

2 Background

Infrastructure to support new growth

- 2.1 In order to deliver growth and ensure development is implemented in a sustainable way it is essential that the necessary infrastructure is in place to support and enhance this development. This applies both to the direct infrastructure needs of development sites such as highway works and landscaping, but also the cumulative impacts of additional development on infrastructure such as schools, transportation, open spaces and community facilities.

National planning context

- 2.2 The legislative framework for planning obligations is set out in Section 106 of the Town & Country Planning Act 1990 (as amended).
- 2.3 Further legislation is set out in Regulations 122 and 123 of the Community Infrastructure Levy (CIL) Regulations 2010 (as amended). Government policy on planning obligations is set out in Paragraphs 203 to 205 of the National Planning Policy Framework (NPPF) (March 2012).
- 2.4 Regulation 122 and Paragraph 204 of the NPPF set out the following tests that must be satisfied in order for obligations to be used to allow planning permission to be granted for development proposals:
- the obligation must be necessary to make the development acceptable in planning terms;
 - the obligation must be directly related to the development;
 - the obligation must be fairly and reasonably related in scale and kind to the development.

The Community Infrastructure Levy

- 2.5 The Community Infrastructure Levy (CIL) is a charge which local authorities will be able to collect on new developments in their area. It is based on a formula relating to the type and size of development and is collected when planning permissions for new developments are implemented. The 2008 Planning Act introduced the power to allow a levy to be charged on property developers to raise funds for infrastructure. For the purposes of the Act infrastructure includes: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces. The CIL will generate funding to deliver infrastructure projects that support residential and economic growth, provide certainty for future development, and benefit local communities.
- 2.6 Camden commissioned an Infrastructure study to be carried out by URS planning consultants in 2012. This sets out most of the infrastructure which will be needed to support new growth in Camden.

- 2.7 The study looked at the whole range of infrastructure which may be needed under the general headings of social infrastructure (including education, health, sports/leisure, open spaces, libraries, employment training and community facilities), utilities (water energy, telecommunications, sewerage flood risk, policing ambulance and fire services) and transport (roads, public realm, walking/cycling provision and public transport). Taking into account other funding sources a funding gap of at least £280 million was identified until 2026. This included £55-60M for schools, £22M for community facilities, £60M for health, and £140M for transport. This study was used to as part of the evidence to justify introducing a CIL in Camden. An update to the Infrastructure study has been carried out which was published in February 2015.
- 2.8 The CIL regulations also scale back the scope of section 106 legal agreements so that financial contributions from only 5 obligations entered into after April 2010 can be pooled for the same type of infrastructure or project. This restriction will apply from 1 April 2015 when Camden introduces its CIL charging schedule. Affordable housing contributions are not affected by these changes, but some forms of contributions for local infrastructure such as school places or open space may in future be funded through the CIL.

Development Plan policies supporting planning obligations

- 2.9 The content and nature of any legal agreements in Camden needs to be considered having regard to the London Plan and Camden's Core Strategy and Development Policies. London Plan Policy 8.2 (Planning Obligations) states:
- '...C. Development proposals should address strategic as well as local priorities in planning obligations.
- D. Affordable housing; supporting the funding of Crossrail (see Policy 6.5) where this is appropriate; and other public transport improvements should be given the highest importance. Where it is appropriate to seek a Crossrail contribution in accordance with Policy 6.5 (of the London Plan), this should generally be given higher priority than other public transport improvements.
- E. Importance should also be given to tackling climate change, learning and skills, health facilities and services, childcare provisions and the provision of small shops....'
- 2.10 The use of planning obligations has an important role to play in meeting the strategic objectives of the Council's Core Strategy and in particular ensuring that the infrastructure is provided to support new growth, meet Camden's needs for new homes jobs and facilities, and to provide an attractive and sustainable environment as in policy CS19 – Delivering and monitoring the Core Strategy.
- 2.11 This states the Council will:

- work with relevant providers to ensure that necessary infrastructure is secured to support Camden's growth and provide the facilities needed for the borough's communities. Information on the key infrastructure programmes and projects in the borough to 2025 are set in Appendix 1;
- use planning obligations, and other suitable mechanisms, where appropriate, to:
 - support sustainable development,
 - secure any necessary and related infrastructure, facilities and services to meet needs generated by development, and
 - mitigate the impact of development ...'

Use of planning obligations

- 2.12 Camden will still use planning obligations where appropriate to mitigate the negative impacts of development which would otherwise not be acceptable through:
- Restricting the development or use of the land in any specified way;
 - Requiring specified operations or activities to be carried out in, on, under or over the land;
 - Requiring the land to be used in any specified way; or
 - Requiring a sum or sums to be paid to the authority on a specified date or dates periodically.
- 2.13 Unless it is stated otherwise, planning obligations run with the land in perpetuity and may be enforced against the original covenantor, and anyone else that acquires an interest in the land, until such time as they are discharged or otherwise modified. A planning obligation must be by a deed and is registered as a local land charge and can only be secured through the following ways:
- Bi-lateral Section 106 agreements between local planning authorities, persons with a legal interest in a piece of land and any other interested parties
 - Unilateral planning obligations, sometimes call "unilateral undertakings" (UUs) signed solely by parties with a legal interest in the land or other interested parties. These are used when only the owner/ mortgagee/ developer (and not the Council) are to be bound by the agreement.
- 2.14 As proposals differ in terms of scale, nature, location and impacts the relative priorities of obligation types will differ on a case-by-case basis. What may be required will be established through the key policies and associated planning guidelines. When assessing the scope of planning obligations the Council will also take into account the range of other benefits provided by a particular development and financial viability issues.

- 2.15 In some cases developers may wish to argue as a background consideration that the economic viability of their development may be compromised by the range and/or scale of any CIL and the obligations being sought. The Council will expect developers to co-operate on an “open book” basis to provide information to demonstrate these circumstances. Developers should always make themselves aware of the Council’s policies at early stage, so that the policy requirements and potential costs of a CIL and obligations are fully factored into any land purchase or development decisions.
- 2.16 Housing is the identified priority land use of the Core Strategy and the delivery of affordable housing will be a high priority in terms of planning obligations. This also accords with the London Plan. The local impacts of individual and cumulative schemes on the local environment and local community infrastructure, and how they are designed and integrated physically and socially with existing neighbourhoods are also very important issues.
- 2.17 Where the impacts of a use and/or a design go beyond the immediate boundary of the site then these will need to be addressed and this may be through the use of planning obligations. The Council encourages developers to initiate and carry out local consultation where appropriate and take into account local issues in drawing up their detailed proposals. The use of forums such as the Development Management Forum can also be useful in presenting potential schemes and identifying local issues. Design and Access Statements will be useful tools for developers to assess how their development integrates with local areas in terms of local streets, public spaces and local facilities.

Interaction between CIL and planning obligations

- 2.18 Many planning obligations will be non-financial. However, Regulation 123 of the CIL Regulations indicates that in the future planning obligations cannot be sought to secure infrastructure projects or types of infrastructure that will be wholly or partly funded by the CIL.
- 2.19 The Council will publish a ‘Regulation 123’ list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. When the Camden CIL Charging Schedule and the Regulation 123 list are adopted by the Council, funding for the specific types of infrastructure or projects on the list cannot therefore be sought through section 106 planning obligations.
- 2.20 The provision of affordable housing currently lies outside of the remit of CIL and will continue to be secured through planning obligations. Planning obligations will also continue to be used for local infrastructure requirements directly related to development sites, such as provision of open space and landscaping on or in the immediate vicinity of a site, habitat protection, and highways works to make development acceptable in planning terms.

- 2.21 The principle is that all eligible developments must pay towards CIL as well as – by way of a s106 Agreement – contributing to the costs of any site specific requirements that are necessary to make the development acceptable in planning terms, while adhering to the provisions of Regulations 122 and 123 of the CIL Regulations 2010.

| Mechanism | Details | Use |
|----------------------|--|---|
| CIL | A standard charge per square metre of all chargeable development as set out in the Charging schedule. | To secure financial contributions for Borough-wide infrastructure as specified in the Regulation 123 list which will be likely to include generic projects for transport, education open space and community facilities |
| Planning Obligations | Measures required to mitigate the site-specific impacts of development. These could include non-financial obligations and financial contributions. | Affordable Housing Infrastructure to address the site specific and related impacts of development and which is not included in Regulation 123 list Non-financial obligations such as management plans, or car-free restrictions. |

- 2.22 The CIL regulations allow collecting authorities to accept land in lieu of a CIL payment. It is not envisaged that Camden will make use of this provision. The regulations also permit the provision of infrastructure as payment towards a CIL. Camden intends to use this power only sparingly and in genuinely exceptional cases where it can be demonstrated that the payment will secure the delivery of a transformative strategic infrastructure project e.g. though the unlocking of the development potential of a particular area.

General procedures

Pre-application stage

- 2.23 The Council offers a formal pre-application advice service to assist potential applicants when proposals are being drawn up and applicants should familiarise themselves with adopted policies and this

supplementary guidance. The pre-application service will be useful in identifying areas that may be subject of planning obligations prior to submission of a planning application.

- 2.24 Where formally required, supporting documents such as a Design and Access Statement, an Environmental Statement and a Transport Assessment will be expected to consider the relevant range of impacts of the proposed development and set out measures proposed to deal with them. Indeed on larger development applicants will be expected to provide a statement setting out their planning obligations strategy. It is therefore important that local consultation takes place on larger schemes to identify these local impacts and issues and how they will be addressed.

Application stage

- 2.25 The final content and scope of planning obligations will be negotiated through the planning application process which will be carried out by the Council's Development Management Team. Applicants will be expected to enter into an agreement based on the Council's standard agreement and clauses.
- 2.26 Once an application is identified as potentially requiring one or more planning obligations, the Council's legal team will be instructed to produce an early "without prejudice" draft for discussion. Applicants will be required to provide contact details of their advisors as soon as possible in the application process. The Council's legal team will require a legal undertaking from the applicant's advisors to cover the cost of drafting the legal agreement as well as any relevant disbursements, e.g. Land Registry title information.
- 2.27 The Council will take the implementation costs of any obligations into account and will expect there to be a neutral impact on Council expenditure and resources. Obligations may need to include fees or associated costs for delivery of obligations where such costs fall to the Council.

After planning permission has been granted

- 2.28 When planning permission has been granted and the legal agreement issued, copies of the documentation will be forwarded to the Council's Planning Obligations officers. Officers will maintain a record of the planning obligation requirements and will monitor the implementation of the legal agreements signed by developer. It is important that notices of implementation, any plans, payments or other details required through a legal agreement should be sent to the planning obligations officer in the first instance.

Costs and charges relating to planning obligations

- 2.29 In addition to any related fees or contributions owed under specific obligations such as highways works, as a principle the Council will also seek to recover all of its costs in relation to the preparation , monitoring,

administration and processing of planning obligations and the work arising out of them. These charges fall into two categories

- (i) those relating to work undertaken by legal and other officers in preparing the legal agreement containing the obligations (“Legal and Preparation Charges”) and
- (ii) those relating to work undertaken by officers in processing, monitoring and implementing obligations contained in the Agreement (“Processing and Monitoring Charges”).

Charges will be based on a standard Charging Schedule referencing the number of Heads of Terms in an Agreement and have been agreed by Cabinet under its functions agreeing Council fees and charges.

Legal and preparation charges

- 2.30 To facilitate preparation of consistent agreements standard legal templates can be made available to give an indication of the likely format of an agreement, but the final drafting will be carried out by Camden Legal Services and a charge will be levied. Legal and Preparation Charges are contained in a schedule of fees agreed by the Council's Cabinet on an annual basis and available on the Council's website or from Camden Legal Services upon request. All Legal and Preparation Charges will be payable prior to or at the time that a Section 106 agreement is completed.

Processing and monitoring charges

- 2.31 The processing, monitoring and implementation of planning obligations before and after completion of the Agreement requires the input of significant Council resources. This relates to a range of activities which arise directly from the grant of planning permission for development and are necessary to ensure that details of measures required to mitigate the development impacts are submitted and approved, and the measures are properly carried out.
- 2.32 Costs associated with this work are distinct from any costs associated with processing a planning application and legal fees for preparation of the Agreement, and in many cases will be ongoing after a development has been implemented and would not have arisen were it not for the specific planning impacts of the development and related obligations. Hence it is appropriate that Processing and Monitoring charges relating to such obligations are borne by the developer.
- 2.33 Examples of activities carried out by the Council to facilitate planning obligations are:
- Ensuring the details of all agreements are accurately recorded on a database and Monitoring agreements (including site visits to check for implementation, as necessary);
 - Correspondence associated with requirements and payment of financial contributions (including index linked calculations);

- Receipt and monitoring of financial contributions and reminders/enforcement action taken if appropriate; and ensuring that contributions are spent in accordance with the terms of agreements including any expenditure deadlines:
- Coordinating and assessing discharge of both non-technical and technical plans and strategies (e.g. sustainability and energy efficiency plans)
- The assessment, inspection and supervision of related plans and proposals to manage impacts arising during construction and, where necessary, liaising with developers, contractors and neighbours to put in place additional measures to alleviate local resident concerns.
- The project management and delivery of specific obligations for which contributions have been made in lieu of meeting on-site requirements and require Council resources to implement, such as off-site affordable housing.

- 2.34 Current Processing and Monitoring Charges have been established by taking into account financial and non-financial clauses and reflect the size and potential complexity of the agreement. In respect of significant major schemes and the delivery of certain obligations bespoke charges will be negotiated with reference to the scale and complexity of the agreement, the nature of the obligations and the resources likely to be required.
- 2.35 For Minor schemes the Processing and Monitoring Charge per head of term is currently £531 and for Major Schemes the Processing and Monitoring Charge per head of term is £745. These charges will be subject to review and will increase on an annual basis by up to 3%, to be determined by using the relevant indices published by ONS as part of the annual review of Council fees and charges. Any increases in fees and charges over 5% are subject to Cabinet approval. Like legal fees, Processing and Monitoring charges are payable prior to or upon completion of the Section 106 legal agreement. There may be some limited circumstances where the level of monitoring charge may be reviewed if warranted.
- 2.36 Separate fees in the form of contributions payable through section 106 agreements may be negotiated where warranted and are considered necessary in planning terms and directly related to development where further costs of technical verification, inspection and ongoing supervision are likely to be incurred as a direct result of a particular development. Examples of obligations which may necessitate a contribution for implementation include construction management plans and basement construction plans. Further information on construction management plans is available in CPG6 Amenity and further information on basement construction plans is available in CPG 4 Basements and lightwells.

Financial obligations

- 2.37 In most cases, financial obligations are intended to provide infrastructure to serve the occupiers of a development, or to provide for works that will

mitigate the local impacts of development. To ensure that the necessary measures are in place prior to or as soon as possible after occupation, all Section 106 financial obligations related to a development will be payable when implementation of the development commences, when CIL liability also takes effect. This principle will apply unless an alternative arrangement is specified in the legal agreement and is in accordance with other parts of this guidance or is otherwise justified by the particular characteristics of the development or the obligation.

- 2.38 The Council will not normally accept clauses in agreements that place unrealistic time constraints on expenditure of funds. Projects such as transport infrastructure can take many years to deliver. Rather, the Council's usual approach will be for the agreement to specify that monies should be spent on an agreed scope of works and the Council will work with developers and landowners to carry out those works in deliverable time periods.

