

Report to Cabinet

Subject: Section 106 Affordable Housing Contributions

Date: 3 September 2026

Author: Assistant Director – Housing and Resettlement

Wards Affected:

All Wards

Purpose

To seek Cabinet approval to enter into arrangements with two Registered Provider partners to deliver urgently needed, good-quality affordable housing in the Borough using Section 106 affordable housing commuted sum contributions.

Key Decision

This is a key decision.

Recommendation(s)

THAT Cabinet:

- 1) **Approves the Council entering into agreements with two Registered Providers to deliver affordable housing in the Borough using available Section 106 affordable housing commuted sum contributions.**
- 2) **Delegates authority to the Director of Place, in consultation with the Chief Financial Officer, to finalise and enter into all agreements required to implement the approved arrangements.**

1 Background

- 1.1 Section 106 affordable housing obligations are legal agreements secured through the planning process. They require developers to provide affordable homes on site, such as social rent, affordable rent or shared ownership homes, or to make a financial contribution where on-site provision is not appropriate. These obligations help mitigate the impact of development, respond to

local housing need and ensure affordable homes remain available to eligible households over the long term.

- 1.2 Affordable housing commuted sums are financial contributions paid by developers instead of delivering affordable homes on site. They support affordable housing delivery elsewhere, particularly where on-site provision is not viable or appropriate because of site constraints, location or the existing housing mix. Contributions must be used and committed within the relevant time periods in accordance with the relevant Section 106 agreements, otherwise, the Council may need to repay the funding.
- 1.3 A report presented to Cabinet on 19 February 2026 set out two options for using Section 106 affordable housing commuted sum contributions to deliver urgently needed, good-quality affordable housing in the Borough.
- 1.4 On 19 February 2026, Cabinet approved the option for the Council to work with Registered Providers and begin a formal selection process to identify preferred partners. All Registered Providers operating in the Borough were invited to submit an expression of interest.
- 1.5 The expressions of interest have been evaluated and scored against the agreed criteria. Details are set out in Appendix 1.
- 1.6 The Council received four funding proposals from two Registered Providers. Following evaluation against the agreed criteria, two schemes have been identified as suitable for funding. Details of each proposal are set out below.

Proposal 1

A proposal has been received seeking part-funding to specifically support the delivery of six additional affordable rent homes. This forms part of a wider delivery of 60 additional affordable homes on the site. Planning permission is already in place at the site, and the provider proposes to use the commuted sums to support the delivery of affordable rent accommodation as part of the wider acquisition of 60 units. The provider has an established track record in delivering affordable housing, and the scheme aligns well with Gedling Borough Council's housing priorities by increasing affordable housing supply in a sustainable residential location with good transport links. This proposal achieved the highest score through the evaluation process.

Proposal 2

The scheme presents a positive affordable housing opportunity, providing 42 homes comprising 26 social rent and 16 shared ownership units. However, the proposal is less advanced than proposal 1. The site has no formal planning history and does not currently benefit from planning permission. Although pre-application feedback was positive and recognised the potential case for a 100% affordable housing scheme, planning remains a significant risk. There is no certainty that permission will be secured, or that it will be granted within the proposed timetable. While the scheme has clear strategic merit and would contribute positively to affordable housing supply, it is not recommended for funding at this stage due to the absence of planning permission, the lack of formal planning history and the longer delivery timeframe to May 2029. Although the funding request is comparatively modest and the tenure offer is positive, the overall assessment is materially weakened by planning uncertainty, potential programme delay and financial risks associated with later delivery.

Proposal 3

The proposal identifies a live opportunity to acquire additional affordable units from a developer. The scheme offers a clear route to converting the Council's Section 106 commuted sum funding directly into additional affordable housing supply. It represents a positive value for money proposition, provides a credible delivery route and is closely aligned with the purpose of the funding. The Registered Provider is well established, with existing housing activity in Gedling and the wider Midlands area. The proposal has the potential to deliver additional affordable homes for eligible households in housing need, while supporting the Council's nomination requirements and affordability objectives. This proposal achieved the second highest score through the evaluation process.

Proposal 4

Funding should be prioritised towards options that increase affordable housing supply and strengthen nomination opportunities for households in housing need. This proposal relates to an existing project, rather than a new opportunity to secure additional affordable homes. On this basis, it does not meet the deliverability criteria to the same extent as the other proposals received and is not recommended for funding.

2

Proposal

2.1

Following evaluation of the expressions of interest, it is proposed

that the Council enters into agreements with two experienced Registered Providers to utilise Section 106 commuted sums to deliver affordable housing within the Borough through Proposals 1 and 3 as set out in paragraph 1.6 of this report.

A total of £703,386 in commuted sum funding will be allocated to these schemes.

2.2 Of the £703,386 available, it is proposed that £414,000 is allocated to support Proposal 1.

2.3 It is proposed that the remaining £289,386 is allocated to proposal 2 to support the purchase of additional affordable housing in the Borough.

3 Alternative Options

3.1 Cabinet has previously considered the options available and agreed that partnership with Registered Providers is the only viable approach. Section 106 affordable housing contributions must be used in accordance with the relevant legal agreements. Failure to commit or spend these contributions for their specified purpose could require repayment to the developer, creating a financial risk for the Council and a missed opportunity to meet local housing need. For these reasons, taking no further action, or entering into agreements with one or both Registered Providers, is not recommended.

4 Financial Implications

4.1 On 31 March 2026, the Council held £1,954,470 in time-limited Section 106 affordable housing contributions, of which £560,567 must be committed by January 2027 and a further £142,819 must be committed by August 2027.

Therefore, by August 2027 the Council must have committed a total £703,386. The council is looking to do so by funding the proposals highlighted in this report.

5 Legal Implications

5.1 Section 106 of the Town and Country Planning Act 1990, as amended, enables local planning authorities to require developers to enter into legal agreements to mitigate the impact of development. These agreements may require on-site affordable housing or financial contributions to support off-site delivery. The Council must ensure Section 106 affordable housing contributions are used in accordance with the relevant agreement. Funds not

expended by the specified date may need to be returned to the developer.

- 5.2 A suitably drafted Legal agreement should be in place to allocate the financial sums to the Developers identified in the report.

6 Local Government Review

- 6.1 The Government has announced local government reorganisation in Nottinghamshire and Nottingham, replacing the existing councils with two new unitary authorities. In the short term, there will be no change to the Council's day-to-day services. Delivery of affordable housing through the proposed Section 106 arrangements will continue under the Council's existing responsibilities. The proposal supports the effective use of time-limited Section 106 affordable housing contributions and helps secure local housing outcomes ahead of any future structural changes to local government.

7 Equalities Implications

- 7.1 An Equality Impact Assessment is attached at Appendix 2.

8 Carbon Reduction/Environmental Sustainability Implications

- 8.1 The proposal provides an opportunity to support carbon reduction and environmental sustainability through the delivery of good-quality affordable homes. Registered Providers will be expected to demonstrate how homes delivered through the arrangement will meet relevant property, energy efficiency and regulatory standards, including consideration of energy performance and opportunities to reduce running costs for residents. This will help ensure that Section 106 contributions are used not only to increase affordable housing supply, but also to support warmer, more efficient homes and the Council's wider environmental objectives.

9 Appendices

- 9.1 Appendix 1 – Expressions of interest - Scored evaluation overview (exempt)
- 9.2 Appendix 2 - Equality Impact Assessment

10 Background Papers

- 10.1 None

11 Reasons for Recommendations

- 11.1 Cabinet previously approved seeking expressions of interest from Registered Providers to identify preferred delivery partners.
- 11.2 Section 106 affordable housing contributions are time limited and must be used for their specified purpose. Failure to commit or spend them on time may require repayment to the developer, including any applicable interest.
- 11.3 Partnership with Registered Providers will deliver additional affordable homes in the Borough and help meet current housing need.
- 11.4 The recommendation supports the Council's housing priorities by using developer contributions to increase affordable housing supply.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer