspend of 52% against the first target. Table 7 compares actual and planned spend by obligation type:

Analysing this further by service departments, by obligation type and by individual projects, the reasons for the underspend can be generally grouped around the following:

- The requirement for service departments to follow through and mobilise project management resources to implement expenditure.
- Overly optimistic assumptions by service departments regarding spend at the start of the year when expenditure approvals, and statutory consents have yet to be put in place (i.e planning permission).
- Substantial delay in some projects as a result of some external factors and working in partnership.

Table 7: Comparison of Actual and Profiled Spend for 2010/11

Obligation Type	Actual Drawdowns 2010/11	Spend Profile 2010/11	Variance	
Affordable Housing - Off Site Financial	£ 246,000.00	£ 246,000.00	0.00	0%
Car Club		£ 61,186.07	(61,186.07)	(100%)
Children and Young People Play Space		£ 179,332.21	(179,332.21)	(100%)
Community Facilities	£ 158,142.80	£ 182,603.37	(24,460.57)	(13%)
Education	£ 624,860.53	£ 1,008,322.91	(383,462.38)	(38%)
Employment and Training	£ 50,629.49	£ 96,786.44	(46,156.95)	(48%)
Miscellaneous	£ 35,799.00	£ 173,824.74	(138,025.74)	(79%)
Public Art		£ 41,082.02	(41,082.02)	(100%)
Public Realm - Parks and Open Spaces	£ 71,202.62	£ 362,592.52	(291,389.90)	(80%)
Public Realm - Streetscapes	£ 317,510.28	£ 320,945.31	(3,435.03)	(1%)
Public Transport	£ 209,721.93	£ 562,599.70	(352,877.77)	(63%)
Traffic and Highway	£ 129,289.36	£ 1,050,599.23	(921,309.87)	(88%)
Visitor Management	£ 405,630.00	£ 448,128.00	(42,498.00)	(9%)
TOTAL	£ 2,248,786.01	£ 4,734,002.52	(2,485,217)	(52%)

A number of steps have been taken in recent years to enhance the management and increase the pace of S106 spend including:

- The introduction of the web based S106 database – to enable access to S106 information for a range of project officers across the Council
- The use of three year expenditure profiling – to ensure service departments adequately profile spend linked to the management of their financial resources and programmes
- Regular S106 Corporate Officers meetings and individual Service departmental meetings
- A process review has been carried out by Corporate Finance with a joint Planning & Corporate Finance report back to the Strategic Asset Management Officer Group in December 2010

A further S106 review was launched in 2011. This involves an analysis of existing S106 funding and current programmes for delivery of projects; looking at scope to improve methods in the process of managing S106 funding; strengthening the relationship between S106 negotiations and the outcomes required to enable regeneration benefits to be delivered, both project specific and borough-wide, and identifying blockages in progressing implementation.

5. Balance at Year End

The balance of S106 moneys as of 31 March 2011 was £15,155,975.38. This includes interest accrued during the year totalling £71,661.20. The money will be brought forward to the following financial year 2011/12 to fund new and on-going schemes.

6. Organisational Highlights

The nature of Section 106 implementation requires the participation of various Council departments and services. Quarterly meetings of the Section 106 Corporate Officers Group in 2010/11 have been well attended by Council officers from a wide range of functions within the Council.