

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee - 18 July 2024

Subject: Annual S106 Monitoring Report

Report of: Strategic Director - Growth and Development

Summary

The report provides an update to the Committee on the Council's Section 106 (s106) activity for 2023/24 and to date.

It follows the format used in previous years. In noting the report at last year's meeting Members also asked:

- officers to undertake a benchmarking exercise with other core cities to understand what they collect Section 106 monies for; and
- delegated authority be given to the Chair, in consultation with the Executive Member for Housing and Development and the Strategic Director (Growth and Development), to request a report should progress be made on the proposed planning reforms.

Recommendations

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

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The planning process seeks to deliver key Council Objectives and address it's zero carbon agenda in the built environment.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	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.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
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

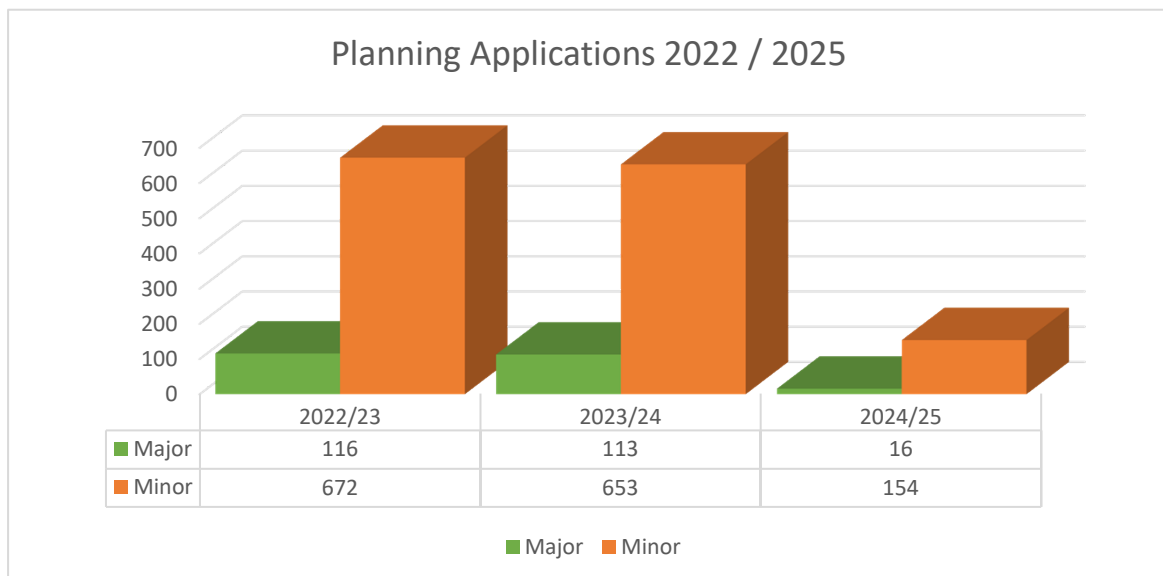
- 1.1 The Committee considered the previous annual S106 activity report at its meeting in September 2023. This report provides an update of activity for 2023/24.
- 1.2 In discussion on the previous report, Members asked that officers undertake a benchmarking exercise with other core cities to understand what they collect Section 106 monies for.
- 1.3 In addition, a progress update on the Manchester City Council Local Plan has been included, Members had also asked for a note on the pending planning reforms, but at the present time these have not been forthcoming and it is unclear which of the reforms will be brought forward.

2.0 Background

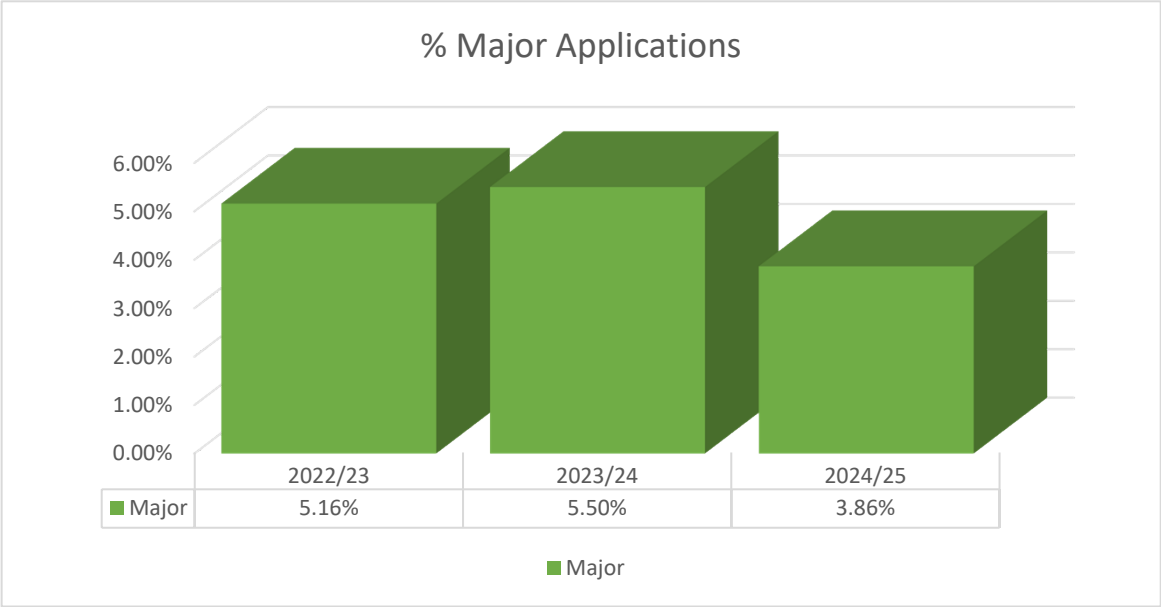
- 2.1 To recap s106 agreements are legally binding and entered between a local planning authority (Manchester City Council in our case) and the owners and developers of land on which planning permission is granted. Such agreements may include obligations to undertake work and / or obligations to make 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.

3.0 Activity during 2023/24 and to date

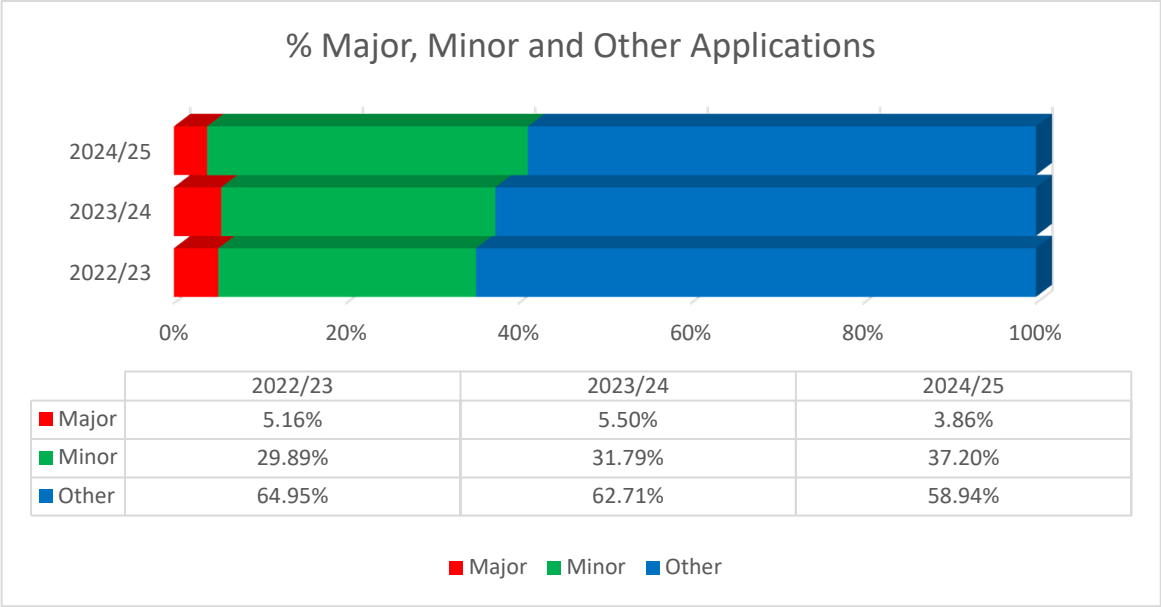
- 3.1 During 2023/24 planning application numbers were similar to those in previous years. It is too early to predict activity this financial year.



3.2 As Members will recall the key activity that relates to potential S106 agreements is around major applications; it is these larger schemes that tend to require mitigation that would fall within the remit of a legal agreement.



3.3 The graph below provides information on applications by type received.



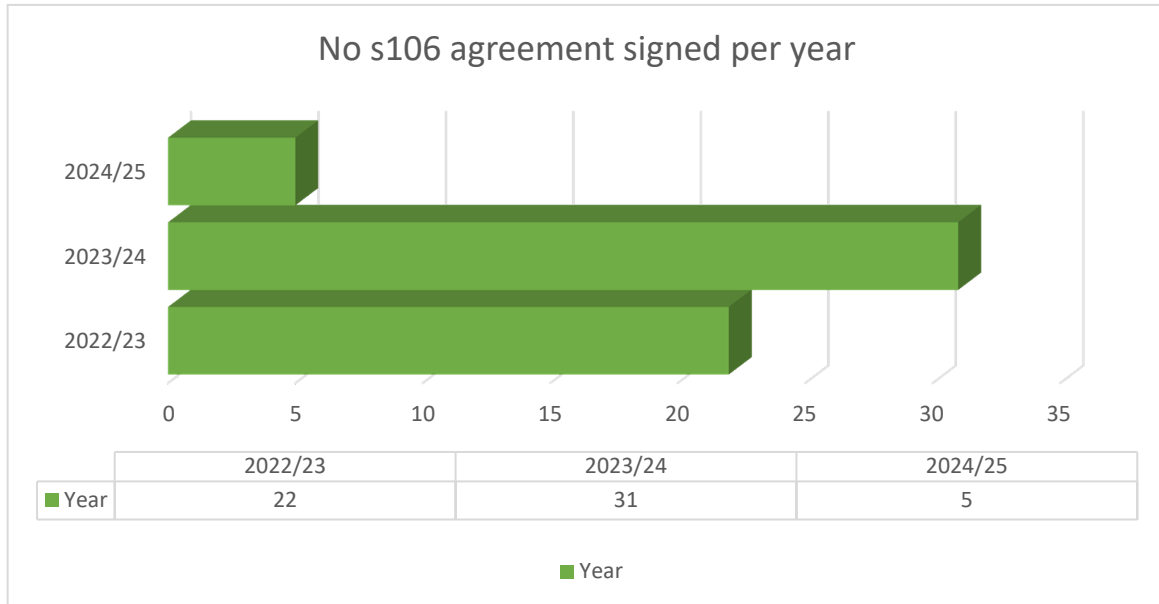
Major applications are where the number of residential units is 10 and over or where the floorspace is greater than 1000sqm.

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 financial year 2023/4 there was an increase in the number of s106 agreements in comparison to the previous year. For the current year 5 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):

2023/2024					
Ancoats & Beswick Ward	136763/FO /2023	Etihad Stadium (North Stand) Etihad Campus Manchester M11 3FF	Other	Community Use Obligations	Oct-23
				Annual City Community Outreach Plan	
				Local Labour	
				Water Collection Scheme	
				Stadium Traffic & Transport Management Plan	

			Car Parking	Tennis Centre and Squash Centre Travel and Parking Improvement £400,000	
Ancoats & Beswick Ward	137346/FO/2023	Land Bounded By Naval Street To The North, Poland Street To The East, Jersey Street To The South And Radium Street To The West Manchester	Affordable Housing	(reconciliation)	Dec-23
Ardwick Ward	135857/FO/2022	Land Bounded By Ardwick Green North, Cotter Street & Niven Street Manchester M12 6EY	Affordable Housing	(reconciliation) £51,000	Mar-24
Cheetham	135936/FO/2023	Bignor Street Park Heywood Park Manchester	Sports Facility Contribution	£505,000	Aug-23
Cheetham	136813/JO/2023	Land Off Elizabeth Street Cheetham Hill Manchester	Tree Planting	£70,000	Sep-23
Cheetham Ward	136814/FO/2023	Land Bounded By Dantzic Street, Dalton Street And The Railway Line Known As Plots NT02, NT03 And NT04 Manchester	Affordable Housing	(reconciliation)	Dec-23
Cheetham Ward	138031/JO/2023	Former Boddingtons Brewery Site Dutton Street Manchester M3 1LE	Affordable Housing Public Realm	£450,000 £500,000	Mar-24
Cheetham Ward	138302/FO/2023	1 Park Place Manchester M4 4EZ	Affordable Housing		Feb-24
Chorlton Park Ward	135604/FO/2022	Land To The Rear Of 354 Wilbraham Road Manchester	Playing Field Mitigation Contribution		Oct-23

			Sport and Leisure Contribution		
			Affordable Housing	13 Units	
Crumpsall Ward	131045/FO/2021	Former Whitehouse Club Middleton Road Manchester M8 4JZ	Affordable Housing	(reconciliation)	Mar-24
			Sport Facilities Contribution	£101,000	
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 Ward	135419/FO/2022	One Medlock Street Manchester M15 5FJ			Nov-23
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	Other	Waste Management	Jul-23

		Street And Vacant Lane To The East, Hulme Street To The South And Plot 10A Of The First Street Masterplan To The West Manchester		Discounted Student Rooms	
Deansgate	136496/FO/2023	Parkway Gate 50 Chester Street Manchester M15 6JH	Other	Waste Management and Refuse Collection	Dec-23
Deansgate	136625/FO/2023	28 St John Street Manchester M3 4DJ	Other	Waste Management	Mar-24
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 Ward	126780/FO/2020	Junction Hotel Rolls Crescent Manchester M15 5FT	Affordable Housing	(reconciliation)	Dec-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

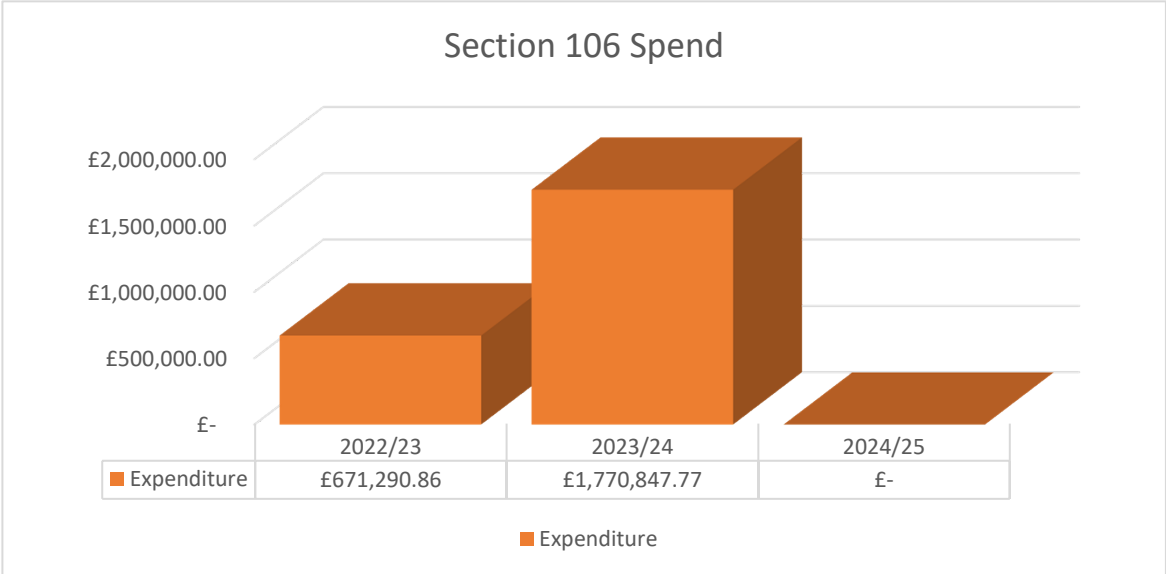
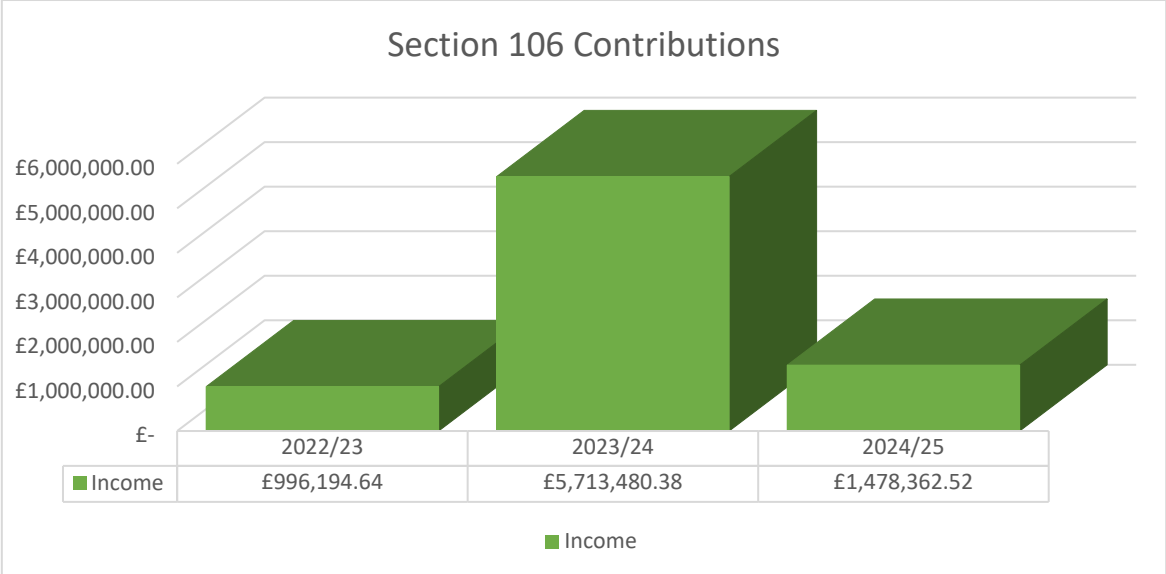
Moss Side Ward	128813/FO/2020	Big Western 87 Great Western Street Manchester M16 7PA	Affordable Housing	(reconciliation)	Nov-23
				£20,000	
Moss Side Ward	135544/FO/2022	466 - 472 Moss Lane East Manchester M14 4PJ	Other	Discounted Student Accommodation	Nov-23
Piccadilly	128248/FO/2020	Land Bound By Gould Street, Williamson Street, Bromley Street And Bilbrook Street Manchester M4 4DD	Affordable Housing	(reconciliation)	Dec-23
				85 units	
Piccadilly	135675/FO/2022	Tariff Street Manchester	Affordable Housing	(reconciliation)	Oct-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
			Highways	£156,428	
Piccadilly Ward	136605/JO/2023	Land Bounded By Thompson Street, Mason Street, Bendix Street And Rochdale Road Manchester	Deed of variation		Jan-24
Piccadilly	136874/FO/2023	Echo Street Manchester M1 3QJ	Other	Discounted Student Accommodation Statement	Sep-23

				Waste Management Strategy	
Rusholme	135848/FO/2022	Site Of Former Victoria Park Probation Centre Laindon Road Manchester M14 5YJ	Affordable Housing	Discount Market Sales Housing Unit	Oct-23
2024/2025					
Ancoats & Beswick	139289/JO/2024	66 Jersey Street Manchester M4 6JW	Affordable Housing	(reconciliation)	Jun-24
Ardwick	138294/FO/2023	Land At Plymouth Grove Manchester	Other	Discounted Student Accommodation Statement	Apr-24
Deansgate	132199/FO/2021	Plot F Great Jackson Street Manchester M15 4AXFeb-24	Education Contribution	£450,000	Apr-24
			Affordable Housing	(reconciliation)	
				£99,000	
Deansgate	136625/FO/2023	28 St John Street Manchester M3 4DJ	Other	Waste Management Strategy	Apr-24
Piccadilly	132537/JO/2021	Transmission House 11 Tib Street Manchester M4 1AF	Deed of variation		Apr-24

Further details can be found in Appendix 1, a schedule of agreements.

5.0 Contributions Received and Spend

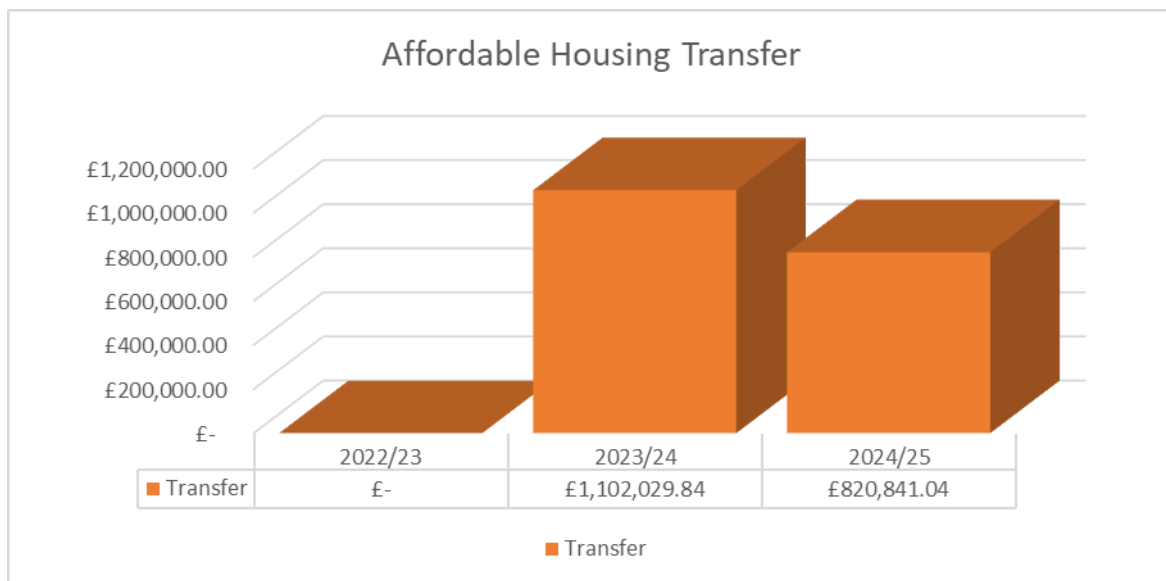
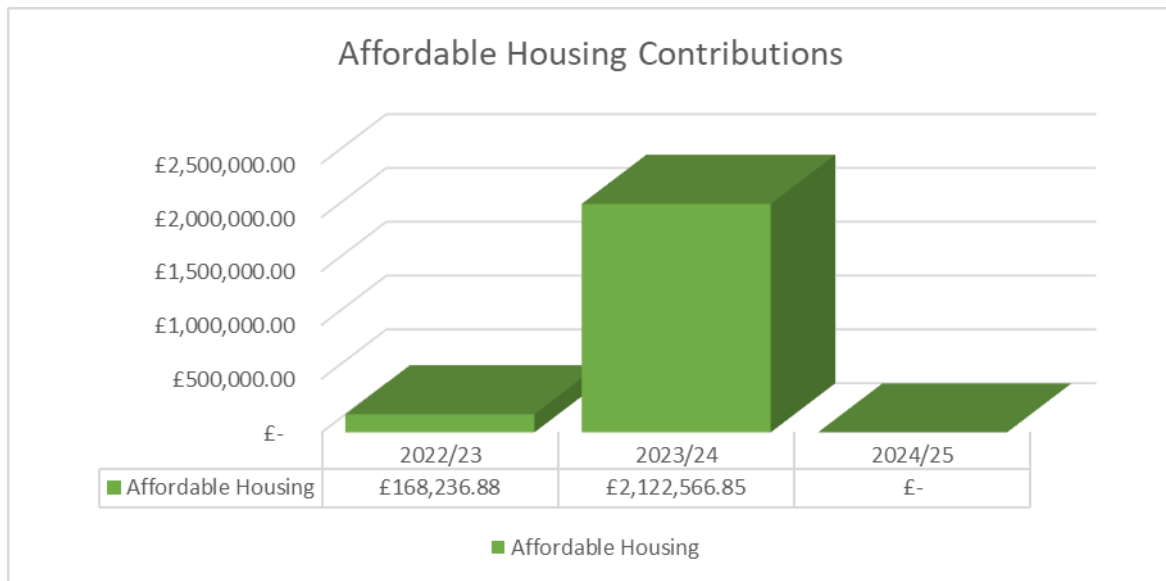
5.1 The graphs below show how much s106 contributions have been received annually and plotted against how much of the funding has been spent in the same period.



5.2 Members of the Committee have been 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 603 affordable homes delivered in 2023/24, 552 (92%) were delivered by MHPP partners. Almost all of the affordable homes were 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 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.

6.5 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. Scheme Completed
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. Scheme Completed
Ancoats Dispensary (Ancoats)	39	Affordable rent			£352,000		£352,000	39 new build apartments being built by Great Places in Ancoats. Project is due to complete this year. Grant already paid as it was for a feasibility exercise.
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 Project Closed
Empty Homes project (Citywide)	16	Affordable home ownership	£1,000,000		£400,000	£600,000	£2,000,000	Purchase of empty properties, refurb and offer for affordable home ownership. 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. Ongoing but grant already transferred to MSV
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. Scheme Completed

Dalton Street (Moss Side)	8	Temporary Accommodation (Homelessness)			£99,000			Purchase of 8 one bed flats for social rent. MSV RSAP. Expected to complete in March 2024
Total	147		£1,134,000	£4,286,000	£1,768,000	£600,000	£7,788,000	

7.0 Benchmarking

- 7.1 Members have raised the issue of benchmarking Manchester City Council's s106 contributions, especially focused on the delivery of affordable housing. In order to ensure the comparison is appropriate and meaningful the Council approached the other English Core Cities as they have similar issues and profile, as distinct from a District or a County Council. Following our original reach out to the Core Cities we received responses from Sheffield City Council and Liverpool City Council. In addition, discussions have also taken place with Core City representatives at various meetings.
- 7.2 In summary as was reported at previous Scrutiny meetings, Sheffield operates an adopted policy which requires a contribution for affordable housing based on the percentage of gross internal floorspace created. Liverpool have not operated an affordable housing policy until the recent adoption of their Local Plan. Affordable housing viability testing is required across all of the Core Cities, however a direct comparison between the Core Cities is not practicable.
- 7.3 Each Core City has a different policy within their adopted plan (which is designed to address their local issues and is relevant to their specific affordable housing demands and the viability of development). These are all individually tested at their Enquiry in Public into the Local Plan which must be supported by bespoke evidence related to their locality and conditions. These policies have different thresholds, often ranging from the national minimum requirement of 10% to 50% in London. As such in threshold terms the policies across the Core Cities are not comparable. In addition, there are other localised factors such as land values and the viability of development that also mean that any comparison would not be meaningful.
- 7.4 In addition to the s106 requirement for affordable housing the Core Cities have adopted policies for contributions across a range of other requirements including open space, education and highway works. And each Core City has a different emphasis on the importance of these and which is prioritised. The recent introduction of the Biodiversity Net Gain requirement (a national requirement for a 10% increase in biodiversity on a development site) has added to the various demands on s106 monies and as BNG is mandatory this will take the first slice of any s106 funding.
- 7.5 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. These other required contributions must be considered in the viability assessments. We therefore consider that it is not practicable to compare s106 receipts across the Core Cities and even if they were compared, they are not properly comparable, and it would not demonstrate meaningful outcomes.

- 7.6 Officers recognise that this will be disappointing and have as noted continued to raise this with Core Cities colleagues.

8.0 Local Plan Update

- 8.1 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 recently adopted Places for Everyone joint plan includes a general policy approach for planning contributions (Policy JP - D 1). 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.

- 8.2 The challenge for the emerging Local Plan will be to balance the approach currently set out in national planning policy.

- 8.3 At the time of writing this report the result from the impending General Election is not yet known. The current Government has advanced various proposed changes to the planning system via the Levelling Up and Regeneration Act. Much of the detail is still awaited from any subsequent regulations and as previously reported this had included a proposal to limit the use of S106 agreements.

9.0 Conclusion

- 9.1 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.

10.0 Recommendations

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

11.0 Appendices

Appendix 1 - Schedule of Agreements