

PLANNING OBLIGATIONS - QUARTERLY FINANCIAL MONITORING

Cabinet Member	Councillor Keith Burrows
Cabinet Portfolio	Planning, Transportation and Recycling
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Papers with report	Appendix 1

HEADLINE INFORMATION

Summary	This report provides financial information on s106 and s278 agreements up to 31st March 2013 against respective portfolio areas.
Contribution to our plans and strategies	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.
Financial Cost	<p>The Council currently holds £17,244,151 relating to s106 and s278 agreements. Of this £4,528,765 is allocated/earmarked for projects and £3,819,834 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 £8,895,552 that is currently spendable and not yet allocated/earmarked towards specific projects.</p> <p>In Quarter 4, the Council has received additional income of £661,348 and spent £2,579,675.</p>
Relevant Policy Overview Committee	Residents' and Environmental Services
Ward(s) affected	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 Although Circular 05/05 has now been replaced by the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

The alternative is to not report to Cabinet. However, it is an obvious 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 31 December 2012 (which was subject of the report in March 2013) as well as up to 31 March 2013. Text that is highlighted in bold indicates key changes since the Cabinet report of 21 March 2013. Figures indicated in bold under the column headed 'Total income as at 31/03/13' indicate new income received. (Shaded cells indicate where funds are held in an interest bearing account) The table shows expenditure between 1 January and 31 March 2013 of £2,579,675 (compared to £221,433 during the previous quarter) and income of £661,348 (compared to £584,570 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 31 March 2013 is £17,244,151. 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 March 2013 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 March 2013 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 March 2013 (£17,244,151) £3,819,834 relates to funds that the Council is unable to spend and £4,528,765 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £8,895,552 that is currently spendable and not yet earmarked/allocated towards specific projects.

Financial Implications

4. The S106 balance as at 31st March 2013 is £17,244k. The detail is shown in the table below. This includes sums of £3,819k of which the delivery of projects / schemes is dependent on the council's partners, e.g. NHS Property Services, (formerly PCT) and TFL, and £4,531k that has been allocated / earmarked to projects. The balance of £8,895k is yet to be allocated.

Over the last quarter (March) the income received was £661k, and spend £2,579k. The spend figure includes £2,492k which was used to fund capital expenditure.

Services	Balance b/fwd (01/01/13)	Income Rec'd	Total	Spend	Balance c/fwd (31/03/13)	Earmarked/ allocated balances	To be allocated
S278/S106	£,000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,458	38	1,496	55	1,441	1,441	0
S106							
Planning & Transportation	2,803	5	2,808	28	2,780	2,262	518
Community, Commerce & Regeneration (CSL)	604	3	607	2	605	350	255
Community, Commerce & Regeneration (PPR)	1,558	424	1,982	155	1,827	1,524	303
Sub Total – CCR (CSL & PPR)	2,162	427	2,589	157	2,432	1,874	558
Education & Children Services	10,258	115	10,373	2,146	8,227	817	7,410
Environment	1,216	15	1,231	119	1,112	703	409
Housing, Social Services & Health	1,265	61	1,326	74	1,252	1,252	0
Sub Total S278/S106	19,162	661	19,823	2,579	17,244	8,349	8,895
Less: Money held on behalf of partners	3,866	93	3,959	140	3,819	3,819	0
Total LBH	15,296	568	15,864	2,439	13,425	4,530	8,895

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £7,410k will be available to support Phases 2 and 3 of the Primary School Expansions programme. Officers will continue to review the applicability of unallocated balances within existing and proposed capital and revenue budgets.

Contributions which are not spent within the stipulated time frame may need to be returned to the developer. As at quarter four there is £313k which needs to be spent in the coming financial year to avoid risk of repayment, of which £63k is in the process of being allocated and will require Member approval to utilise.

5. The Outturn for the year is summarised below:

S278 / S106	£'000
Balance b/fwd as at 01/04/2012	18,079
Total Income for the year (01/04/2012 to 31/03/2013)	2,330
Total Expenditure for the year (01/04/2012 to 31/03/2013)	3,165
Balance c/fwd as at 31/03/2013	17,244

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

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

Consultation Carried Out or Required

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

CORPORATE IMPLICATIONS

Corporate Finance

8. Corporate Finance has reviewed this report and notes that projects are in place to utilise the majority of the £8,895k unallocated contributions highlighted above – with a significant sum from education contributions to be applied to the on-going Primary School Capital Programme. The allocation of further substantial Section 106 contributions to this programme would be expected to reduce the requirement for Prudential Borrowing, which will be factored in the Council's Medium Term Financial Forecast in the coming months.

As noted above there remains approximately £313k of Section 106 contributions which may become repayable to developers during 2013/14 if eligible projects cannot be confirmed.

Legal

9. 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

10. Corporate Property and Construction is in support of the recommendation in this report.

BACKGROUND PAPERS

Previous Cabinet reports