

PLANNING OBLIGATIONS QUARTERLY MONITORING

Cabinet Members	Councillor Keith Burrows
Cabinet Portfolios	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 June 2015 against respective portfolio areas.
Putting our Residents First:	<p>This report supports the following Council objectives of: <i>Our People; Our Built Environment; Our Natural Environment; Our Heritage and Civic Pride</i></p> <p>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.</p>
Financial Cost	The Council currently holds £14,142,737 relating to s106 and s278 agreements. Of this £2,992,397 is allocated/earmarked for projects and £3,297,900 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 £7,852,441 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 1, the Council has received additional income of £2,083,816 and spent £76,313.
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 Although Circular 05/05 has now been replaced by the National Planning Policy Framework (March 2012), this is still considered to be good practice.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 31 March 2015 (which was the subject of the report in June 2015) as well as up to 30 June 2015. Text that is highlighted in bold indicates key changes since the Cabinet report of 18 June 2015. Figures indicated in bold under the column headed 'Total income as at 30/06/15' 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 2015 of £76,313 (compared to £1,820,713 during the previous quarter) and income of £2,083,816 (compared to £693,871 during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 June 2015 is £14,142,737. 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 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 30 June 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 30 June 2015 (£14,142,737) £3,297,900 relates to funds that the Council is unable to spend and £2,992,397 is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £7,852,441 that is currently spendable and not yet earmarked/allocated towards specific projects.

Financial Implications

4. As at 30th June 2015 the s106/278 balance is £14,143k. This is inclusive of £3,298k 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 £2,992k has been earmarked to specific projects. The residual balance of £7,852k 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 £2,104k whilst expenditure totalling £76k was financed by the contributions.

Table 1 – S106/278 contributions by service area

Service Area	Balance b/f (01/04/15)	Income Received	Total	Spend	Balance c/f (30/06/15)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,279	14	1,293	(12)	1,281	1,281	0
S106							
Planning & Transportation	2,911	270	3,181	(13)	3,168	1,703	1,465
Community, Commerce & Regeneration (CSL)	515	3	518	(0)	518	322	196
Community, Commerce & Regeneration (PPR)	1,744	47	1,791	(2)	1,789	1,085	704
Sub-Total - CCR	2,259	50	2,309	(2)	2,307	1,407	900
Education & Children Services	2,619	1,336	3,955	(0)	3,955	16	3,939
Environment	987	36	1,023	(2)	1,021	497	524
Housing, Social Services & Health	2,060	398	2,458	(47)	2,411	1,386	1,025
Sub-Total (S278/106)	12,115	2,104	14,219	(76)	14,143	6,290	7,853
Less: Sums held on behalf of partners	3,292	21	3,313	(15)	3,298	3,298	0
Total LBH Balances	8,823	2,083	10,906	(61)	10,845	2,992	7,853

The unallocated balance of £7,853k represents amounts yet to be allocated for specific projects however proposals are in various stages of development to utilise these balances. The unallocated balances are generally required to be spent towards the following area and within the specific terms identified in the individual agreements:

Category	£'000
Affordable Housing	1,025
Air Quality	164
Carbon Reduction	139
CCTV	75
Community Facilities	369
Economic Development	5
Libraries	80
Nature Conservation	40
Public Realm / Town Centres	894
Schools	3,939
TFL/Highways	704
Training schemes	379
Travel Plans	40
Total	7,853

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £3,939k will be utilised to support the Primary and Secondary School Expansions programme, thereby reducing the unallocated total balance to £3,914k. 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 £1,018k needs to be spent within twelve months, i.e. 30th June 2016, to prevent the risk of repayment. £537k of this has been identified for use and is in the process of being formally allocated. In addition, there are balances totalling £105k which were not able to be spent within the terms of the existing agreements and may therefore need to be returned.

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 £2,992k of the £10,845k available for Council-managed schemes earmarked against specific projects. Within these available balances, £1,018k will become repayable to developers if not utilised before 30 June 2016. Corporate Finance notes that although no sums have been repaid to developers over the previous three months, balances totalling £105k have not met existing agreement terms and will potentially need to be returned to developers during 2015/16.

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

ODPM Circular 05/2005 'Planning Obligations' replaced by NPPF (March 2012)
District Auditor's "The Management of Planning Obligations" Action Plan May 1999
Monitoring Officers Report January 2001
Previous Cabinet Reports