NORTH LONDON PARTNERS
in health and care

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NCL DEVELOPER CONTRIBUTIONS GUIDANCE SUMMARY

North Central London (NCL) Guide

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Introduction

- There are **2** types of funding that can be secured from Local Planning Authorities (**LPAs**), commonly known as local councils, for new capital projects and improving infrastructure.
- These are Section106 (**s106**) and Community Infrastructure Levy (**CIL**) funds which **LPAs** secure from **developers** – they are referred to as **developer contributions** in the guide.
- **S106** funds are collected by **LPAs** from **developers** for any projects being delivered in specific areas, to mitigate the impact of development, for example new housing schemes.
- **S106** funds usually have restrictions on how, when and where that money is spent within set time limits, typically from 5 to 10 years.
- A **CIL** is a planning charge, used as a tool by **LPAs** to help deliver infrastructure to support the development of areas.
- Once **s106** and/or **CIL** funds have been secured, the NHS can apply to **LPAs** to secure capital funding for new and improved infrastructure projects.
- Guidance has been created to create a joint, consistent approach in applying for, and using **developer contributions,** outlining principles and good practice and recommending standardised processes. The guidance will need to be kept up-to-date to reflect changes to national planning policy and legislation.

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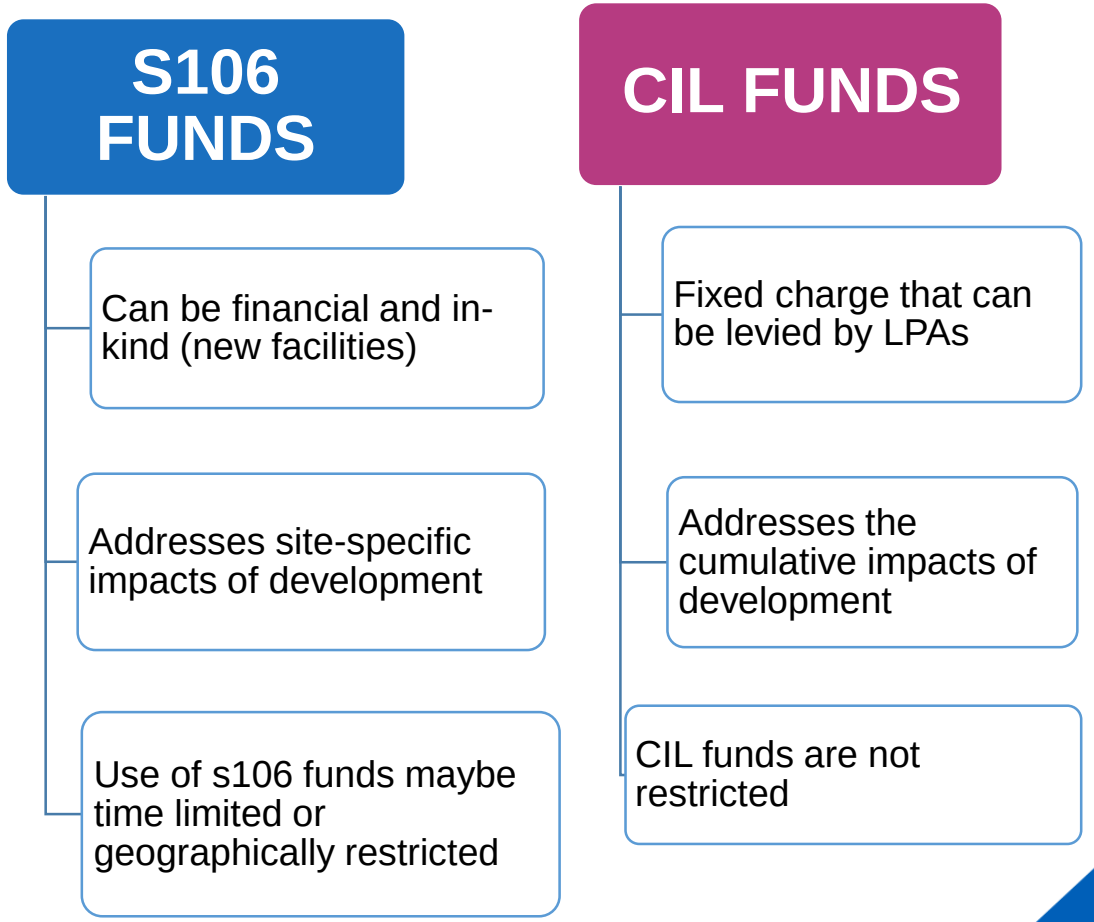
S106 and CIL funds at a glance

- As NHS capital is restricted, **s106** and **CIL** funds are important sources of capital funding.
- **LPAs** can use both **CIL** and **s106** funds to contribute towards the same project.
- **S106** and **CIL** is used to provide additional capacity and should be linked to a planned estate (or digital) project.
- Local Plans should support the use of **developer contributions** for healthcare and **s106** should be applied for regularly from major developments where justified.
- Prioritisation should be given to both transformational primary care and community projects where possible, that will provide financial and delivery benefits.
- In order to identify future healthcare infrastructure requirements, CCGs, STPs and borough planners must establish collaborative, working relationships.



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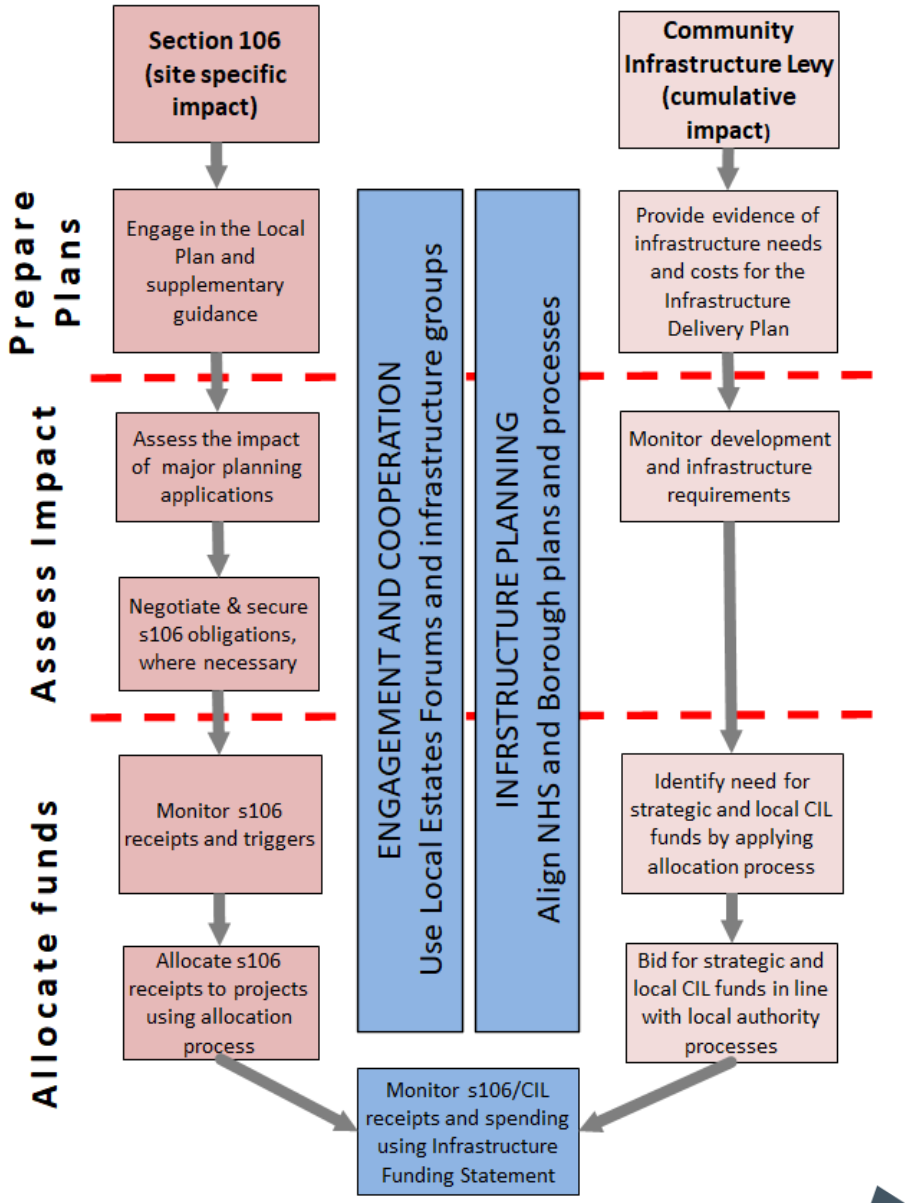
Key requirements

- **Need to**: Ensure there is **continuous engagement and collaboration** from plan making to project delivery.
- **Need to**: The need for **s106/CIL** funds is based on **infrastructure planning** which should be seen as a shared exercise.
- **Need to:** Respond to major planning applications and use a standardised approach to assess healthcare impact and calculating **s106** requirements where required, including use of Healthy Urban Development Unit (HUDU), Planning Contributions Model and evidence of existing capacity.
- **Need for:** Where **s106** in-kind facilities are required, they should be flexibly designed and be affordable to the NHS.
- **Need for:** Standard approach to prioritise use of **developer contributions** towards projects based on agreed criteria. (See diagram on right)
- **Need for:** Standard process to allocate and draw down **developer contributions** which should also reflect **LPA** processes. (See diagram on right)



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Criteria for prioritising developer contributions

Strategic Alignment – Is the project consistent with estate strategies and commissioning priorities, and does it enable the transformation of services?

Identified project – Has the project been included in estate/infrastructure plans? Is there evidence of engagement and support from key stakeholders?

Deliverable – Is there a clear and viable plan for the project? Will the project keep to timescales?

Additional capacity – Does the project meet demand from population growth within the locality?

Improvements – Will the project enhance access to services and improve quality of care?

Funding gap – Is the s106/CIL funding required to help fill a funding gap? Will it help to minimise overall estate and running costs?

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Allocation process

Identify s106 receipts and restrictive clauses in the legal agreement, i.e. specific purpose and geographic and time restrictions.

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Link s106 and CIL receipts to projects using prioritisation criteria and identified in the Infrastructure Delivery Plan. Prioritise the use of s106 receipts close to expiry.

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Local Estates Forum to review and endorse allocation decision.

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Primary Care Commissioning Committee to note use of s106 and CIL for GP premises schemes with no revenue consequences and review and sign-off those that have.

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Apply for s106 and CIL funds according to local authority (LPA) processes.

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Enter into funding agreement with local authority (LPA) (where required) and draw down funds.

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Allocate s106 to GP premises schemes in accordance with the premises cost direction.

Case studies

BARNET

- £2.5m received in approximately 150 individual agreement
- Funds pooled to deliver new health facility in Colindale
- £1.2m was allocated in 2019/2020, including £900k for Barnet Hospital Urgent Treatment Centre project
- CCG attends CIL/s106 Council Officer Group
- Working with Council to identify remaining available funds, with priority given to spending time-limited funds before expiry
- Established process to transfer funds & funding agreement in place (based on a template provided by Capsticks)
- **Demonstrates good engagement and agreed processes to spend s106 funds**

ENFIELD

- Planning policy supports s106 health contributions
- CCG notified of new applications & involved in discussions of large regeneration/development schemes
- £1.3m of new s106 funds have been sought and £4.1m secured in lieu of new facilities, using HUDU model
- 'Fall-back' mechanism introduced - cash contributions secured if a new facility is not provided/required in future = flexibility to provide additional capacity
- Regular meetings established between CCG's and planners
- CCG applied for release of s106 funds to fund Alma Road facility
- **Demonstrates good engagement and policy support, and agreed processes to secure new s106 funds**

Updates to the guidance

The draft guidance was taken to the LEFs and we have incorporated comments from boroughs and NHS partners:

- The use of CIL might be more appropriate in boroughs which have a high proportion of smaller sites and can offer greater certainty than s106 as it is a tax paid on commencement of development.
- Emphasise that requests for s106/CIL should be clearly linked to healthcare projects with detailed evidence of need, and borough Infrastructure Delivery Plans need to be kept up to date.
- Recognition that the viability of individual developments will determine the amount of s106 available, where other requirements such as affordable housing can take priority over healthcare.
- Need to align the planning process with the NHS business case process
- The allocation process has been revised to reflect the role of the Primary Care Commissioning Committee to approve the use of s106/CIL for GP premises schemes.
- An appendix has been added to the guidance to summarise the different local policies and processes to secure and allocate developer contributions. This will be kept under review.
- An appendix has been added to set out the NHS business case process and indicative timeline for the NHS capital approval process.
- Reference to the NCL estates development toolkit to align the planning process with the NHS business case process and emphasise the importance of needs analysis / options appraisals to identify requirements.

Next steps

Guidance approved by NCL Estates Board.

Implement the guidance locally via the LEFs and Local Care Infrastructure Board and align with the Estates Development Toolkit.

NHS to continue to engage with boroughs on Local Plans, major planning applications and borough infrastructure groups to implement the guidance.