

# PLANNING OBLIGATIONS QUARTERLY FINANCIAL MONITORING REPORT

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<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 2015 against respective portfolio areas.
<b>Putting our Residents First</b>	<p>This report supports the following Council objectives of: <i>Our Built Environment; Financial Management</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>
<b>Financial Cost</b>	The Council currently holds £14,133,515 relating to s106 and s278 agreements. Of this £2,803,598 is allocated/earmarked for projects and £3,145,585 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 £8,184,332 that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 2, the Council has received additional income of £536,597 and spent £545,818.
<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

Planning best practice guidance encourages local planning authorities to consider how they can 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. 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

- 3.1 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 2015 (which was the subject of the report in September 2015) as well as up to 30 September 2015. Text that is highlighted in bold indicates key changes since the Cabinet report of 24 September 2015. Figures indicated in bold under the column headed 'Total income as at 30/09/15' 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 2015 of £545,818 (compared to £76,313 during the previous quarter) and income of £536,597 (compared to £2,083,816 during the previous quarter) within the same period.
- 3.2 The balance of s278/106 funds that the Council held at 30 September 2015 is £14,133,515. 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 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 September 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.
- 3.3 In summary, of the 'total balance of funds' that the Council held at 30 September 2015 (£14,133,515) £3,145,585 relates to funds that the Council is unable to spend and £2,803,598 is allocated/earmarked for projects, leaving a residual balance of funds that

the Council holds of £8,184,332 that is currently spendable and not yet earmarked/allocated towards specific projects.

## Financial Implications

3.5 As at 30th September 2015 the s106/278 balance is £14,134k. This is inclusive of £3,146k 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 £2,804k has been earmarked to specific projects. The residual balance of £8,184k 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.

3.6 In quarter 2 additional income received in s106/278 monies was £537k whilst expenditure totalling £546k was financed by the contributions.

**Table 1 – S106/278 contributions by service area**

Service Area	Balance b/f (01/07/15)	Income Received	Total	Spend	Balance c/f (30/09/15)	Earmarked Allocated Balances	Unallocated Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,281	145	1,426	(25)	1,401	1,401	0
<b>S106</b>							
Planning & Transportation	3,168	135	3,303	(81)	3,222	1,612	1,610
Community, Commerce & Regeneration (CSL)	518	1	519	(0)	519	360	159
Community, Commerce & Regeneration (PPR)	1,789	24	1,813	(18)	1,795	1,085	710
<b>Sub-Total - CCR</b>	<b>2,307</b>	<b>25</b>	<b>2,332</b>	<b>(18)</b>	<b>2,314</b>	<b>1,445</b>	<b>869</b>
Education & Children Services	3,955	142	4,097	(0)	4,097	16	4,081
Environment	1,021	63	1,084	(132)	952	366	586
Housing, Social Services & Health	2,411	27	2,438	(290)	2,148	1,110	1,038
<b>Sub-Total (S278/106)</b>	<b>14,143</b>	<b>537</b>	<b>14,680</b>	<b>(546)</b>	<b>14,134</b>	<b>5,950</b>	<b>8,184</b>

Less: Sums held on behalf of partners	3,298	121	3,419	(272)	3,146	3,146	0
<b>Total LBH Balances</b>	<b>10,845</b>	<b>416</b>	<b>11,261</b>	<b>(274)</b>	<b>10,988</b>	<b>2,804</b>	<b>8,184</b>

3.7 The unallocated balance of £8,184k 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	1,038
Air Quality	226
Carbon Reduction	139
CCTV	75
Community Facilities	330
Economic Development	5
Libraries	82
Nature Conservation	40
Public Realm / Town Centres	894
Schools	4,081
TFL/Highways	849
Training schemes	385
Travel Plans	40
<b>Total</b>	<b>8,184</b>

3.8 It is expected that the majority of the remaining unallocated Education & Children's Services balances of £4,081k will be utilised to support the Primary and Secondary School Expansions programme, thereby reducing the unallocated total balance to £4,103k. 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.

3.9 Contributions which are not spent within the designated time frame may need to be returned to the developer. As at end of September 2015 it has been identified that £1,539k needs to be spent within twelve months, i.e. 30th September 2016, to prevent the risk of repayment. From this amount £278k has been identified for use and is in the process of being formally allocated. In addition there are balances totalling £106k which were not able to be spent within the terms of the existing agreements and may therefore need to be returned.

## **4. CORPORATE IMPLICATIONS**

### **Corporate Finance**

4.1 Corporate Finance has reviewed this report and notes that substantial Section 106 / Section 278 balances remain available to support investment in local infrastructure, with £2,803k of the £10,987k available for Council-managed schemes earmarked against specific projects. A further £4,081k is available to support investment in school expansions, leaving £4,103k uncommitted at this time. Within these available balances, £1,539k will become repayable to developers if not utilised before 30 September 2016.

## **Legal**

- 4.2 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**

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

## **5. BACKGROUND PAPERS**

District Auditor's "The Management of Planning Obligations" Action Plan May 1999

Monitoring Officers Report January 2001

Planning Obligations Supplementary Planning Document Adopted July 2008 and revised 2014

Cabinet Report September 2015