

PLANNING OBLIGATIONS - QUARTERLY FINANCIAL MONITORING REPORT

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

1. HEADLINE INFORMATION

Summary	This report provides financial information on s106 and s278 agreements up to 30th September 2014 against respective portfolio areas.
Contribution to our plans and strategies	Putting our Residents First: <i>Our Built Environment</i>; 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	The Council currently holds £13,079,969 relating to s106 and s278 agreements. Of this £3,999,306 is allocated/earmarked for projects and £3,590,262 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 £5,490,401 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 2, the Council has received additional income of £1,070,566 and spent £139,280.
Relevant Policy Overview Committee	Residents' and Environmental Services
Ward(s) affected	All

2. 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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 / 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 2014 (which was subject of the report in September 2014) as well as up to 30 September 2014. Text that is highlighted in bold indicates key changes since the Cabinet report of 25 September 2014. Figures indicated in bold under the column headed 'Total income as at 30/09/14' 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 2014 of £139,280 (compared to £168,189 during the previous quarter) and income of £1,070,566 (compared to £526,689 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 September 2014 is £13,079,969. 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 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 September 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 September 2014 (£13,079,969) £3,590,262 relates to funds that the Council is unable to spend and £3,999,306 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of

£5,490,401 that is currently spendable and not yet earmarked/allocated towards specific projects.

Financial Implications

4. As at 30th September 2014 the s106/278 balance is £13,080k. This is inclusive of £3,590k 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 £4,000k has been earmarked to specific projects. The residual balance of £5,490k 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 £1,070k whilst expenditure totalling £119k was financed by the contributions.

Table 1 – s106/278 contributions by service area

Service Area	Balance b/f (30/06/14)	Income Received	Total	Spend	Balance c/f (30/09/14)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,256	35	1,291	(35)	1,256	1,256	0
S106							
Planning & Transportation	3,184	20	3,204	(8)	3,196	2,013	1,183
Community, Commerce & Regeneration (CSL)	591	16	607	(12)	595	367	228
Community, Commerce & Regeneration (PPR)	1,751	98	1,849	(45)	1,804	1,171	633
Sub-Total - CCR	2,342	114	2,456	(57)	2,399	1,538	861
Education & Children Services	2,989	218	3,207	(0)	3,207	493	2,714
Environment	1,062	28	1,090	(19)	1,071	646	425
Housing, Social Services & Health	1,296	655	1,951	(0)	1,951	1,644	307
Sub-Total (S278/106)	12,129	1,070	13,199	(119)	13,080	7,590	5,490

Less: Sums held on behalf of partners	2,915	675	3,590	(0)	3,590	3,590	0
Total LBH Balances	9,214	395	9,609	(119)	9,490	4,000	5,490

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £2,714k will be utilised to support Phases 2 and 3 of the Primary School Expansions programme, thereby reducing the unallocated total balance to £2,776k. 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 £282k needs to be spent within twelve months, i.e. 30 September 2015, to prevent the risk of repayment, although £176k of this has been identified for use and is in the process of being formally allocated. In addition, there are balances totalling £109k which are not able to be spent within the terms of the existing agreements before the time limits and may therefore need to be returned.

5. CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report and notes that projects are in place to utilise the majority of the £5,490k 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. The actual income received of £1,030k over this period is as a result of works commencing on developments with s106 agreements in place and therefore elements of the agreed sums have been paid over to the Council. As noted above there remains approximately £109k 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. There are no Corporate Property and Construction implications arising from the recommendation in the report.

6. BACKGROUND PAPERS

Previous Cabinet reports.