

# PLANNING OBLIGATIONS - QUARTERLY FINANCIAL MONITORING REPORT

<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

## **1. HEADLINE INFORMATION**

<b>Summary</b>	This report provides financial information on s106 and s278 agreements up to 30th September 2013 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 £17,438,158 relating to s106 and s278 agreements. Of this £8,323,497 is allocated/earmarked for projects and £3,715,416 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 £5,399,246 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 2, the Council has received additional income of £1,233,142 and spent £974,301.
<b>Relevant Policy Overview Committee</b>	Residents' and Environmental Services
<b>Ward(s) affected</b>	All

## **2. RECOMMENDATION**

**That 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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 / risk management**

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.

### **Policy Overview Committee comments**

None at this stage.

## **3. 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 June 2013 (which was subject of the report in September 2013) as well as up to 30 September 2013. Text that is highlighted in bold indicates key changes since the Cabinet report of 26 September 2013. Figures indicated in bold under the column headed 'Total income as at 30/09/13' indicate new income received. (Shaded cells indicate where funds are held in an interest bearing account). The table shows expenditure between 1 July and 30 September 2013 of £974,301 (compared to £306,670 during the previous quarter) and income of £1,233,142 (compared to £241,836 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 September 2013 is £17,438,158. 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 30 September 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 30 September 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 30 September 2013 (£17,438,158) £3,715,416 relates to funds that the Council is unable to spend and £8,323,497 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £5,399,246 that is currently spendable and not yet earmarked/allocated towards specific projects.

### **Financial Implications**

4. As at 30<sup>th</sup> September 2013 the s106/278 balance is £17,438k. This is inclusive of £3,715k 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 £8,323k has been earmarked to specific projects. The residual balance of £5,399k 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.

In quarter 2 additional income received in s106/278 monies was £1,195k whilst expenditure totalling £963k (Including £881k capital) was financed by the contributions.

**Table 1 – s106/278 contributions by service area**

Service Area	Balance b/f (01/06/13)	Income Received	Total	Spend	Balance c/f (30/09/13)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,428	17	1,445	(16)	1,429	1,429	0
<b>S106</b>							
Planning & Transportation	2,678	45	2,723	(57)	2,666	2,155	484
Community, Commerce & Regeneration (CSL)	613	4	617	(17)	600	338	262
Community, Commerce & Regeneration (PPR)	1,868	94	1,962	(31)	1,931	1,338	592
<b>Sub-Total - CCR</b>	<b>2,481</b>	<b>98</b>	<b>2,579</b>	<b>(48)</b>	<b>2,531</b>	<b>1,676</b>	<b>854</b>
Education & Children Services	8,305	869	9,174	(804)	8,370	4,841	3,529
Environment	1,025	131	1,156	(49)	1,107	575	532
Housing, Social Services & Health	1,262	73	1,335	(0)	1,335	1,335	0
<b>Sub-Total (S278/106)</b>	<b>17,179</b>	<b>1,233</b>	<b>18,412</b>	<b>(974)</b>	<b>17,438</b>	<b>12,011</b>	<b>5,399</b>
Less: Sums held on behalf of partners	3,688	38	3,726	(11)	3,715	3,715	0
<b>Total LBH Balances</b>	<b>13,491</b>	<b>1,195</b>	<b>14,686</b>	<b>(963)</b>	<b>13,723</b>	<b>8,296</b>	<b>5,399</b>

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £3,529k will be utilised to support Phases 2 and 3 of the Primary School Expansions programme, thereby reducing the unallocated balance to £1,896k. 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 two it has been identified that £648k needs to be spent within twelve months, i.e. 30 September 2014, to prevent the risk of repayment, although £574k 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.

#### **4. 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.

#### **5. CORPORATE IMPLICATIONS**

##### **Corporate Finance**

7. Corporate Finance has reviewed this report and notes that projects are in place to utilise the majority of the £5,399k 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 £74k 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.

#### **6. BACKGROUND PAPERS**

Previous Cabinet reports

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