



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

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INFRASTRUCTURE FUNDING STATEMENT

2019 / 2020

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# Executive Summary

The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 which came into force on 1 September 2019 require that all local planning authorities publish an Infrastructure Funding Statement annually.

This is the first Infrastructure Funding Statement produced by South Kesteven District Council and identifies what Section 106 monies the Council currently hold, has spent in the reporting period and has secured for the future. The current total held is £2,769,002.39.

Monies agreed for the future total £2,375,507.50. Further statistics are provided in relation to the type of infrastructure targeted and geographical allocations. Within the report, examples of projects delivered, and the provision of Affordable Housing have been noted.

The Infrastructure Funding Statements give policy makers and communities better insight into how developer contributions can support our local area. We hope this publication is widely welcomed by residents, stakeholders and community organisations.

## Table of Contents

<b>Executive Summary</b> .....	i
1. Introduction.....	2
2. Developer Contributions.....	3
Section 106 Planning Obligations.....	3
Section 278 Highway Agreements .....	3
Community Infrastructure Levy .....	3
Forecasting.....	4
3. Section 106 Contributions .....	5
Monies agreed through Section 106 Agreements.....	6
Monies Requested from Section 106 Agreements .....	6
Total Allocations by Location.....	8
4. Delivering Section 106 Across South Kesteven.....	10
Affordable Housing Delivery .....	11
Money borrowed.....	15
Section 106 Monitoring fees.....	15
Appendix A - Section 106 obligations secured for the future .....	16

# 1. Introduction

- 1.1 The Infrastructure Funding Statement is an annually published document which sets out all financial contributions and non-financial developer obligations in relation to Section 106 agreements.
- 1.2 South Kesteven District Council enters into agreement with developers on the grant of permission to ensure the corresponding impacts of development can be mitigated via the negotiation and agreement of Section 106 obligations.
- 1.3 The Infrastructure Funding Statement provides information on various stages of the process. The statement includes obligations and contributions within the following categories:

**Funding Held / Received:** developer contribution which has been collected and is being held by South Kesteven District Council awaiting use.

**Agreed funding:** the contributions have been secured for future uses. The development has been granted planning permission and a Section 106 agreement has been signed within the last period.

**Requested:** these contributions or obligations have been requested from the monitoring officer within the last period of reporting to ensure the developer complies with the requirements of the Section 106 agreement.

**Allocated:** developer contributions which are allotted against a broad category of expenditure and which are being managed by South Kesteven District Council or via an external body.

- 1.4 “Contributions” and “commuted sums” are used interchangeably within this document and refer to the funding which is being paid into the Local Authority as a result of the obligations secured within the Section 106 agreement.

## 2. Developer Contributions

### Section 106 Planning Obligations

2.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended) are legal agreements which make a proposed development acceptable in planning terms, that would not otherwise be acceptable. The obligations are focused towards site specific mitigation of the impact of development.

2.2 Obligations can only be sought where they are: -

- (a) necessary to make the development acceptable in planning terms;
- (b) directly related to the development; and
- (c) fairly and reasonably related in scale and kind to the development.

They can either be provided on-site, for example through the provision of affordable housing, or off-site in the form of financial payments, which are to be spent on specified projects / initiatives.

Further information concerning Section 106 agreements can be found [here](#) (links to GOV.UK website).

2.3 South Kesteven District Council's requirements for Section 106 planning obligations are set out in the Council's adopted Local Plan with additional guidance available in the Planning Obligations Supplementary Planning Document (June 2012) which can be viewed [here](#) (links to South Kesteven District Council website).

### Section 278 Highway Agreements

2.4 Agreements used to fund infrastructure can also be made under Section 278 of the Highways Act 1980, which allow developers to make permanent alterations or improvements to a public highway as part of a planning approval. These agreements are controlled by Lincolnshire County Council and so are not included in this report.

### Community Infrastructure Levy

2.5 The Community Infrastructure Levy (CIL) is a levy that Local Authorities can set on new developments to raise funds for infrastructure, facilities and services. Currently South Kesteven District Council has not adopted this funding mechanism and uses Section 106 agreements and obligations to mitigate the impacts of development. The Council is waiting on the outcome from the 2020 consultation by the Government on the White Paper for planning reform ([Planning For the Future](#)), which proposes the establishment of a nationally-set Infrastructure Levy, before determining whether it would be appropriate to introduce CIL in South Kesteven.

## Forecasting

- 2.6 National guidance suggests that Councils should consider reporting on estimated future income, where possible. The Council will seek to incorporate a forecast of developer contributions in future versions of the Infrastructure Funding Statement. In this current iteration of the document, the monies agreed via the signing of Section 106 agreements in 2018-19 have been included for reference.

### 3. Section 106 Contributions

#### Monies received up to 30<sup>th</sup> November 2020

- 3.1 In this section, the Council summarises the total contributions currently managed by the Authority. With this Infrastructure Funding Statement being the first substantial update for local stakeholders, the information provided is as up to date as possible (30 November 2020). In future, updates will be made to follow financial years or within appropriate reporting timeframes.

Table 1a shows the total amount of Section 106 money held by the Council on 30 November 2020. This table differentiates the funding which is expected to be transferred to external bodies.

**Table 1a – Total monies held by the Council at 30 November 2020**

<b>RECIPIENT</b>	<b>AMOUNT HELD</b>
South Kesteven District Council	£1,945,985.89
To be transferred to External Bodies	£823,016.50
<b>TOTAL</b>	<b>£2,769,002.39</b>

Table 1b lists the contributions held and to be spent by the Council in accordance with the purposes set out in the Section 106 agreement(s). To aid the process, the values have been placed against the category for which the expenditure is allotted.

**Table 1b – Unspent monies held by the Council at 30 November 2020**

<b>INFRASTRUCTURE TYPE</b>	<b>AMOUNT HELD</b>
Affordable Housing	£1,365,955.42
CCTV & Public Art	£7,528.71
Community Facilities	£83,121.56
Digital Infrastructure	£34,318.53
Green Area Maintenance	£156,144.40
Monitoring Fees	£13,210.80
Open Space and Leisure	£285,706.47
<b>TOTAL</b>	<b>£1,945,985.89</b>

Table 1c lists the Section 106 contributions currently held by the Council, which are due to be transferred to external bodies and organisations. In such cases, the Council acts as a collection agent with funds forwarded onto external bodies to either implement infrastructure or to deliver local services.

**Table 1c – Monies at 30 November 2020 due to be transferred to external bodies**

<b>INFRASTRUCTURE TYPE</b>	<b>AMOUNT HELD</b>
Education	£424,807.86
Health	£275,044.48
Transport & travel	£123,164.16
<b>TOTAL</b>	<b>£823,016.50</b>

## Monies agreed through Section 106 Agreements

- 3.2 To note the substantive Section 106 agreements signed in the latest period, Table 2 outlines the financial contributions. Please note the table omits obligations which are non-financial in nature due to the varying matters which are addressed within these obligations. For more information regarding non-monetary obligations, please see the Section 106 agreements via appendix A.
- 3.3 The agreements which are included in the table below have been signed between 2018/2019. It should be noted that development sites can take many years to begin development following the signing of the Section 106 agreement and the issuing of the planning permission. For instance, many large development sites go through both outline and detailed (“reserved matters”) planning decision stages. It is therefore not unusual for it to take a significant period of time before Section 106 obligations become payable by developers. This is achieved when “triggers” set out within the relevant Section 106 agreement are met.
- 3.4 As a broad example, Section 106 agreements from 2001 are still being monitored, with the larger sites >1,000 homes taking several years to fully complete. For sustainable urban extensions and similar sized sites, a significant time period for “build-out” is characteristic of the housing market.

**Table 2 – Monies agreed in 2018/19 through S106 Agreements**

<b>INFRASTRUCTURE TYPE</b>	<b>MONIES AGREED</b>
Affordable Housing	£1,056,307.00
Open Space and Leisure	£16,740.00
Education	£7,050.00
Health	£33,193.50
Signage	£180,000.00
Highways	£265,217.00
Tourism	£150,000.00
Travel plan monitoring	£5,000.00
Other (Overage Clause)	£512,000.00
Town Centre Improvements	£150,000.00
<b>TOTAL</b>	<b>£2,375,507.50</b>

- 3.5 Within the Section 106 agreements, clauses are typically included for index-linking of contributions. This is to future-proof the value of relevant commuted sums when they are due for collection. Some agreements include an overage clause, whilst other obligations require calculations to be undertaken once the transfer of land has been finalised.

## Monies Requested from Section 106 Agreements

- 3.6 This section provides data from financial year 2019/20, giving the of total commuted sums which have been requested by the Council.
- 3.7 In 2019/20 requests totalling £2,215,431.20 were made to developers and £1,326,973.56 was received. This represents a 60% collection rate. As this is our first Infrastructure Funding Statement, we will provide further comparable collection-rate data in future.

3.8 Within Section 106 agreements, there will be options for the developer to defer payment or seek to make an alternative arrangement within the confines of the agreement which alters the total value of the contributions. Some examples have been listed below:

- Adoption and maintenance rates will differ depending on the final features or landscaping included within the site.
- Overage clauses are applied when sites have difficulty achieving viability and providing affordable housing during application phases.
- Obligations will also have part payment, depending on the stage of build-out. In some cases, payments will be made in successive tranches.
- Green area maintenance contributions are dependent on the agreement to adopt the open space by the Council.

For the remaining 40% of contributions to be collected this year, some of the above situations have arisen and the receipt of other balances is anticipated shortly.

**Table 3a – Total monies received from 1 April 2019 to 31 March 2020**

RECIPIENT	MONIES RECEIVED
South Kesteven District Council	£417,641.54
To be transferred to other External Bodies	£909,332.02
<b>TOTAL</b>	<b>£1,326,973.56</b>

Tables 3b and 3c show how the funding received in the last financial year is to be allotted within the District.

**Table 3b - Monies received this financial year 2019/2020 to be spent by the District Council**

INFRASTRUCTURE TYPE	MONIES RECEIVED
Administration fee	£11,000.00
Affordable Housing	£134,037.26
Poplar Farm Pooling	£25,038.06
Community Facilities	£17,662.14
Open Space & Leisure	£14,354.36
Green Area Offsite Contribution	£215,549.72
<b>TOTAL</b>	<b>£417,641.54</b>

**Table 3c – Monies received financial year 2019/2020 that is to be transferred to external bodies**

INFRASTRUCTURE TYPE	MONIES RECEIVED
Education	£573,660.13
Health	£168,877.87
Highways	£56,714.23
Bus Service	£52,647.29
Poplar Farm Pooling	£57,432.48
<b>TOTAL</b>	<b>£909,332.02</b>

## Total Allocations by Location

- 3.9 Tables 4a, 4b, 4c, 4d and 4e show the monies the Council holds for specific locations within the District, split into the identified allocations. It should be noted that, despite the categories being broad descriptions, the individual contributions are committed to specific locations and cannot be used for any other purpose unless a legal variation is agreed between all parties.
- 3.10 In some instances, such as affordable housing, the agreement requests expenditure within a certain location. However, if this is unachievable, the agreement will prescribe where delivery of infrastructure and use of the obligations is to be expected.

**Table 4a – Bourne Funding Allocations**

INFRASTRUCTURE TYPE	AMOUNT HELD
Open Space and Leisure	£23,231.76
Health	£45,339.42
<b>TOTAL</b>	<b>£68,571.18</b>

**Table 4b – The Deepings Funding Allocations**

INFRASTRUCTURE TYPE	AMOUNT HELD
Affordable Housing	£134,037.26
Digital Infrastructure	£2,627.25
Green Area Maintenance	£9,918.16
Health	£13,275.87
Open Space and Leisure	£14,354.36
Transport	£2,577.64
<b>TOTAL</b>	<b>£176,790.54</b>

**Table 4c – Grantham Funding Allocations**

INFRASTRUCTURE TYPE	AMOUNT HELD
Affordable Housing	£206,090.65
CCTV & Public Art	£7,528.71
Community Facilities	£83,121.56
Digital Infrastructure	£31,691.28
Education	£341,480.73
Green Area Maintenance	£146,226.24
Health	£60,827.19
Monitoring Fees	£2,210.80
Open Space and Leisure	£4,539.10
Transport	£13,802.63
<b>TOTAL</b>	<b>£897,518.89</b>

**Table 4d – Stamford Funding Allocations**

<b>INFRASTRUCTURE TYPE</b>	<b>AMOUNT HELD</b>
Affordable Housing	£1,025,827.51
Education	£83,327.13
Health	£155,602.00
Monitoring Fees	£10,000
Open Space and Leisure	£237,750.25
Transport	£106,783.89
<b>TOTAL</b>	<b>£1,619,290.78</b>

**Table 4e – Rural Funding Allocations**

<b>INFRASTRUCTURE TYPE</b>	<b>AMOUNT HELD</b>
Monitoring Fees	£1,000
Open Space and Leisure	£5,831.00
<b>TOTAL</b>	<b>£6,831.00</b>

## 4. Delivering Section 106 Across South Kesteven

- 4.1 Funding from Section 106 agreements enables a regenerative effect on the local landscape within the district. The funding is often used to deliver infrastructure or much needed services for the local population. The funding should either be utilised by the District Council or, in some cases, supporting partners such as Lincolnshire County Council, the local Parish Council or the National Health Service, who will ensure appropriate delivery of the obligations contained within the Section 106 agreement.
- 4.2 Please note that the provision of educational infrastructure (primary and secondary) can be included within the obligations of a Section 106 agreement. For South Kesteven District Council, direct delivery, expenditure and governance of this function is addressed at County level and will be reflected within their Infrastructure Funding Statement.
- 4.3 The following section illustrates some of the projects which have been delivered recently using funding and obligations from Section 106 agreements. In some cases, the partners match funded the project which delivered greater benefits to the local community.

**Location:** Jubilee Park, Deeping St James

**Section 106 Funding:** £1,851.57

**Total Project Value:** £12,600

**Delivery Period:** Autumn 2019

Deeping St James Parish Council contacted South Kesteven District Council in July 2019 regarding the expenditure of Section 106 funds within the Parish. The Parish Council sought to deliver a local trim trail which aligned with the needs of the Section 106 agreement, noting that the funds must be committed towards the provision or upgrading of existing public open space and/or play equipment in the Deeping St James area.

The Parish Council were able to match fund the installation through significant local fundraising, which yielded 85.3% of the total. The Parish were also able to secure donations from the Ward Councillors. For every £1.00 invested into the project by South Kesteven District Council the Parish Council were able to raise £5.80

The photos below, provided by Deeping St James Parish Council, show some of the installed equipment upon completion of the project.





## Affordable Housing Delivery

Delivery Period: 2019-2020

- 4.4 In summary, South Kesteven District Council have delivered 91 Affordable Housing Units during the financial year 2019-2020. The majority of delivery has occurred in Stamford, with further units in Grantham and Bourne. Affordable housing delivery varies from year to year due to the housing market, available sites and partnership working with Housing Associations who operate within the district.

The types of affordable housing are summarised in the table below:

**Table 5a – Affordable Housing Delivery**

LOCATION	AFFORDABLE RENT	INTERMEDIATE RENT	SHARED OWNERSHIP	DISCOUNTED OPEN MARKET	TOTAL
Grantham	7	7	2		16
Stamford	40		18		58
Bourne		7	6	4	17
<b>TOTAL</b>	<b><u>47</u></b>	<b><u>14</u></b>	<b><u>26</u></b>	<b><u>4</u></b>	<b><u>91</u></b>

### Definitions of categories used in Table 5a above

- 4.5 Affordable Housing - includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. It can be a new-build property or a private sector property that has been purchased for use as an affordable home.
- 4.6 Affordable Rent - is a rent charged up to 80% of the market levels within the local area, offered by Registered Housing Providers to households whose needs are not met by the market.

- 4.7 Intermediate Rent - as Affordable Rent above but offered by private landlords, allowing households without the money for a deposit to purchase a property and the opportunity to obtain a home whilst still saving for a deposit.
- 4.8 Shared Ownership – is a system that allows buyers to purchase a share of a property (25% to 75%) and pay rent on the remaining share. It provides intermediate tenancy for households which would not otherwise be able to afford home ownership. The supply of new shared ownership properties has increased in recent years, making up an increasing proportion of new homes for affordable home ownership.
- 4.9 Discounted Open Market – the scheme enables properties to be offered for sale to eligible purchasers at a discounted price of the full market value. When the property is sold again, it must be on the same terms, with the same level of discount originally received and to someone who meets the criteria for affordable housing.
- 4.10 Other affordable tenures exist, and further information concerning Affordable housing can be found [here](#) (link to House of Commons Library).

In the projects below, a number of Affordable Units are being delivered to meet future needs within the District.

**Location:** Easthorpe Road, Great Gonerby

**Section 106 Delivery:** 46 Affordable Housing Units. (This is not a Planning Gain Site to deliver Affordable Housing and the Section 106 agreement is to deliver other requirements).

**Application Number:** S19/1138

**Delivery Period:** 2019-2020

In June 2019 South Kesteven District Council received a planning application to build 46 dwellings on a site at Easthorpe Road, Great Gonerby. The application was approved in October 2019. The following plan illustrates the affordable units which are underway. Delivery of these units is expected in year 2020-2021. The scheme is funded by Homes England and the Longhurst Group.



**Location: Uffington Road, Stamford**  
**Section 106 Delivery: 35 Affordable Housing Units**  
**Application Number: S17/0613**  
**Delivery Period: Pending**

The planning application for this development was received in March 2017 and approved in December of the same year to build up to 100 dwellings on a site at Uffington Road, Stamford. 65 units are to be market housing and 35 are to be affordable housing. The Section 106 agreement was written to comply with delivery of affordable housing units. The following plan illustrates the layout of the development, which is currently under construction.



## Money borrowed

- 4.11 In the last financial year, no Section 106 money was spent repaying money borrowed.

## Section 106 Monitoring fees

- 4.12 The Council requests Section 106 monitoring fees on a case by case basis in accordance with Council guidance.

## Appendix A - Section 106 obligations secured for the future

Planning Reference	Development location	Number of houses to be built	Date Signed	Obligations secured
S18/0452	Land adjoining Ferndale House, Swinstead Road, Corby Glen.	31	05/03/2019	Affordable Housing – 10 units (or Overage payment of £460,000.00) Open space and leisure – Commuted Sum £16,740 for children’s play equipment in Corby Glen Education– Commuted Sum for additional classroom at Charles Red Academy
S18/1408	Spittlegate Farm, Gorse Lane Grantham.	18	12/07/2019	Affordable Housing – 7 units (or Overage payment of £460,000.00) Health – Commuted Sum- £16,010.50 Open space and leisure – Developer to provide
S17/1900	Land to the south of Stowe Road, Old Gravel Pits, Langtoft.	35	02/09/2019	Open space and leisure – Developer to provide Affordable Housing – 12 units & Commuted Sum to be provided in lieu (if any) of provision of units Health – Commuted Sum - £15,540.00 Education – Commuted Sum – formula in S106 Agreement
S18/2111	Land at and to the rear of 157 & 153 Eastgate, Deeping St James.	12	29/10/2019	Affordable Housing – Commuted Sum - £136,307.00 Education - £7,050.00 for sporting facilities at Deepings Secondary School Health - £1,643.00 for Deepings Medical Centre Overage payment - £512,000 (to be used for affordable housing)

S19/1138	Land off Easthorpe Road, Great Gonerby.	46	29/10/2019	Open space and leisure – Developer to provide
S17/1262	Designer Outlet Village on land off Tollemache Road North, Spitalgate, Grantham.	0	29/03/2018	Bus Service – Developer to provide Car Parking Signage Contribution £150,000 Dedicated marketing space – Developer to provide Dedicated pop up shop - Developer to provide Directional Signage Contribution £30,000 Highway Improvement Contribution Phase 1 £200,000 Highway Improvement Contribution Phase 2 £65,217 Tourism Initiatives Contribution £75,000 Tourism Manager Contribution £75,000 Town Centre Improvements Contribution £150,000 Travel Plan Monitoring Fee £5,000
S18/0093	Land East of Low Road, Barrowby.	49	02/04/2019	Affordable Housing – 18 units Open space and leisure – Developer to provide Education – Commuted sum Other - Fire & Rescue– Commuted Sum



