

## Manchester City Council Report for Information

**Report to:** Resources and Governance Scrutiny Committee - 12 October 2023

**Subject:** Annual S106 Monitoring Report

**Report of:** Strategic Director (Growth and Development)

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### Summary

The purpose of the report is to update the Committee on the Council's Section 106 (s106) activity for 2022/23 and to date.

This follows the report which was presented to Members at the meeting on 6 September 2022.

In noting the contents of that report, key points were raised in relation to the use of s278 money; whether s106 contributions could be used to support the Council's own housing delivery vehicle and clarification was sought in relation to certain terminology used in relation to viability.

### Recommendations

The Committee is recommended to note the contents of the report.

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### Wards Affected: All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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The planning process seeks to deliver key Council Objectives and address its zero carbon agenda in the built environment.
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<b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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The planning process seeks to deliver development and the wider place agenda that promotes social inclusion and helps eliminate discrimination by ensuring that the spatial needs of all Manchester's communities are addressed.
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<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The planning system plays a key role in the delivery of outcomes to support economic growth to create employment opportunities for Manchester residents. This includes the use of s106 obligations.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The planning system plays a key role in the delivery of outcomes to support economic growth and training opportunities for Manchester residents. This includes the use of s106 obligations.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Through supporting growth and new homes, the planning process seeks to provide opportunities for Manchester residents to raise individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit, work	The planning system strives to deliver environments and development that respond to the Council's climate change and quality agenda.
A connected city: world class infrastructure and connectivity to drive growth	The planning system strives to deliver the appropriate infrastructure to ensure that Manchester's residents are connected including digitally. This includes the use of s106 obligations.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are no specific financial revenue implications of this report.

### **Financial Consequences – Capital**

The s106 funding provides a financial capital resource for funding specific identified issues (set out in the legal agreement themselves).

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**Background documents (available for public inspection):** None

## **1.0 Introduction**

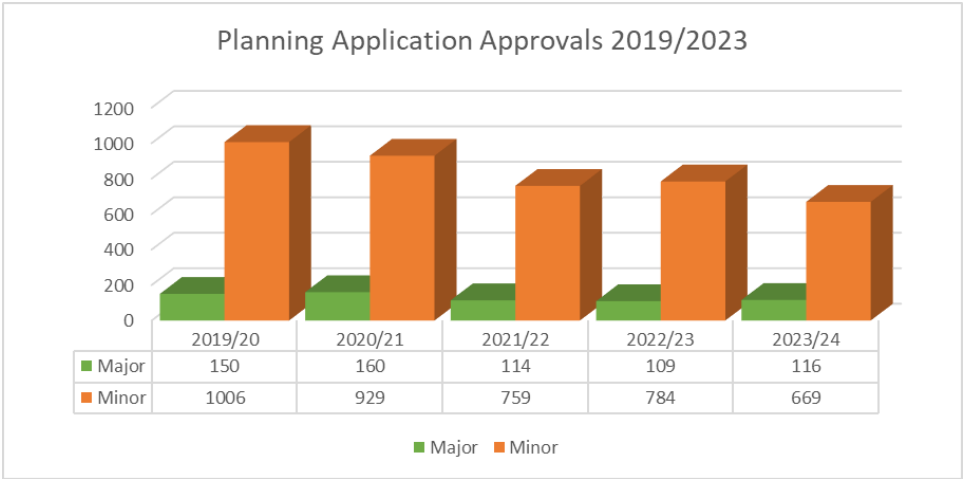
- 1.1 The Committee considered the annual S106 activity report at its meeting in September 2022. This report provides an update of activity for 2022/23.
- 1.2 In discussion on the previous report, Members asked that in the future reference is made about the extent to which section 278 monies can be utilised. This is covered in para 2.3 below.
- 1.3 Questions were also raised about whether S106 money could be used to fund the Councils wholly owned housing delivery vehicle and how members could be involved in the officer working group. These are covered in para 2.4 below. Definitions of the terms 'land value' and 'market forces' have also been requested. A glossary of these is attached in Appendix 1.

## **2.0 Background**

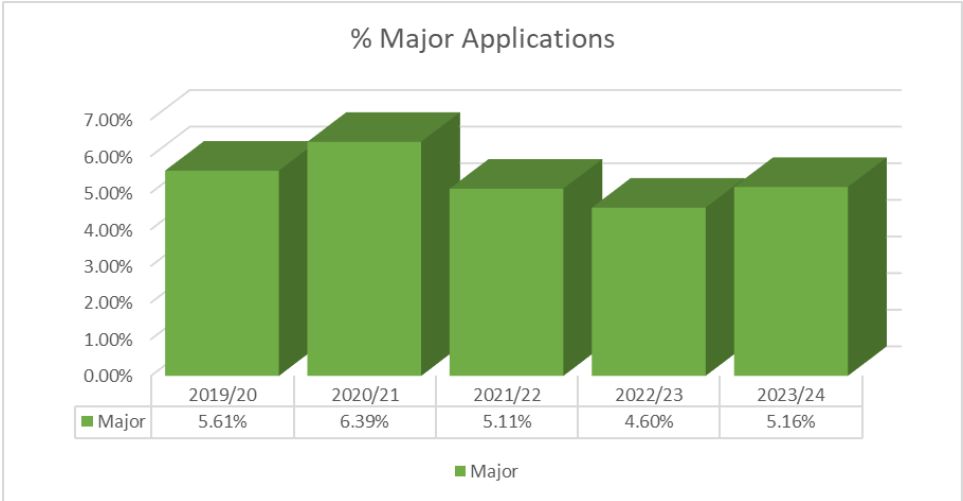
- 2.1 Members will recall that s106 agreements are legally binding and entered into between a local planning authority (Manchester City Council in our circumstance) and the owners and developers of land on which planning permission is granted. Such agreements may include obligations to undertake work and / or obligations to make a payment. The Council monitor compliance with these obligations.
- 2.2 It has also been noted previously that the planning process delivers significant environmental and other benefits which are not reliant on a s106 agreement as these benefits are embedded within the planning permission and conditions attached to a grant of permission.
- 2.3 At the previous Committee Members raised a question about s278 agreements. A section 278 agreement (or s278) of the Highways Act 1980 allows developers to enter into a legal agreement with the council (in our capacity as the Highway Authority) to make permanent alterations or improvements to a public highway, as part of a planning approval. S278 monies can only be spent on the highway works identified in the agreement and must relate to the development it is associated with (as with a s106 agreement).
- 2.4 Members also asked if S106 money could be used to fund the Council's wholly owned housing delivery vehicle. This would have to be considered on a case-by-case basis, but any financial contribution through the planning route would be restricted to physical development (ie it cannot be used for revenue funding of staff etc) for the provision of affordable homes as per the legal obligations. Regarding whether Members could be involved in the Officer Working Group, this would not be appropriate as this is a forum for specific procedural and legal matters.

**3.0 Activity during 2022/23 and 2023/24 to date**

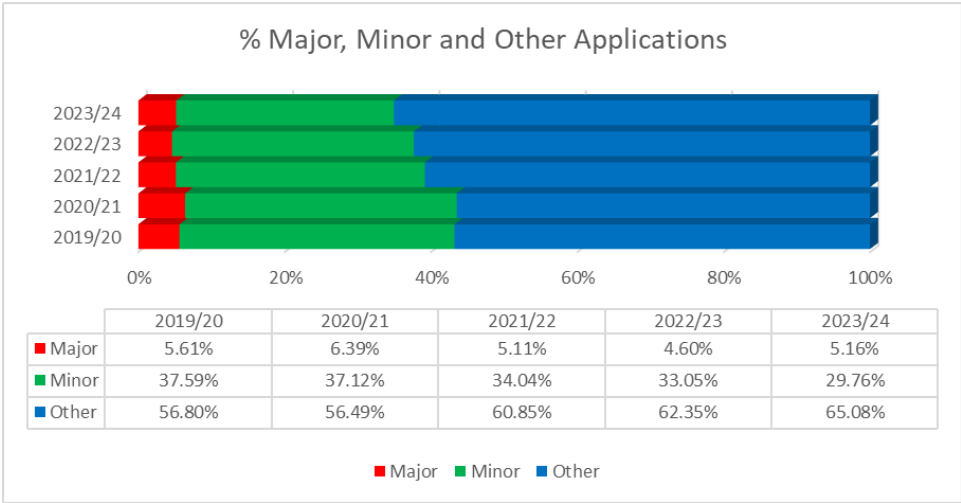
3.1 Planning application numbers have remained relatively stable over the last 5 years; however, we have seen an uplift this year on last year, back to similar levels to the start of the decade. But as we are only part way through the year it is too early to predict activity for the rest of this current financial year.



3.2 The uplift in the number of major applications (for the year so far already above the previous 2 years) is important as s106 agreements tend to relate to larger scale developments to mitigate their impacts.



3.3 The graph below provides information on applications by type received; the significance is that it is highly unusual for s106 agreements to be linked with minor or other planning applications.



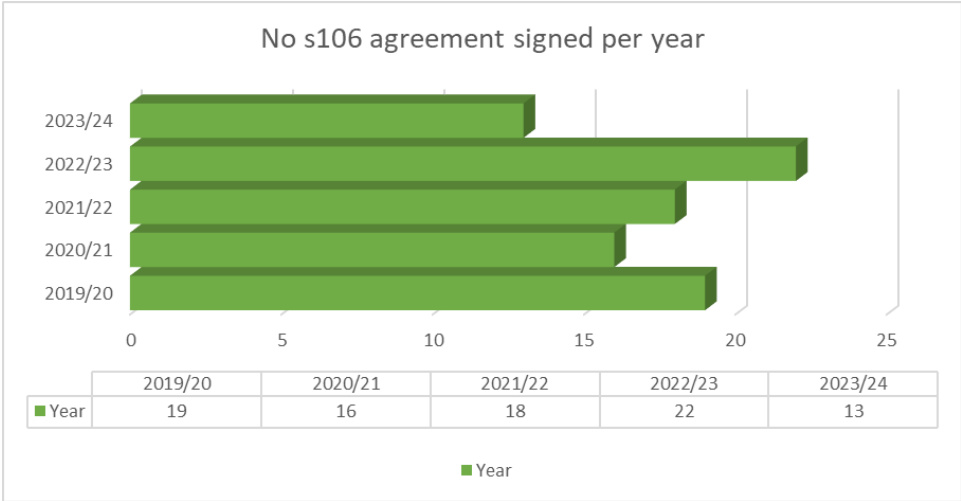
Major applications are where the number of residential units is 10 and over or where the floorspace is greater than 1000sqm.

Minor applications are those where the number of residential units is between 1 and 9 or where the floorspace is less than 1000sqm.

Other applications include householder applications, changes of use etc.

**4.0 Planning permissions issued with s106 agreements**

4.1 For the 4 financial years 2019/20 to 2022/23 the number of s106 agreements signed has been relatively consistent (16-19pa). For the current year 3 have already been signed with a number at an advanced stage of negotiation and signing.



4.2 The list below provides information of those agreements completed during the reporting period (2022/23 and 2023/24):

**2022/2023**

Ancoats & Beswick	130394/FO/2021	Brunswick Place Bradford Road Manchester M40 7EZ	Affordable Housing	(reconciliation)	Apr-22
Ancoats & Beswick	133769/FO/2022	66 Jersey Street Manchester M4 6JW	Affordable Housing	(reconciliation)	Jan-23
Ardwick	133478/JO/2022	Vacant Plot North East Of The Vallance Centre Brunswick Street Manchester M13 9XF	Affordable Housing	(reconciliation)	Dec-22
			Transport & Car Parking	£10,000	
Ardwick	134504/FO/2022	Land At Bennett Street Manchester M12 5NL	Affordable Housing	(reconciliation)	Feb-23
Burnage	130098/OO/2021	Kingsway Business Centre 140 Kingsway Manchester M19 1BB	Affordable Housing	18 units	Aug-22
Cheetham	132416/FO/2021	Land Bounded By The Travelodge And Surface Level Carparking To The North, Further Surface Level Carparking To The East, Manchester College To The South And Bury New Road To The West Manchester	Affordable Housing	(reconciliation)	Jun-22
				23 Units	
Deansgate	122280/FO/2019	Land Bounded By Great Ducie Street And Mirabel Street Manchester M3 1PJ	Affordable Housing	(reconciliation)	Aug-22
				£615,000	
Deansgate	132088/FO/2021	Land To The North Of Renaissance Hotel Blackfriars Street Manchester M3 2EQ	Affordable Housing	(reconciliation)	Feb-23
Deansgate	132199/FO/2021	Plot F Great Jackson Street Manchester M15 4AX	Affordable Housing	(reconciliation)	Jul-22

				£99,000	
			Education	£450,000	
Deansgate	132429/FO/2021	Two Parcels Of Land Known As "Trinity Islands" Bounded By The River Irwell, Regent Road, Water Street, Trinity Way And The Railway Manchester M3 4JW	Affordable Housing	(reconciliation)	May-22
				£106,000	
			Education	£1,500,000	
Deansgate	134694/FO/2022	Bridgewater House Great Jackson Street Manchester M15 4WG	Affordable Housing	(reconciliation)	Feb-23
Didsbury East	131722/JO/2022	Former Manchester Metropolitan University Didsbury Campus Manchester M20 2RW	Other	Landscape Management	Jul-22
Didsbury East	133746/FO/2022	Land Junction Of Parrs Wood Lane Manchester M20 5AA	Transport & Car Parking	£10,000	Aug-22
				Non-financial	
			Highways	Non-financial	
			Affordable Housing	13 units	
Gorton & Abbey Hey	128864/OO/2020	Land Opposite 83-87 Vine Street Manchester M18 8SR	Affordable Housing	5 units	Mar-23
Gorton & Abbey Hey	129852/FO/2021	Former Chatsworth Mill Williams Road Gorton Manchester M18 7AY	Affordable Housing	40 units	Apr-22
Longsight	133792/JO/2022	Vacant Land Bounded By Stockport Road, Swallow Street, Siddall Street And	Affordable Housing	(reconciliation)	Mar-23



		Pennington Street Manchester			
Piccadilly	131634/JO/202	Victoria House Great Ancoats Street Manchester M4 7AB	Affordable Housing	(reconciliation)	Jul-22
Piccadilly	132214/FO/2021	Land South Of Chapeltown Street Manchester M1 2WH	Affordable Housing	(reconciliation)	Dec-22
Piccadilly	132489/FO/2021	Port Street Manchester M1 2EQ	Affordable Housing	(reconciliation)	Oct-22
				£1,000,000	
Piccadilly	132626/FO/2022	48 Store Street Manchester M1 2WA	Affordable Housing	(reconciliation)	Dec-22
				£125,000	
Piccadilly	133908/JO/2022	121 Princess Street Manchester M1 7AG	Other	Non-financial	Dec-22
Piccadilly	134503/JO/2022	Land Bounded By Thompson Street / Mason Street / Bendix Street And Rochdale Road Manchester	Affordable Housing	£550,000	Jan-23
			Environmental Improvement		
			Public Realm		
			Highways		
<b>2023/2024</b>					
Cheetham	136813/JO/2023	Land Off Elizabeth Street Cheetham Hill Manchester	Tree Planting	£70,000	Sep-23
Deansgate	132952/JO/2022	Water Street Manchester M3 4JQ	Other	Waste Management	Apr-23

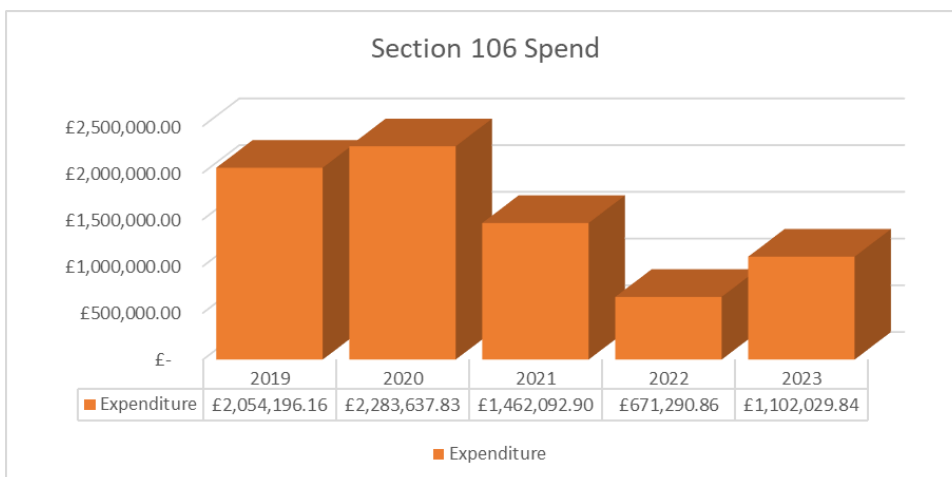
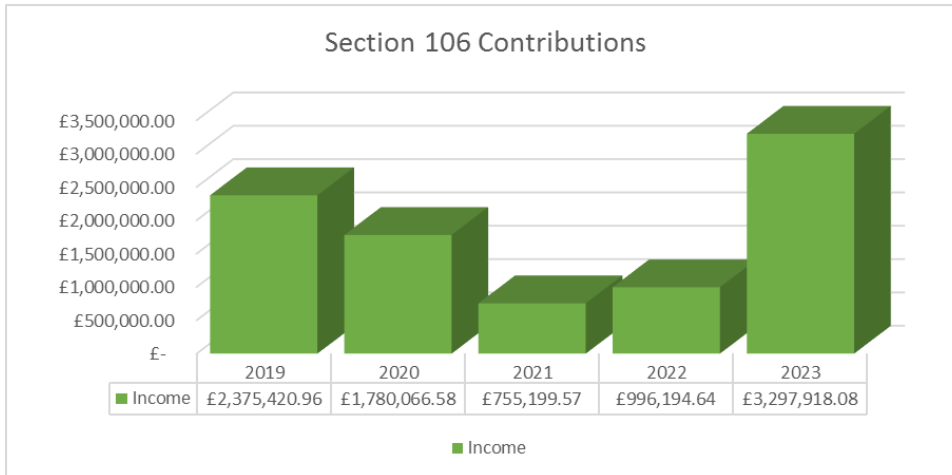
				Not permit Students	
				Discounted Rooms (10%)	
Deansgate	134039/JO/2022	Two Parcels Of Land Known As "Trinity Islands" Bounded By The River Irwell, Regent Road, Water Street, Trinity Way And The Railway Manchester M3 4JW	Affordable Housing	(reconciliation)	Apr-23
				£106,000	
			Education	£1,500,000	
Deansgate	135827/JO/2022	Land Bounded By Jacksons Row, Bootle Street, Southmill Street & 201 Deansgate Manchester M2 5GU	Affordable Housing	£2,230,000	Aug-23
Deansgate	136170/FO/2023	Land Bounded By River Street To The North, River Street And Vacant Lane To The East, Hulme Street To The South And Plot 10A Of The First Street Masterplan To The West Manchester	Other	Waste Management	Jul-23
				Discounted Student Rooms	
Didsbury East	128665/JO/2020	825 Wilmslow Road Manchester M20 2SN	Affordable Housing	(reconciliation)	Apr-23
				£300,000	
Didsbury West	134946/FO/2022	Jessiefield Spath Road Manchester M20 2TZ	Affordable Housing	(reconciliation)	Jul-23
Hulme	129127/FO/2021	Phoenix House 17 Ellesmere Street Manchester M15 4JY	Affordable Housing	£250,000	Aug-23
				(reconciliation)	

			Tree Planting	£56,000	
Hulme	134193/JO/2022	Talbot Mills 44 Ellesmere Street Manchester M15 4JY	Affordable Housing	£50,000	Apr-23
Miles Platting & Newton Heath	133700/FO/2022	Former Jacksons Brickworks Site Ten Acres Lane Manchester	Affordable Housing	(reconciliation)	May-23
Piccadilly	135675/FO/2022	Tariff Street Manchester	Affordable Housing	(reconciliation)	Jun-23
				£250,000	
Piccadilly	135818/JO/2022	Site Bound By Bendix Street To The North East, Chadderton Street To The South East, Goulden Street To The South West And Cross Keys Street To The North West Manchester	Affordable Housing	(reconciliation)	Jul-23
				£156,428	
			Highways	£12,000	
Piccadilly	136874/FO/2023	Echo Street Manchester M1 3QJ	Other	Discounted Student Accommodation Statement	Sep-23
				Waste Management Strategy	

Further details can be found in Appendix 2, a schedule of agreements.

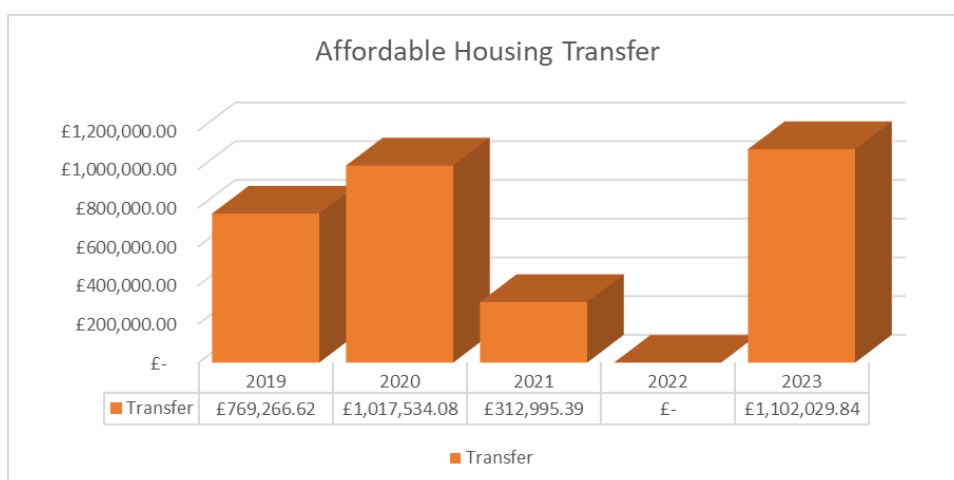
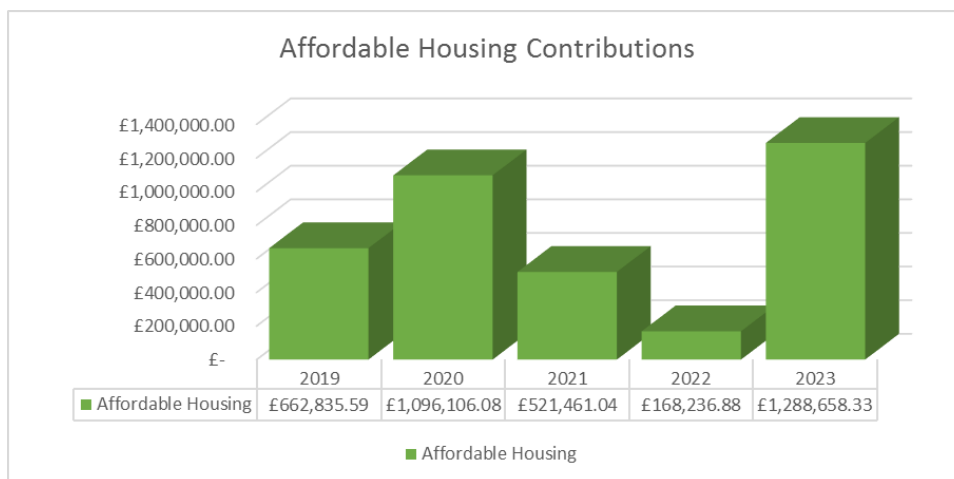
## 5.0 Contributions Received and Spend

5.1 The graphs below show how much s106 contributions have been received annually and plotted that against how much of the funding has been spent annually.



5.2 Members of the Committee were particularly interested in s106 obligations and the delivery of affordable housing (this is addressed in section 5 below). Below is a graph showing the annual contributions received by the Council through s106 obligations for affordable housing provision. It is noted that much of the affordable housing to be delivered is secured by condition for on-site provision where a registered provider is involved.

5.3 As previously advised where contributions are received towards affordable housing these are transferred into the Housing Affordability Fund (HAF) and the s106 balance adjusted accordingly. Any s106 funding transferred into the HAF is required to be spent in accordance with the terms set out within the individual legal agreement for the provision of new affordable homes. The money can be used City wide, but the Executive has previously identified certain areas as an initial focus.



5.4 As Members are aware a reconciliation clause is attached to s106 agreements as standard. Several agreements have now reached the trigger for their viability retesting assessments. These are:

- 121380/FO/2018: Erection of a part 31, part 13, part 5 storey building to form 373 residential apartments (Use Class C3a) and 12 serviced apartments (Use Class C1) together with a ground floor commercial unit (408 sqm) (Use Class A1, A2 or A3) with associated car parking, public realm and other associated works following demolition of existing buildings at Swan House Swan Street, Manchester M4 5DF

*This is currently being assessed.*

- 125686/FO/2019: Erection of a 12-storey residential building (Use Class C3) comprising 144 residential units, with ground floor commercial use (Use Class A1, A2, A3, B1, and /or D1 (excluding Places of Worship)) (144 sqm) or ancillary residents lounge, disabled car parking, with highways, landscaping and other associated works following demolition of existing buildings at Site Bound By Oldham Road To The South East, Marshall Street To The North East, Chadderton Street To The North West, And Addington Street To The South West Manchester

*This has been assessed and could not support an additional contribution.*

## **6.0 Affordable Housing**

- 6.1 2022/23 represented the first year of the city's new Housing Strategy (2022-2032) which sets the ambitious target of delivering 10,000 new affordable homes by 2032. Whilst we remain committed to expanding the means by which we deliver affordable homes, our existing partnerships through the Manchester Housing Provider Partnership (MHPP) are expected to continue to play a significant part in meeting our delivery objectives.
- 6.2 Of the 415 affordable homes delivered in 2022/23, over 400 (96%) were delivered by MHPP partners – the overwhelming majority of which were (c.90%) delivered outside of Section 106 agreements (ie. utilising grant funding from Homes England's Affordable Homes Programme or programmes such as the Rough Sleepers Accommodation Programme).
- 6.3 Grant funded affordable housing proposed by a Registered Provider is usually secured through a condition of planning permission. Where an obligation within the legal agreement relates to affordable housing this could either be an on-site provision or an off-site contribution. Most on site new affordable homes are being secured where a registered provider is working in partnership with a developer. The funding for delivering affordable housing on site in these instances is from Homes England and is separate to that captured through the s106 route.
- 6.4 As noted above, Members have raised the question as to whether S106 money could be placed into the Council's wholly owned housing delivery vehicle. The spend of S106 money is governed by strict guidance set by Central Government. s106 monies for affordable housing are tied to capital delivery ie the monies have to be spent on the delivery of housing (it cannot be spent on revenue funding ie staffing costs etc). The funding must be linked to the delivery of specific properties and could not be placed into a general delivery fund.
- 6.5 Through the viability testing the developer is nevertheless still required to address the level of affordable housing that can be provided and there are examples of both a financial contribution from the developer (tied into a legal agreement and a reconciliation clause if necessary) with the commitment from the registered provider to secure Homes England funding to deliver an agreed level of affordable housing.

6.6 The Council's Housing Affordability Fund (HAF) delivers various housing projects across the city – examples are shown in the table below.

Scheme	Units/ Number of bedrooms delivered	Tenure type	Finance source				Total	Comments
			S106	1-4-1 capital receipts	Other capital receipts	One- off capital receipts (Siemens)		
Rent to Purchase pilot (Cheetham)	8	Rent to buy			£203,000		£203,000	New build homes targeted at working households who aspire to be homeowners but do not have the necessary deposit to access a high street mortgage. <b>Scheme Completed</b>
Chimebank property acquisitions (Crumpsall)	2	Affordable rent	£34,000				£34,000	Properties purchased (this was to prevent the sale of the properties to the private rented sector) and refurbished then let out to two young people through the House Project. <b>Scheme Completed</b>
Ancoats Dispensary (Ancoats)	39	Affordable rent			£352,000		£352,000	39 new build apartments being built by Great Places in Ancoats. <b>Project is due to complete this year. Grant already paid as it was for a feasibility exercise.</b>
Larger properties project (Citywide)	66	Affordable rent capped at LHA rates		£4,286,000	£714,000		£5,000,000	66 larger properties purchased and refurbished for families living in temporary accommodation <b>Project Closed</b>
Empty Homes project (Citywide)	16	Affordable homeownership	£1,000,000		£400,000	£600,000	£2,000,000	Purchase of empty properties, refurb and offer for affordable homeownership. 4 purchased so far. The initial target is 16 properties but as sale receipts will be recycled, it is anticipated that more than 16 properties will be achieved. <b>Ongoing but grant already transferred to MSV</b>
390 Princess Road (Moss Side)	8	Temporary accommodation (Homelessness)	£100,000				£100,000	One property refurbished to provide 8 bedrooms (3 double rooms and 5 single rooms), to use as move-on accommodation from the Longford Centre. <b>Scheme Completed</b>
Dalton Street (Moss Side)	8	Temporary Accommodation			£99,000			Purchase of 8 one bed flats for social rent. MSV RSAP. <b>Expected to complete in March 2024</b>

		(Homelessness)						
<b>Total</b>	<b>147</b>		<b>£1,134,000</b>	<b>£4,286,000</b>	<b>£1,768,000</b>	<b>£600,000</b>	<b>£7,788,000</b>	

## 7.0 Benchmarking

- 7.1 Members have raised the issue of benchmarking at the previous meeting. There have been several reach outs to other Core Cities and information has been received from Sheffield City Council and Liverpool City Council. Discussions have also taken place with Core City representatives at various meetings.
- 7.2 Sheffield operates an adopted policy which requires a contribution for affordable housing based on the percentage of gross internal floorspace created. This is subject to viability testing and has resulted in £8.9million being received in the last 5 years.
- 7.3 Liverpool have not operated an affordable housing policy until the adoption of the latest Local Plan within the past 12 months. The contribution for any given scheme has often relied on grant funding contributions through partnership working with Registered Providers. Liverpool do require contributions for other works such as open space and tree planting through adopted policies.
- 7.4 Other Core Cities have adopted policies for contributions across a range of requirements including open space, education and highway works for example. With reference to affordable housing viability testing is required across all comparable authorities but the policy requirements for affordable housing are not directly comparable. There are other localised factors such as land values that also mean that any comparison would not be meaningful. It has therefore proven difficult to provide accurate benchmarking. Each local authority has its own uniquely adopted policy criteria that individual planning applications are required to be assessed against and as stated above these policies require different contributions for a range of mitigations measures. These other required contributions must be taken into account in the viability assessments.
- 7.5 In Manchester there is a very clear Council imperative that quality drives design and this permeates throughout built form and place making, ensuring there is longevity and a sustainable approach to development. We also drive many other benefits from development in terms of environmental standards, inclusiveness and safety. These other benefits, ranging from the quality of the architectural form, materials to be used, energy efficiency and renewable energies, community facilities through to electric vehicle charging points as well as crime and safety issues are embedded into a planning permission and secured through appropriately worded conditions. Other benefits of a scheme are also often secured through conditions including local labour agreements and community use of sports facilities. The manner in which we capture these benefits does set Manchester apart from some other local planning authorities and means that direct comparisons are not possible.



## **8.0 Officer Working Group**

- 8.1 The Working Group ensures that money received via s106 is available to spend and is spent in accordance with the legal requirements set out within the agreement. It also ensures that there are no unnecessary delays in the spending of those financial contributions.
- 8.2 The officers of the working group continue to meet regularly to deal with the monitoring of the agreements. The group meets with officers from associated service areas on a per agreement basis to deal with any issues.
- 8.3 The last full working group meeting was held in September 2023, with the next one planned before the end of the calendar year. At the last meeting the potential of members observing the officer working group was raised. As this is a working group for officers that is primarily concerned with ensuring that money received is available for spend, it is not felt that this would be the right medium for members to be involved (as noted at the start of the report).
- 8.4 The obligations contained within the agreements are clearly set and this includes what any financial contribution must be spent on; the focus of the group is on the process for ensuring the spend is available rather than the project details. However, the planning representatives must ensure spend is matched to the details in the agreement.
- 8.5 Members are involved in the planning application process during which the agreement is drafted and will be consulted as part of the capital approval process for any projects that are designed using s106 funds. Members also have access to any agreements in their wards through the Microsoft Team that has been created and can also send any questions, or raise any issues, direct to the service through the online form which has been setup for this purpose, or via the dedicated email address which has been created – [Section.106@manchester.gov.uk](mailto:Section.106@manchester.gov.uk).

## **9.0 Tree Planting and Landscaping**

- 9.1 New tree planting and replacement planting can sometimes be dealt with through legal agreements. However, it is more often the case that this matter is dealt with through the conditions of a planning permission which regularly require street tree planting, off-site planting in an appropriate location, as part of a comprehensive landscaping scheme. Similarly, public realm works can also be delivered through the conditions of planning permission and will therefore not always be subject to a 106 agreement.
- 9.2 At the meeting last year Members asked for a record of tree planting and where trees had been planted. Each application approved has the possibility of including replacement and new tree planting, both on-site and off-site. These details are either agreed as part of the submitted details or are subject to exact details through the discharge of a relevant condition of planning permission. There are also different triggers for when trees are planted and

sometimes this is phased across a particular development site. Collating this information is challenging and is not routinely held. However, if a Member has a particular question in relation to a specific application site, then details can be extracted in order to provide as much information as possible.

## **10.0 Proposed Planning Reforms**

10.1 As previously reported, the Planning for the Future White Paper consultation of August 2020 proposed “Community Infrastructure Levy and the current system of planning obligations” to be “reformed as a nationally set, value-based flat rate charge.” At this time there is still no certainty about this aspect of the reform and when it will be introduced. However, set out below are the details of what could be forthcoming:

- Set either variable or flat rates to raise more revenue while continuing to deliver at least as much, if not more, Affordable Housing;
- Give local authorities greater powers to determine how developer contributions will be used;
- Extend the scope of the consolidated Infrastructure Levy to remove its various exemptions.

10.2 The intention being that these reforms would achieve a “more engaging, equitable and effective system”.

10.3 Government’s aim has been to introduce the change through the Levelling up and Regeneration Bill introduced to Parliament on 11 May 2022. A technical consultation on the infrastructure levy closed on 9 June 2023; this was particularly complex and suggests there could be a significant amendment to the way contributions are secured and administered; this includes a raft of new measures on when the levy is paid and how affordable housing will be delivered.

10.4 The levy will be a locally set, mandatory charge – levied on the final value of completed development (rather than the existing system whereby a developer contribution is calculated when planning permission is granted). This means the value of the levy may increase but could also decrease in response to market conditions.

10.5 The proposal set out in the consultation is that there will be three routeways for the new levy:

1. The Core Routeway – a cash-based system where rates and thresholds apply. S106 agreements will remain but only for those matters that cannot be covered in a condition.
2. The infrastructure in kind route – on the largest and most complex sites, S106 agreements can be used to deliver infrastructure as an in-kind payment of the levy. The value must equal or exceed what would have been secured in cash through a calculation of the levy.

3. The S106 route only – this is for sites where Gross Development Value (GDV) per m<sup>2</sup> cannot be calculated or where buildings are not the main focus (eg waste sites) which will not be subject of the levy.
- 10.6 Where infrastructure cannot be secured through planning conditions, targeted obligations will be used and known as ‘delivery agreements’. S106 agreements will remain but only in limited circumstances.
- 10.7 The locally set Levy rates will be subject to consultation and public examination. It is understood levy liabilities will be based on GDV at the point of sale or completion and would be charged as a % of GDV.
- 10.8 Indicative calculations are to be submitted with an application and estimated payments are made after commencement. A final payment is made once the scheme is completed or sold which takes into account the GDV.
- 10.9 A charging authority will be required to produce an ‘Infrastructure Delivery Strategy’ which will set out spending priorities; this will also be subject to public examination. A new ‘right to require’ will allow local authorities to secure affordable homes as a proportion of the levy liabilities. Schemes that would deliver 100% affordable housing will not be charged. The levy will be implemented following a ‘test and learn’ process over several years. Sites granted permission before then will remain subject to existing S106 agreements.
- 10.10 The implementation of the levy in this form is likely to have significant and long-term impacts on future development proposals. This is a fundamental shift in how contributions will be secured and with the main impact being a more complex system this could lead to delays in development and a slowdown in delivery.
- 10.11 It is also notable that there are other issues likely to impact the timing of the changes. The Government guidance on its First Homes policy introduced in 2021, uses a standard S106 provision to guide developers and local authorities. It is not clear how this will fit with the new levy. The other clear example is Biodiversity Net Gain (BNG); from October 2023, this is a mandatory requirement for new development, but there is as yet no clarity on whether this will be secured through s106 agreements or emerging Conservation Covenants

## **11.0 Local Plan Update**

- 11.1 In the context of emerging planning changes, it is important to note that the Local Plan is moving into a key stage with the completion of much of the key evidence base over the next few months. The draft Places for Everyone joint plan includes a general policy approach for planning contributions (Policy JP - D 1). Places for Everyone is reaching a final key milestone of consultation on the main modifications with adoption of the plan expected next year. The emerging Manchester Local Plan will look to set out the appropriate level of detail to ensure planning contributions capture key requirements expected to

be delivered via the process. The plan will be subject to viability testing which will test the soundness of emerging policies.

- 11.2 The challenge for the emerging Local Plan will be to balance the approach currently set out in national planning guidance around infrastructure delivery alongside the proposals outlined in section 4 with respect to any new approach to an infrastructure levy.

## **12.0 Conclusion**

- 12.1 The Planning Service is continuing to negotiate s106 agreements in order to mitigate harm from individual developments and to also compensate for the loss of environmental features or open space in line with the tests set by National Guidance. Obligations will also be used to continue to add to the supply of affordable housing across the City subject to policy tests and viability.

## **13.0 Recommendations**

- 13.1 That Members of the Committee note the contents of the report.