

Section 106 Monitoring Charges – June 2012

Legal Requirement and Principle of Payment

Application fees were introduced in 1983 under legislation contained in the Local Government Planning and Land Act 1980, to provide income for planning authorities with which they could improve the speed and efficiency of their Development Management service. Some of the more complex and major applications which Development Management deal with require a legal agreement (Unilateral/106) which in turn require formal monitoring of the obligations within these agreements.

Circular 05/05, para B50 advises Local Authorities to carefully monitor all legal agreements in an open and transparent manner.

The mechanism for meeting the costs of monitoring planning obligations and the amount payable by each developer is incorporated within each individual Section 106 Agreement and is payable upon execution of the agreement.

All obligations are time consuming, albeit of a physical or financial nature and most are monitored on a monthly, annual or in some cases, on a perpetuity basis. This is where great consideration must be given to the amount of officer time incurred as well as site travelling costs. The main objective is to ensure compliance by all parties involved in the successful completion of all Section 106 Agreements.

Costs of Financial Monitoring

- Approximate hourly rate is **£27**
- 10 hours average officer time handling the contribution
- **£270** per financial monitor

Costs of Physical Monitoring

- Based on an officer whose current hourly rate is **£27** and an assumption that an average 'from civic to site and back' trip equates to 10 miles at a cost of approximately **£5** – the approximate hourly rate is **£32**
- The officer time spent recording and undertaking a monitoring site visit is estimated at an average of 1½ hours per check which would be **£48** per check, therefore, for example assuming a commencement/completion check on a monthly basis throughout the duration of the development (example 12 visits) the cost of a physical monitor of an obligation = **£576**
- A minimum monitoring period of one year should be applied. If it can be shown that monitoring will be for a greater defined period the charge would be increased proportionately and would be based on sum consisting of the hourly rate (£32) x the number of monthly checks.

Costs of Indefinite Monitoring

For those obligations which would need to be monitored indefinitely (for example an obligation relating to Travel Plans or Training and Employment Management Plans) a maximum 10 years should be brought into the equation with a quarterly monitor only. Given the number of monitors in this period the hourly rate of the officer (£32) is used in this calculation. Therefore quarterly monitors over the 10 year period would be 40 (quarters) x £32 = **£1280**

Monitoring Charges Summary

The following monitoring charges are to be applied with immediate affect to all new minded Section 106 Agreements where the charge details can be proposed in the Heads of Terms.

- £270 per monitor of a financial clause
- £576 per monitor of a physical clause

Where it can be shown that physical monitoring will be for a greater defined period of more than one year the table below should be used.

No. Clauses (£32 per clause)	12 (checks in 1 year)	24 (checks in 2 years)	36 (checks in 3 years)	48 (checks in 4 years)	60 (checks in 5 years)	72 (checks in 6 years)	84 (checks in 7 years)	96 (checks in 8 years)	108 (checks in 9 years)	120 (checks in 10 years)	Qtrly monitors over 10 years
1	£576	£768	£1152	£1536	£1920	£2304	£2688	£3072	£3456	£3840	£1280
2	£1152	£1536	£2304	£3072	£3840	£4608	£5376	£6144	£6912	£7680	£2560
3	£1728	£2304	£3456	£4608	£5760	£6912	£8064	£9216	£10368	£11520	£3840
4	£2304	£3072	£4608	£6144	£7680	£9216	£10752	£12288	£13824	£15360	£5120
5	£2880	£3840	£5760	£7680	£9600	£11520	£13440	£15360	£17280	£19200	£6400
6	£3456	£4608	£6912	£9216	£11520	£13824	£16128	£18432	£20736	£23040	£7680
7	£4032	£5376	£8064	£10752	£13440	£16128	£18816	£21504	£24192	£26880	£8960
8	£4608	£6144	£9216	£12288	£15360	£18432	£21504	£24576	£27648	£30720	£10240
9	£5184	£6912	£10368	£13824	£17280	£20736	£24192	£27648	£31104	£34560	£11520
10	£5760	£7680	£11520	£15360	£19200	£23040	£26880	£30720	£34560	£38400	£12800

Example

Student Housing Development

Check commencement of development - £576 (physical monitor)

Payment of open space contribution - £270 (financial monitor)

Submission of Travel Plan – £1280 (indefinite monitor)

Submission of Training and Employment Management Plan – £1280 (indefinite monitor)

Total Cost of Monitoring = £3,456