

Section 106 Funding

Frequently Asked Questions

North Herts Council (NHC) is committed to ensuring that the necessary infrastructure, services and facilities are provided to support growth and development in the District.

A range of infrastructure providers may seek contributions from new development. This includes, but is not limited to, Hertfordshire County Council, the NHS, the Police and Crime Commissioner for Hertfordshire and **local Parish, Town or Community Councils**. Applicants should ensure that development proposals adhere to Local Plan and **Neighbourhood Plan** policies.

The Council will encourage the development and use of such facilities as multifunctional community centres. These can act as 'hubs', offering a range of facilities to support the creation of sustainable communities.

1. What is Section 106 Funding?

Planning obligations, commonly known as S106 agreements, are a mechanism whereby a Developer contributes towards the cost of providing community and social infrastructure, to support the additional burden new development makes on both local and strategic infrastructure.

In our case, the developer of PHC will be asked to make a S106 contribution based on the scale of development; approx. 60 new residential dwellings in this case

2. Will the new community facilities be eligible for S106 funding?

Yes, NHDC have confirmed that new community facilities meet the criteria of S106.

The grant scheme is open to all community-based organisations that operate on a not-for-profit basis. The facilities provided must be open to the public with no membership restrictions in relation to the Equality Act 2010, and have wide public and community benefit.

S106 funding is available for capital projects only. Revenue funding towards ongoing running costs is not available.

3. Why is S106 funding important for the new community facilities project?

S106 funding from the PHC development is likely to provide significant money to Preston to be used on infrastructure projects. An estimated figure is between **£300,000 and £500,000** although nothing has yet been decided.

S106 funding is only available at the time of a planning application being submitted; you use it or lose it. The Working Group strongly believe that Preston should benefit from improved community facilities based on PHC development being permitted.

4. Could the Red Lion apply for S106 to expand the business?

No. The Red Lion is a private limited company and does not operate on a not-for-profit basis and is therefore not eligible for S106 funding.

5. How and when is S106 money paid?

S106 grant is usually a cash contribution but also payment in kind - land or infrastructure. The payment falls due on commencement of the development, but the Charging Authority can agree to payment by instalments.

Once the planning application has been granted, money cannot be allocated retrospectively; you use it or lose it and timing is therefore critically important.

The amount of cash contribution or payment in kind is negotiable but is often based off the gross development value of the development.

An estimated S106 contribution from the PHC development would be in the region of **£300,000 - £500,000**, although no negotiations have started so amounts can not be guaranteed.

6. Who decides how much S106 will be allocated to Preston as a result of the PHC development?

NHDC will negotiate with the developer as part of the planning application process. A list of projects requesting funding will be submitted to NHDC via the Parish Council, who nominates projects for funding.

7. Does having a Neighbourhood Plan that details new community facilities (shop and village hall) help in securing S106 funding?

Yes, communities that draw up a Neighborhood Plan and secure the consent of local people in a referendum, will benefit from up to **25 per cent** of the levy revenues arising from the development that takes place in their area.

Note: 25% is the highest levy available. This will be achievable regarding the PHC development as Preston has a Neighborhood Plan. Both a village shop and village hall are on the projects list of the Neighborhood Plan and a referendum is planned in 2024.

8. Will other projects be eligible for S106 funding?

Yes, other projects that meet the S106 criteria will be eligible.

Section 106 Process Flow Chart

