

PLANNING OBLIGATIONS - QUARTERLY MONITORING REPORT

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

HEADLINE INFORMATION

Summary	This report provides a financial summary of the s106 and s278 balances held by the authority as at the end of quarter one 2013-14. Detailed analysis of monies held by the respective service areas is also contained within the body of this report.
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	As at the end of quarter 1 the council has a balance of £17.1m in s106 and s278 agreements. Of this £4.3m has been earmarked for specific projects and £3.7 represents funds held by the council but conditions stipulate the money is not available for local authority use. The residual balance of £9.1m is funding that is available but yet to be allocated to a specific project. In quarter 1 the Council has received additional income of £242k whilst incurring expenditure of £307k.
Relevant Policy Overview Committee	Residents' and Environmental Services
Ward(s) affected	All

RECOMMENDATION

That Cabinet notes the updated financial position of s106 and s278 agreements as attached by way of 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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 the progress being made in allocating and spending these funds.

Alternative options considered

The alternative is to not report to Cabinet. However, it is good practice to monitor income and expenditure against specific planning agreements and ensure that expenditure takes place in accordance with the conditions 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 March 2013 (which was subject of the report in June 2013) as well as up to 30 June 2013. Text that is highlighted in bold indicates key changes since the Cabinet report of 20 June 2013. Figures indicated in bold under the column headed 'Total income as at 30/06/13' indicate new income received. (Shaded cells indicate where funds are held in an interest bearing account). The table shows expenditure incurred between 1 April and 30 June 2013 totalled £306,670 (compared to £2,579,675 during the previous quarter) and income received of £241,836 (compared to £661,348 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 June 2013 is £17,179,316. It should be noted that the 'balance of funds' figure, i.e. the difference between income and expenditure, is not a surplus. Included in the balance at 30 June 2013 are those s278/106 funds that the Council holds but is unable to utilise for a number of reasons, such as instances 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 have been allocated to projects. The 'balance of funds' at 30 June 2013 also includes funds that relate to projects that are already underway or in the council's capital investment programme, but where costs are yet to be 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 30 June 2013 (£17,179,316) £3,687,654 relates to funds that the Council is unable to spend and £4,380,436 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £9,111,226 that is available for use but yet to be earmarked/allocated towards specific projects.

Financial Implications

4. As at 30th June 2013 the s106/278 balance is £17,179k. This is inclusive of £3,688k which the Council holds on behalf of its partners who are responsible for project delivery i.e. NHS Property Services (formerly PCT) and TFL. A further £4,380k has been earmarked to specific projects. The residual balance of £9,111k represents amounts yet to be allocated for any specific use although projects are being put in place to utilise this balance. Table 1 provides additional detail of the s106/278 contributions in accordance to service area.

NHS related planning obligations are now being regularly monitored via the Health & Wellbeing Board, chaired by the Leader of the Council.

In quarter 1 additional income received in s106/278 monies was £242k whilst expenditure totalling £307k (Including £118k capital) was financed by the contributions.

Table 1 – 2012 -13 s106/278 contributions by service area

Service Area	Balance b/f (01/04/13)	Income Received	Total	Spend	Balance c/f (30/06/13)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,441	6	1,447	(19)	1,428	1,428	0
S106							
Planning & Transportation	2,780	35	2,815	(137)	2,678	2,201	477
Community, Commerce & Regeneration (CSL)	605	12	617	(4)	613	356	257
Community, Commerce & Regeneration (PPR)	1,827	79	1,906	(38)	1,868	1,383	485
Sub-Total - CCR	2,432	91	2,523	(42)	2,481	1,739	742
Education & Children Services	8,227	78	8,305	0	8,305	854	7,451
Environment	1,112	22	1,134	(109)	1,025	593	432
Housing, Social Services & Health	1,252	10	1,262	(0)	1,262	1,253	9
Sub-Total (S278/106)	17,244	242	17,486	(307)	17,179	8,068	9,111
Less: Sums held on behalf of partners	3,819	16	3,835	(147)	3,688	3,688	0
Total LBH Balances	13,425	226	13,651	(160)	13,491	4,380	9,111

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £7,451k will be utilised to support Phases 2 and 3 of the Primary School Expansions programme, thereby reducing the unallocated balance to £1,660k. Officers will continue to review the applicability of unallocated balances within existing and proposed capital and revenue budgets in order to minimise the impact on the council's internal resources.

Contributions which are not spent within the designated time frame may need to be returned to the developer. As at quarter one it has been identified that £216k needs to be spent within the

financial year to prevent the risk of repayment, although £115k of this has been identified for use and is in the process of being formally allocated. Failure to utilise funds accordingly may lead to an additional burden on Council resources.

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 £9,111k 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.

As noted above there remains approximately £101k of Section 106 contributions which may become repayable to developers during 2013/14 if eligible projects cannot be confirmed.

Legal

8. There are no specific legal implications arising from the recommendation which asks the Cabinet to note the current status on the receipt and expenditure of S106 monies. 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

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

BACKGROUND PAPERS

NIL