

Hartlepool Borough Council: Infrastructure Funding Statement (Section 106 report)

The reported year 2021 – 2022

January 2023

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## 1. INTRODUCTION

- 1.1 This document is entitled `Infrastructure Funding Statement`. Its production is a requirement of The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 (SI 2019 No.1103), parts 10A, regulation 121A.
- 1.2 The Community Infrastructure Levy (CIL) regulations require that, no later than 31 December in each calendar year, all local planning authorities that issue a CIL liability notice or enter into section 106 planning obligations during a reported year<sup>1</sup> must publish an infrastructure funding statement (IFS) at least annually.
- 1.3 The statements required vary depending on if an authority collects via CIL (regulation 121A (a) and (b) applies) and/or via section 106 legal agreements (regulation 121A (c) applies). Hartlepool Borough Council (the council) does not have a CIL in place and thus the council secures financial and other obligations solely via section 106 legal agreements.
- 1.4 Part 212A (c) states that:  
*“The funding statement must set out, (c) a report about planning obligations, in relation to the reported year, which includes the matters specified in paragraph 3 of Schedule 2 and may include the matters specified in paragraph 4 of that Schedule (“section 106 report”).”*
- 1.5 In this report the council has covered the information specified in paragraph 3 of Schedule 2. Information relating to paragraph 4 of Schedule 2, which is not mandatory, has not been included.
- 1.6 It should be noted that information pertaining to developer contributions is changeable; the information represents figures at a given point in time, and those figures can alter due to issues such as interest or viability challenges. This statement was compiled with the most up to date information at the time. Within future iterations of this statement any amendments to a section 106 agreement will be reported within the statements and commentary given to stipulate that an agreement has been amended and that figures should not be double counted when looking at figures year on year.
- 1.7 This IFS reports on the year 1 April 2021 to 31 March 2022. The Council intends to publish subsequent IFS in as timely a manner as possible in the interests of up to date information.

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<sup>1</sup> For the purpose of this Statement, the reported / financial year is from 1 April 2021 to 31 March 2022.

## 2. INFRASTRUCTURE AND DEVELOPER CONTRIBUTIONS EXPLAINED

### What is infrastructure?

- 2.1 Infrastructure is the set of fundamental facilities and systems that support the sustainable functionality of Hartlepool borough. Infrastructure includes transport facilities such as roads, footpaths (urban and rural), cycle ways and bridleways, multi-functional 'green' infrastructure, coastal and flood defence systems along with utility facilities that serve homes and businesses. Infrastructure also includes sports and leisure provision, education provision and health services such as doctors and dentist practices and community facilities.
- 2.2 The Hartlepool Infrastructure Plan<sup>2</sup> sets out what infrastructure is required to support planned growth and development, how much it will cost, where the money will come from to provide infrastructure, and who will be responsible for its delivery.

### What are developer contributions?

- 2.3 Development often puts pressure on the environment and upon existing infrastructure and services. It is expected that developers will mitigate or compensate for the impact of their proposals, to make it acceptable in planning terms. In many cases this mitigation/compensation will be delivered by way of developer contributions also referred to as 'Planning Obligations' and secured via section 106 agreements under of the Town & Country Planning Act 1990 (as amended). In addition to this mitigation/compensation, section 106 agreement are also used to secure the provision of affordable housing, where appropriate.
- 2.4 The Community Infrastructure Levy Regulations 2010 (as amended) places three tests on the use of planning obligations. These are that the obligation is:
- 1) Necessary to make the proposed development acceptable in planning terms;
  - 2) Directly related to the proposed development; and
  - 3) Fairly and reasonably related in scale and kind to the proposed development.
- 2.5 In 2010 the government introduced the CIL, with the aim of providing a more understandable charging system for developer contributions towards wider infrastructure provision. In Hartlepool, viability testing to date has indicated that implementation of a CIL charging schedule would impact upon the deliverability of development across the borough.
- 2.6 The benefit of securing planning obligations through s106 agreements is that they can be individually negotiated, allowing the Council to deliver a flexible approach based on viability assessment where appropriate. Planning obligations will therefore continue to be secured through s106 legal agreements.

### How developer contributions are used to deliver sustainable development

- 2.7 Hartlepool's future sustainable growth and development depends on the timely funding and delivery of supporting infrastructure that reflects the scale and type of development and the needs of the locality; without it, new development may be delayed and/or there could be unacceptable social, economic or environmental impacts on existing infrastructure.

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<sup>2</sup> [https://www.hartlepool.gov.uk/downloads/file/2938/hlp03\\_20\\_local\\_infrastructure\\_plan\\_november\\_2016pdf](https://www.hartlepool.gov.uk/downloads/file/2938/hlp03_20_local_infrastructure_plan_november_2016pdf).

<sup>3</sup> [https://www.hartlepool.gov.uk/download/downloads/id/907/planning\\_obligations\\_spd\\_nov\\_2015.pdf](https://www.hartlepool.gov.uk/download/downloads/id/907/planning_obligations_spd_nov_2015.pdf)

- 2.8 The council adopted a Planning Obligations SPD<sup>3</sup> in November 2015. The SPD sets out the developer contributions (together with thresholds) that will typically be required to address impacts arising from a development, including affordable housing provision.
- 2.9 The council adopted the Hartlepool Local Plan in May 2018. Local Plan policy QP1 (Planning Obligations) identifies the types of infrastructure that obligations may be secured towards:
- Affordable Housing;
  - Children's Play / Play Facilities;
  - Playing Pitches & Outdoor Sports / Exercise Provision;
  - Built Sport Facilities;
  - Highway and Rail Infrastructure and Sustainable Transport Measures;
  - Education Provision;
  - Community Facilities;
  - Green Infrastructure;
  - Training and Employment;
  - Heritage (protection / preservation / interpretation);
  - Maintenance;
  - Housing Market Renewal;
  - Flood Protection;
  - Renewable Energy & Energy Efficiency Measures;
  - Ecological Mitigation & Networks; and
  - Suitable Alternative Natural Green Space and/or Mitigation for recreational disturbance on the Teesmouth and Cleveland Coast SPA – Mitigation guided by the council's Endorsed Mitigation Strategy and Delivery Plan which sets out the funding formula for mitigation.
- 2.10 Obligations will typically be sought on any application that meets the thresholds specified in the Obligations SPD i.e. 5 dwellings, or 15 dwellings or on a case by case basis. Securing developer contributions is vital to the delivery of strategic policies within the Local Plan and ultimately to the sustainable development of the borough.
- 2.11 Legal agreements in respect of larger scale developments often include 'trigger clauses' which specify when payments relating to the delivery of infrastructure should take place. These are usually tied to the progress of the development.
- 2.12 The process of securing, receiving and spending developer contributions is recorded at each stage, this ensures contributions are sought fairly from developers and that officers, developers and the public know when developer contributions will be paid to the council and how they will be spent. Agreements contain provisions for the repayment of contributions after a set number of years in the event that they have not been spent by the Council.

### 3. DEVELOPER CONTRIBUTIONS SECURED, RECEIVED, SPENT AND HELD IN THE REPORTED YEAR.

- 3.1 When a planning application is received, the council considers whether any planning obligations are required, the amount required and where the obligation should be spent. In each officers report (delegated and committee) relevant details pertaining to the amount of contribution and where it should be spent are set out and thus a decision is made based on the information within the officer report. All obligations sought are allocated by the authority upon signing of the section 106 agreements.
- 3.2 With regards to obligations relating to affordable housing off-site contributions, a specific location is not set out within officers reports as to do so could blight an area and in any event a scheme for this spend may still to be confirmed. Instead therefore, general provisions are referenced to deliver affordable housing and over time, once schemes evolve and become public knowledge, specific locations within the general areas benefit from the contribution.

#### Legal agreements signed

- 3.3 A total of 9 section 106 agreements were entered into in the reported year. These agreements secured monetary and non-monetary contributions.
- 3.4 Table 1 provides a summary of these agreements, which in total relate to planning permissions for 1103 residential units and have secured £4,643,068.36 in respect of monetary contributions.

Table 1. Summary of legal agreements signed in reported year

| Application reference | Site and development                 | S106 date           | Total monetary contribution |
|-----------------------|--------------------------------------|---------------------|-----------------------------|
| H/2020/0303           | Rodney Street; 12 units              | 20/05/2021          | £3,000.00                   |
| H/2021/0121           | Plot 1 Musgrave Garden Lane; 1 unit  | 04/06/2021          | £9,641.00                   |
| H/2020/0276           | Upper Warren; 570 units              | 25/06/2021          | £2,306,262.75               |
| H/2021/0157           | South of Wellington Gardens; 9 units | 26/08/2021          | £139,474.28                 |
| H/2020/0215           | Mayfield House; 5 units (4 net)      | 27/08/2021          | £2,500.00                   |
| H/2019/0226           | North of A689 / Highgrove; 243 units | 19/10/2021          | £1,656,091.35               |
| H/2020/0453           | Abbey Hill Cottages; 4 units         | 27/10/2021          | £2,000.00                   |
| H/2021/0282           | North of Duchy Homes; 25 units       | 14/01/2022          | £400,696.98                 |
| H/2021/0498           | Brenda Road; 234 units               | 23/02/2022          | £123,402.00                 |
| <b>Total units</b>    | <b>1103 units</b>                    | <b>Total amount</b> | <b>£4,643,068.36</b>        |

#### Monetary contributions secured

- 3.5 Table 2 sets out the categories of infrastructure towards which the above monetary contributions were secured, together with the amount.
- 3.6 With regards to Affordable Housing, applications H/2021/0121, H/2021/0157, H/2021/0282 satisfied this requirement by means of financial contributions to off-site provision.
- 3.7 The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 allow Local Authorities to charge monitoring fees through s106 planning obligations, to cover the cost of the monitoring and reporting on delivery of that s106 obligation as

described above. The regulations require that monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring. In Hartlepool, such fees are agreed on a case by case basis. All agreements except for that associated with H/2021/0121 included payment of monitoring fees; Table 2 also reports the amounts secured for this purpose.

Table 2. Monetary contributions secured in the reported year by infrastructure category

| <b>Contribution type</b>  | <b>Amount secured</b> |
|---|-----------------------|
| Affordable housing (off site)   | £337,435.30           |
| Education   | £3,039,684.77         |
| Health  | £310,169.70           |
| Highways  | £94,900.20            |
| Built sports  | £151,000.00           |
| Play facilities   | £2,250.00             |
| Tennis courts   | £33,014.18            |
| Playing pitches   | £134,975.31           |
| Bowling   | £2,832.90             |
| Green Infrastructure including east to west cycleway                              | £339,606.00           |
| Teessmouth and Cleveland Coast Special Protection Area and Ramsar site mitigation | £167,100.00           |
| Ecological mitigation   | £ 30,000.00           |
| <b>Total financial contributions secured ex. monitoring</b>                       | <b>£4,643,068.36</b>  |
| Monitoring  | £12,360.00            |
| <b>Total including monitoring</b>   | <b>£4,655,428.36</b>  |

- 3.8 In respect of the education contribution, this is anticipated to provide for 182.12 primary school places and 37.96 secondary school places. In respect of the £1,685,675.25 contribution secured for H/2020/0276 Upper Warren, whilst this has been calculated with reference to primary school places only, the agreement provides flexibility for use for either primary or secondary places.

#### **Non-monetary obligations secured**

- 3.9 A number of the agreements included non-monetary obligations, as summarised in Table 3 below.

Table 3. Non-monetary obligations secured in the reported year

| <b>Application reference</b> | <b>Obligation</b>   |
|------------------------------|---|
| H/2020/0276                  | <ul style="list-style-type: none"> <li>- Construction Environmental Management Plan</li> <li>- Invasive special management protocol</li> <li>- Green Infrastructure Scheme (including Open Space, Suitable Alternative Natural Green Space, Landscape and Ecological Management Plan and Biodiversity Net Gain)</li> <li>- Lighting Design Strategy for Biodiversity</li> <li>- SUDS management and maintenance</li> <li>- Affordable Housing (see Table 4 below)</li> <li>- Highway Works and Permissive Paths scheduling</li> </ul> |
| H/2019/0226                  | <ul style="list-style-type: none"> <li>- Local Employment and Training Agreement</li> <li>- Farmland Bird Strategy</li> <li>- Affordable Housing (see Table 4 below)</li> <li>- Primary School Land safeguarded</li> </ul>  |
| H/2021/0282                  | <ul style="list-style-type: none"> <li>- Local Employment and Training Initiatives</li> </ul>   |
| H/2021/0498                  | <ul style="list-style-type: none"> <li>- Open Space maintenance plan</li> </ul>   |

### Affordable Housing (on site)

- 3.10 Affordable Housing was secured on site in respect of the two largest developments; H/2020/0276 Upper Warren and H/2019/0226 Highgrove, Wynyard. Table 4 provides a summary of the Affordable Housing secured for these sites.

Table 4. Affordable Housing (on site) secured in the reported year

| Application reference | Affordable Housing   |
|-----------------------|--|
| H/2020/0276           | - Affordable Rent: 34 no. 2 bedroom units and 18 no. 3 bedroom units (phased)<br>- Discount Market Sale: 7 no. 2 bedroom units and 44 no. 3 bedroom units (phased) |
| H/2019/0226           | - Affordable Rent: 20 no. 2 bedroom units<br>- Discount Market Sale: 21 no. 2 bedroom units  |
| <b>Total AH units</b> | - <b>Affordable Rent: 72 units</b><br>- <b>Discount Market Sale: 72 units</b><br>- <b>Total: 144 AH units</b>  |

### Monetary contributions received

- 3.11 In the reported year<sup>4</sup> a total of **£2,344,606.680** was received in financial contributions. Table 5 provides a breakdown of this with information pertaining to the amount received by each infrastructure category, the associated planning application, the project and whether this was spent.

Table 5. Monetary contributions received in the reported year by infrastructure category

| Application reference                           | Amount received    | Date received     | Project                                  | Spent Y/N |
|---|--------------------|-------------------|--|-----------|
| <b>Green infrastructure</b> including Cycleways |                    |                   |  |           |
| H/2015/0374 (The Beaumont)                      | £420.35 (Interest) | 07/04/2021        | Wynyard cycling and walking links        | N         |
| H/2020/0165 (Hillcarter)                        | £10,000.00         | 02/07/2021        | Coast Path National Trail                | N         |
| H/2013/0573 (Britmag)                           | £45,000.00         | 15/10/2021        | Coast Path / Cycleway maintenance        | N         |
| H/2020/0452 (Abbey Hill Cottages)               | £2,000.00          | 28/02/2021        | PROW upgrades                            | N         |
| H/2019/0473 (North of A689 / Siskin Park)       | £96,264.41         | 24/03/2022        | East to West Cycleway                    | N         |
| H/2020/0372 (Hill View) <sup>5</sup>            | £4,500.00          | 31/03/2022        | PROW upgrades                            | N         |
| <i>H/2016/0185 (North Pentagon)</i>             | <i>£47,941.06</i>  | <i>04/05/2022</i> | <i>Wynyard cycling and walking links</i> | N         |
| <b>Total green infrastructure</b>               | <b>£206,125.82</b> |                   |  |           |

<sup>4</sup> To comply with financial reporting standards, a number of funds as shown in *italics* in Table 5, received in April and May 2022 or otherwise overdue, were accrued and are included in the Council's 2021/22 Statement of Accounts. For consistency the IFS is aligned with the Council's Accounts, therefore these amounts are included within the reported year. As a result, these amounts will not be reported in the 2022/2023 IFS.

<sup>5</sup> H/2020/0372 (Hill View) contributions were not secured by section 106 agreement, due to Council being the applicant/owner.



| <b>Play</b>   |                    |                         |                             |                                |
|---|--------------------|-------------------------|-----------------------------|--------------------------------|
| H/2019/0346 (Brierton Lane)   | £20,250.00         | 22/02/2022              | Rift House estate           | N                              |
| H/2020/0372 (Hill View)   | £4,500.00          | 31/03/2022              | Saltaire Terrace            | N                              |
| <b>Total play</b>   | <b>£24,750.00</b>  |                         |                             |                                |
| <b>Built sports</b>   |                    |                         |                             |                                |
| H/2020/0372 (Hill View)   | £4,500.00          | 31/03/2022              | Greatham Sports Association | N                              |
| H/2015/0528 (Quarry Farm 2)   | £13,750.00         | 28/04/2022              | Summerhill Visitor Centre   | N                              |
| <b>Total built sports</b>   | <b>£18,250.00</b>  |                         |                             |                                |
| <b>Playing pitches</b>  |                    |                         |                             |                                |
| H/2020/0372 (Hill View)   | £4,199.22          | 31/03/2022              | Greatham Sports Association | N                              |
| H/2015/0528 (Quarry Farm 2)   | £12,280.95         | 28/04/2022              | Grayfields Rec Grounds      | N                              |
| <b>Total playing pitches</b>  | <b>£16,480.17</b>  |                         |                             |                                |
| <b>Tennis</b>   |                    |                         |                             |                                |
| H/2015/0374 (The Beaumont)  | £22.51             | 07/04/2021              |                             | N                              |
| H/2019/0346 (Brierton Lane)   | £4,618.62          | 22/02/2022              | Brierton Sports Centre      | N                              |
| H/2019/0372 (Hill View)   | £1,026.36          | 31/03/2022              | Greatham Sports Association | N                              |
| <b>Total tennis</b>   | <b>£5,667.49</b>   |                         |                             |                                |
| <b>Bowling greens</b>   |                    |                         |                             |                                |
| H/2019/0346 (Brierton Lane)   | £402.57            | 22/02/2022              | Blakelock Gardens           | N                              |
| H/2019/0372 (Hill View)   | £89.46             | 31/03/2022              | Greatham Sports Association | N                              |
| <b>Total bowling greens</b>   | <b>£492.03</b>     |                         |                             |                                |
| <b>Off-site Affordable Housing</b>  |                    |                         |                             |                                |
| H/2021/0121 6 (Plot 1) Musgrave Garden Lane   | £10,141.00         | 08/06/2021              |                             | Y – includes committed schemes |
| H/2015/0374 (The Beaumont)  | £66,000.00         | overdue                 |                             | Y – includes committed schemes |
| H/2016/0185 (North Pentagon)  | £352,000.44        | 04/05/2022              |                             | Y – includes committed schemes |
| H/2015/0386 (Wynyard Woods West)  | £371,877.21        | 19/04/2022              |                             | Y – includes committed schemes |
| <b>Total off site Affordable Housing</b>  | <b>£800,018.65</b> |                         |                             |                                |
| <b>Teesmouth and Cleveland Coast Special Protection Area and Ramsar site mitigation</b> |                    |                         |                             |                                |
| H/2019/0346 (Brierton Lane)   | £13,567.50         | 12/10/2021 & 22/02/2022 | n/a                         | N                              |

|   |                      |            |   |   |
|---|----------------------|------------|---|---|
| H/2019/0372 (Hill View)                   | £6,300.00            | 31/03/2022 | n/a   | N |
| H/2019/0139 (Station Road)                | £12,600.00           | overdue    | n/a   | N |
| H/2015/0528 (Quarry Farm 2)               | £55,000.00           | 28/04/2022 | n/a   | N |
| <b>Total coastal mitigation</b>           | <b>£87,467.50</b>    |            |   |   |
| <b>Highways</b>                           |                      |            |   |   |
| H/2015/0528 (Quarry Farm 2)               | £660,000.00          | 28/04/2022 | A19/Elwick Road/North Lane Junction and Elwick Road/Hartlepool Western link project | N |
| <b>Total Highways</b>                     | <b>£660,000.00</b>   |            |   |   |
| <b>Education</b>                          |                      |            |   |   |
| H/2016/0185 (North Pentagon)              | £70,535.95           | 04/05/2022 | Secondary provision   | N |
| H/2015/0386 (Wynyard Woods West)          | £134,776.90          | 19/04/2022 | Primary and secondary provision   | N |
| H/2015/0528 (Quarry Farm 2)               | £159,669.00          | 28/04/2022 | Primary and secondary provision   | N |
| <b>Total education</b>                    | <b>£364,981.85</b>   |            |   |   |
| <b>Ecology</b>                            |                      |            |   |   |
| H/2019/0473 (North of A689 / Siskin Park) | £19,408.15           | 24/03/2022 | Farmland bird mitigation  | N |
| H/2019/0139 (Station Road)                | £3,000.00            | overdue    | Priority Habitat replacement  | N |
| <b>Total ecology</b>                      | <b>£22,408.15</b>    |            |   |   |
| <b>Health</b>                             |                      |            |   |   |
| H/2019/0473 (North of A689 / Siskin Park) | £41,467.70           | 24/03/2022 | Provision of GP services  | N |
| <b>Total health</b>                       | <b>£41,467.70</b>    |            |   |   |
| <b>Other: Off site recreational</b>       |                      |            |   |   |
| H/2013/0573 (Britmag)                     | £60,500.00           | 15/10/2021 | Site vicinity   | N |
| H/2019/0139 (Station Road)                | £35,997.05           | overdue    | Various in Greatham   | N |
| <b>Total other</b>                        | <b>£96,497.05</b>    |            |   |   |
| <b>Total contributions received</b>       | <b>£2,344,606.41</b> |            |   |   |

Monetary contributions received in reported year - spending

- 3.12 With regard to monetary contributions received in the reported year, as set out in Table 5, all has been retained excepting for the Affordable Housing, which has been allocated for expenditure for Council Housing as including committed schemes. It is often the case that contributions received are not then spent for a number of years, due to the time it takes finalise project specifics and costs, and/or to pool the required money from multiple agreements and any other sources of funding.

### Spending in reported year

3.13 A total of £1,036,000 was spent towards off-site infrastructure projects in the reported year. Table 6 below sets out details of this expenditure<sup>6</sup>. No money has been spent on repaying money borrowed, including any interest.

Table 6. Spending in reported year by infrastructure category

| <b>Category</b>                          | <b>Project(s)/Location</b>   | <b>Amount spent</b> |
|--|--|---------------------|
| Affordable Housing                       | Council Housing - includes committed schemes                                 | £800,000            |
| Green Infrastructure including Cycleways | Summerhill, Seaton Carew, Thornhill Gardens to Jesmond Gardens, Ward Jackson | £33,000             |
| Maintenance                              | Public Open Space  | £35,000             |
| Play                                     | Ward Jackson, Golden Flatts, Seaton Carew, Summerhill                        | £18,000             |
| Built sports                             | Grayfields, Summerhill   | £45,000             |
| Ecology                                  | Ecological Mitigation Scheme   | £6,000              |
| Education                                | Primary and Secondary improvements   | £99,000             |
| <b>Total spend</b>                       | <b>£1,036,000</b>  |                     |

### Money retained at the end of the reported year

3.14 The total amount of money (received under any planning obligations during any year) retained at the end of the reported year was **££2,716,603.52**. None of the retained money has been allocated for the purposes of longer term maintenance (“commuted sums”).

<sup>6</sup> Spending amounts as reported in this section are provided as approximations, rounded to the nearest £000.