

## PLANNING OBLIGATIONS - QUARTERLY FINANCIAL MONITORING

<b>Cabinet Member</b>	Councillor Keith Burrows
<b>Cabinet Portfolio</b>	Planning, Transportation and Recycling
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<b>Papers with report</b>	Appendix 1 - attached

### HEADLINE INFORMATION

<b>Summary</b>	This report provides financial information on s106 and s278 agreements up to 31st December 2012 against respective portfolio areas.
<b>Contribution to our plans and strategies</b>	Planning obligations are an established delivery mechanism for mitigating the effect of development, making it acceptable in planning terms and achieving the aims of the Community Strategy and other strategic documents that make up the Local Development Framework.
<b>Financial Cost</b>	The Council currently holds £19,162,478 relating to s106 and s278 agreements. Of this £6,354,009 is allocated/earmarked for projects and £3,866,142 relates to funds that the Council holds but is currently unable to spend directly, leaving a residual balance of funds that the Council holds of £8,942,326 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 3, the Council has received additional income of £584,570 and spent £221,433.
<b>Relevant Policy Overview Committee</b>	Residents' and Environmental Services
<b>Ward(s) affected</b>	All

### RECOMMENDATION

**That the Cabinet notes the updated financial information attached at Appendix 1.**

### Reasons for recommendation

Circular 05/05 and the accompanying best practice guidance required local planning authorities to consider how they could inform members and the public of progress in the allocation,

provision and implementation of obligations whether they are provided by the developer in kind or through a financial contribution. Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice. This report details the financial planning obligations held by the Council and what progress has and is being made in allocating and spending those funds.

### **Alternative options considered**

To not report to Cabinet, however, it is an example of good practice to monitor income and expenditure against specific planning agreements and ensure that expenditure takes place in accordance with the parameters of those agreements.

### **Comments of Policy Overview Committee(s)**

None at this stage.

## **INFORMATION**

### **Supporting Information**

1. Appendix 1 provides a schedule of all agreements on which the Council holds funds. The agreements are listed under Cabinet portfolio headings. The appendix shows the movement of income and expenditure taking place during the financial year; including information at 30 September 2012 (which was subject of the report in December 2012) as well as up to 31 December 2012. Text that is highlighted in bold indicates key changes since the Cabinet report of 20 December 2012. Figures indicated in bold under the column headed 'Total income as at 31/12/12' indicate new income received. (Shaded cells indicate where funds are held in an interest bearing account) The table shows expenditure between 1 October and 31 December 2012 of £221,433 (compared to £140,711 during the previous quarter) and income of £584,570 (compared to £815,031 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 31 December 2012 is £19,162,478. It should be noted that the 'balance of funds' listed, i.e. the difference between income received and expenditure, is not a surplus. Included in the balance at 31 December 2012 are those s278/106 funds that the Council holds but is unable to spend for a number of reasons, such as cases where the funds are held as a returnable security deposit for works to be undertaken by the developer and those where the expenditure is dependant on other bodies such as transport operators. The column labelled "balance spendable not allocated" shows the residual balance of funds after taking into account funds that the Council is unable to spend and those that it has allocated to projects. The 'balance of funds' at 31 December 2012 also includes funds that relate to projects that are already underway or programmed, but where costs have not been drawn down against the relevant s106 (or s.278) cost centre.

3. In summary, of the 'total balance of funds' that the Council held at 31 December 2012 (£19,162,478) £3,866,142 relates to funds that the Council is unable to spend and £6,354,009 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £8,942,326 that is currently spendable and not yet earmarked/allocated towards specific projects.

### **Financial Implications**

4. The S106 balance as at 31st Dec 2012 is £19,162k. The detail is shown in the table below. This includes sums of £3,866k of which the delivery of projects / schemes is dependent

on the Council's partners, e.g. NHS/TfL, and £6,354k that has been allocated / earmarked to projects. The balance of £8,942k is yet to be allocated. Over the last quarter the income received was £584k.

Services	Balance b/fwd (01/10/12)	Income Rec'd	Total	Spend	Balance c/fwd (31/12/12)	Earmarked/ allocated balances	To be allocated
S278/S106	£,000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,346	120	1,466	8	1,458	1,458	0
<b>S106</b>							
Planning & Transportation	2,835	96	2,931	128	2,803	2,285	518
Community, Commerce & Regeneration (CSL)	604	1	605	1	604	349	255
Community, Commerce & Regeneration (PPR)	1,544	63	1607	49	1,558	1,224	334
<b>Sub Total – CCR (CSL &amp; PPR)</b>	<b>2,148</b>	<b>64</b>	<b>2,212</b>	<b>50</b>	<b>2,162</b>	<b>1,573</b>	<b>589</b>
Education & Children Services	9,985	273	10,258	0	10,258	2,848	7,410
Environment	1,225	26	1,251	35	1,216	792	425
Housing, Social Services & Health	1,260	5	1,265	0	1,265	1,265	0
<b>Sub Total S278/S106</b>	<b>18,799</b>	<b>584</b>	<b>19,383</b>	<b>221</b>	<b>19,162</b>	<b>10,220</b>	<b>8,942</b>
Less: Money held on behalf of partners	3,844	92	3,936	70	3,866	3,866	0
<b>Total LBH</b>	<b>14,955</b>	<b>492</b>	<b>15,447</b>	<b>151</b>	<b>15,296</b>	<b>6,354</b>	<b>8,942</b>

Contributions which are not spent within the stipulated time frame may need to be returned to the developer. As at quarter three there is £584k which needs to be spent in the coming financial year to avoid risk of repayment, of which £115k is in the process of being allocated and will require Cabinet Member approval to utilise.

## **EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

5. The recommendation ensures transparency and assures probity in the area of planning obligations, thereby promoting public confidence.

### **Consultation Carried Out or Required**

6. There are no external consultations required on the contents of this report.

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

7. Corporate Finance has reviewed this report and notes that projects are in place to utilise the majority of the £8,942k unallocated contributions highlighted above – with a significant sum from education contributions to be applied to on-going Primary School Capital Programme. As noted above there remains approximately £115k of Section 106 contributions which may become repayable to developers during 2013/14 if eligible projects cannot be confirmed.

### **Legal**

8. The monies referred to in this report are held by the Council for the purposes specified in each of the relevant legal agreements. Such monies should only be spent in accordance with the terms of those agreements. Where monies are not spent within the time limits prescribed in those agreements, such monies should be returned to the payee. Where officers are unsure whether monies held pursuant to particular agreements can be used for particular purposes, Legal Services should be consulted for advice on a case by case basis.

### **Corporate Property and Construction**

Corporate Property and Construction have been advised of the recommendation of this report.

## **BACKGROUND PAPERS**

Quarterly Cabinet reports.