

<b>Committee(s)</b>	<b>Dated:</b>
Streets and Walkways Sub Resource Allocation Sub Committee Project Sub Committee	1 December 2020 10 December 2020 17 December 2020
<b>Subject:</b> Review and prioritisation of ring-fenced S106 deposits	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 9-12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>Y</b>
<b>If so, how much?</b>	<b>£1.48m</b>
<b>What is the source of Funding?</b>	<b>Section 106 deposits</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Agreed</b>
<b>Report of:</b> Director of the Built Environment	<b>For Decision</b>
<b>Report author:</b> Melanie Charalambous	

### Summary

This report seeks approval for a further allocation of ring-fenced S106 funds, consistent with previous Member approvals and corporate priorities. This is the third report in a series with the specific aim of providing accurate financial information on available S106 deposits, establishing Member priorities for the use of these funds and allocating those funds accordingly.

Members approved the use of a total of £7.5M in S106 funding across two previous reports. This current report proposes the allocation of a further £1.48m of S106 funds. These S106 deposits are restricted in geographic scope and purpose to transportation and public realm improvements within the Square Mile and the proposed allocation is consistent with the agreed terms of the fundamental review and capital bid prioritisation. It is therefore proposed through this report to allocate S106 funds to priority projects that mitigate the impact of developments from which these funds were generated.

Excluding the proposed allocation of funds in this report, there is approximately £2.4M in ring-fenced S106 funding, linked to multiple S106 agreements or clauses, still to be allocated. These agreements require some form of variation before they can be considered for future use. In addition, further available funds are anticipated in 2021, following the completion of existing projects and verification of the relevant accounts. The exact amount of unspent S106 funds that will be available for allocation following completion of current projects is not yet known. However, a further report will be brought to Committee with information and recommendations in relation all these remaining S106 deposits at the appropriate time.

## **Recommendation(s)**

It is recommended that Members:

- i. Authorise the allocation of £1.48M in ring-fenced S106 funding outlined in this report.
- ii Note that a further report is planned in 2021 with information on the remaining unallocated S106 deposits.

## **Main Report**

### **Background**

1. In December 2018, a report was approved by committees that set out the proposed prioritisation of projects within the Built Environment directorate and included the allocation of £3.6m of unallocated S106 monies to existing projects.
2. In June and July 2019, Members approved a report that allocated £3.9m of S106 funding to high priority DBE projects to mitigate the impacts of developments from which the funds were generated.
3. The 2019 report also set out the methodology and ranking of DBE projects following the completion of a prioritisation exercise and authorised officers to re-negotiate the use of any remaining S106 deposits that require a variation in mitigating the impacts of the developments, consistent with corporate priorities. A summary of the results of the prioritisation exercise are included in Appendix 2.

### **Current Position**

4. Officers have undertaken a review of the remaining S106 funds that are available, including those sums identified through recent outcome reports and have begun the process of renegotiation where applicable.
5. Officers have also reviewed the DBE prioritised projects in light of the fundamental review, recent capital bids and the consideration of recent strategic changes, including the adoption of the Climate Action strategy and the implications of Covid-19.
6. This report requests authorisation to allocate £1.48m of remaining S106 monies that do not require renegotiation. Please refer to Appendix 1 for further details.

### **Approach to funding allocation**

7. The sums available are restricted in geography and purpose to transportation and public realm improvements within the Square Mile.

8. S106 funds must be allocated to projects and activities that mitigate the impact of developments from which these funds were generated.
9. The proposed allocation is consistent with the agreed terms of the fundamental review and capital bid prioritisation.
10. The allocation of the funds falls into three main categories:
  - Member approved projects that are eligible for receipt of additional funding, including S106
  - Member approved projects that have had a funding allocation from TfL withdrawn in 2020/21 and are eligible to receive S106 funding up to level of the approved budget
  - New projects and activities supporting corporate priorities, specifically those connected with the Climate Action Strategy, Secure City Programme, 5G infrastructure roll-out and the Recovery and Equality and Diversity Taskforces.
11. Members should note that the projects and proposals that are receiving funding will continue to be subject to approvals at Committees in accordance with the Project Procedure.

## **Corporate & Strategic Implications**

12. Strategic implications – The allocation of S106 funds as described in this report supports the outcomes of the Corporate Plan, particularly the key aims of contributing to a flourishing society and shaping outstanding environments. Officers have also had regard to the Transport Strategy and the Climate Action Strategy along with the emerging work of the Recovery task force amongst other corporate priorities in making these recommendations.
13. Financial implications – The allocation of S106 funds as described in this report support of the outcomes of the Corporate Plan. The use of ‘non *de-minimis*’ funds is in accordance with the terms of the respective legal agreements to which the relevant S106 deposits relate. Funds categorised as *de minimis* in Appendix 1 represent small amounts of funding where there is a residual risk that signatories of the S106 agreements may request the return of funds. This risk is mitigated by the proposed use of these funds remaining consistent with the spirit of these S106 agreements.
14. Legal implications - Any S106 payments made and held for specific purposes will be spent on the purposes for which they are held or to address the impacts of specific developments, in accordance with the City's obligations under the relevant S106 Agreements unless these agreements are specifically re-negotiated with the relevant parties. The s106 funds are time limited. Each s106 allows a period of 10 years from completion of the respective Developments for any contributions to be spent, after such time, the remaining funds must be returned to the owner with all accrued interest unless the owner's agreement is secured to approve the reallocation of funds.

15. Equalities implications – The priority projects outlined in this report have all been subject to Equality Impact Assessments. Assessments will also be carried out for new project proposals to ensure that all equalities implications are identified and positively addressed.

16. Climate implications – The review and prioritisation exercise has been undertaken in line with the Climate Action Strategy and the projects will deliver on the actions that Members have agreed.

### **Conclusion**

17. Officers have undertaken a review of DBE prioritised projects in light of the fundamental review, recent capital bids and the consideration of recent strategic changes, in order to appropriately allocate £1.48m of remaining ring-fenced S106 monies.

### **Report author**

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