

# QUARTERLY PLANNING OBLIGATIONS MONITORING REPORT

<b>Cabinet Member(s)</b>	Councillor Keith Burrows
<b>Cabinet Portfolio(s)</b>	Planning, Transportation and Recycling
<b>Officer Contact(s)</b>	Nicola Wyatt, Residents Services
<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 June 2014 against respective portfolio areas.
<b>Contribution to our plans and strategies</b>	<b><u>Putting our Residents First: Our Built Environment</u></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 £12,128,684 relating to s106 and s278 agreements. Of this £3,978,488 is allocated/earmarked for projects and £2,914,924 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 £5,235,272 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 1, the Council has received additional income of £526,689 and spent £168,189.
<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 in 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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 31 March 2014 (which was subject of the report in June 2014) as well as up to 30 June 2014. Text that is highlighted in bold indicates key changes since the Cabinet report of 19 June 2014. Figures indicated in bold under the column headed 'Total income as at 31/06/14' indicate new income received. (Shaded cells indicate where funds are held in an interest bearing account) The table shows expenditure between 1 April and 30 June 2014 of £168,189 (compared to £8,107,404 during the previous quarter) and income of £526,689 (compared to £1,031,737 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 June 2014 is £12,128,684. 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 June 2014 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 June 2014 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 June 2014 (£12,128,684) £2,914,924 relates to funds that the Council is unable to spend and £3,978,488 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £5,235,272 that is currently spendable and not yet earmarked/allocated towards specific projects.

## Financial Implications

4. As at 30th June 2014 the s106/278 balance is £12,129k. This is inclusive of £2,915k which the Council holds on behalf of its partners who are responsible for project delivery e.g. NHS Property Services (formerly PCT) and TFL. A further £3,979k has been earmarked to specific projects. The residual balance of £5,235k 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 1 additional income received in s106/278 monies was £527k whilst expenditure totalling £188k was financed by the contributions.

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

Service Area	Balance b/f (31/03/14)	Income Received	Total	Spend	Balance c/f (30/06/14)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,256	100	1,356	(100)	1,256	1,256	0
<b>S106</b>							
Planning & Transportation	3,039	147	3,186	(2)	3,184	1,947	1,237
Community, Commerce & Regeneration (CSL)	569	22	591	(0)	591	378	213
Community, Commerce & Regeneration (PPR)	1,793	21	1,814	(63)	1,751	1,217	534
<b>Sub-Total - CCR</b>	<b>2,362</b>	<b>43</b>	<b>2,405</b>	<b>(63)</b>	<b>2,342</b>	<b>1,595</b>	<b>747</b>
Education & Children Services	2,940	49	2,989	(0)	2,989	443	2,547
Environment	1,000	85	1,085	(23)	1,062	665	397
Housing, Social Services & Health	1,193	103	1,296	(0)	1,296	989	307
<b>Sub-Total (S278/106)</b>	<b>11,790</b>	<b>527</b>	<b>12,317</b>	<b>(188)</b>	<b>12,129</b>	<b>6,894</b>	<b>5,235</b>
Less: Sums held on behalf of partners	2,898	112	3,010	(95)	2,915	2,915	0
<b>Total LBH Balances</b>	<b>8,892</b>	<b>415</b>	<b>9,307</b>	<b>(93)</b>	<b>9,214</b>	<b>3,979</b>	<b>5,235</b>

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £2,547k will be utilised to support Phases 2 and 3 of the Primary School Expansions programme, thereby reducing the unallocated total balance to £2,688k. 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 £251k needs to be spent within twelve months, i.e. 30 June 2015, to prevent the risk of repayment, although £108k of this has been identified for use and is in the process of being formally allocated. In addition, there are balances totalling £91k which are not able to be spent within the terms of the existing agreements and may therefore need to be returned.

## **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 £5,235k 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 £91k of Section 106 contributions which may become repayable during 2014/15.

### **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, available on the Council's website