

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 31st March 2015 against respective portfolio areas.
Contribution to our plans and strategies	Putting our Residents First: <i>Our Built Environment; Financial Management</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 £12,115,234 relating to s106 and s278 agreements. Of this £3,102,147 is allocated/earmarked for projects and £3,292,852 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 £5,720,235 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 4, the Council has received additional income of £693,871 and spent £1,820,713.
Relevant Policy Overview Committee	Residents' and Environmental Services
Ward(s) affected	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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 December 2014 (which was the subject of the report in March 2015) as well as up to 31 March 2015. Text that is highlighted in bold indicates key changes since the Cabinet report of 19 March 2015. Figures indicated in bold under the column headed 'Total income as at 31/03/15' 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 2015 of £1,820,713 (compared to £322,112 during the previous quarter) and income of £693,871 (compared to £484,218 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 31 March 2015 is £12,115,234. 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 2015 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 2015 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 2015 (£12,115,234) £3,292,852 relates to funds that the Council is unable to spend and £3,102,147 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of

£5,720,235 that is currently spendable and not yet earmarked/allocated towards specific projects.

Financial Implications

4. As at 31st March 2015 the s106/278 balance is £12,115k. This is inclusive of £3,293k 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 £3,102k has been earmarked to specific projects. The residual balance of £5,720k 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 4 additional income received in s106/278 monies was £693k whilst expenditure totalling £1,820k was financed by the contributions.

Table 1 – s106/278 contributions by service area

Service Area	Balance b/f (01/01/15)	Income Received	Total	Spend	Balance c/f (31/03/15)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,258	24	1,282	(3)	1,279	1,279	0
S106							
Planning & Transportation	3,086	-1	3,085	(174)	2,911	1,791	1,120
Community, Commerce & Regeneration (CSL)	594	2	596	(81)	515	310	205
Community, Commerce & Regeneration(PPR)	1,774	34	1,808	(64)	1,744	1,087	657
Sub-Total - CCR	2,368	36	2,404	(145)	2,259	1,397	862
Education & Children Services	3,310	512	3,822	(1,203)	2,619	16	2,603
Environment	953	77	1,030	(43)	987	499	488
Housing, Social Services & Health	2,267	45	2,312	(252)	2,060	1,413	647
Sub-Total (S278/106)	13,242	693	13,935	(1,820)	12,115	6,395	5,720
Less: Sums held on behalf of partners	3,607	68	3,675	(383)	3,292	3,292	0
Total LBH Balances	9,635	625	10,260	(1,437)	8,823	3,103	5,720

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £2,603k will be utilised to support the Primary and Secondary School Expansions programme, thereby reducing the unallocated total balance to £3,117k. 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 four it has been identified that £1,107k needs to be spent within twelve months, i.e. 31 March 2016, to prevent the risk of repayment, although £561k of this has been identified for use and is in the process of being formally allocated. In addition there are balances totalling £100k 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.

Table 2 -The outturn for the year is summarised below:-

S278 / S106	£'000
Balance b/fwd as at 01/04/2014	11,790
Total Income for the year (01/04/2014 to 31/03/2015)	2,774
Total Expenditure for the year (01/04/2014 to 31/03/2015)	2,449
Balance c/fwd as at 31/03/2015	12,115

Total Expenditure for the year in the above table includes £1,717k applied to finance capital expenditure and £732k revenue expenditure. Total capital financing from Section 106 for the year amounted to £8,920k and this included £7,203k raised as a long term debtor in respect of the major housing development underway on the land at the former RAF Uxbridge. Payments are expected to be received in instalments as the development progresses.

5. CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report and notes that substantial Section 106 / Section 278 balances remain available to support investment in local infrastructure, with £4,997k of the £12,115k available for Council-managed schemes expected to be applied to projects during 2014/15 and 2015/16. Within these available balances, £1,107k will become repayable to developers if not utilised before 31 March 2016. Corporate Finance notes that no sums have been repaid to developers over the previous three months; however balances totalling £100k have not met existing agreement terms and will potentially need to be returned to developers during 2015/16.

Legal

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

There are no Corporate Property and Construction implications arising from the recommendation in the report.

6. BACKGROUND PAPERS

Previous Cabinet reports.