

PLANNING OBLIGATIONS

QUARTERLY FINANCIAL MONITORING REPORT

Cabinet Member	Councillor Keith Burrows
Cabinet Portfolio	Planning, Transportation and Recycling
Officer Contact	Nicola Wyatt Residents Services
Papers with report	Appendix 1 - attached

1. HEADLINE INFORMATION

Summary	This report provides financial information on s106 and s278 agreements up to 31st December 2015 against respective portfolio areas.
Putting our Residents First	<p>This report supports the following Council objective of: <i>Our Built Environment; Our Heritage and Civic Pride; 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>
Financial Cost	As at 31 December 2015 the Council holds £17,186k relating to s106 and s278 agreements. Of this £6,634k is allocated / earmarked for projects and £3,256k 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 £7,296k that is currently spendable and not yet allocated/earmarked towards specific projects. In Quarter 3, the Council has received additional income of £3,323k and spent £271k.
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

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

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 September 2015 (which was the subject of the report in December 2015) as well as up to 31 December 2015. Text that is highlighted in bold indicates key changes since the Cabinet report of 17 December 2015. Figures indicated in bold under the column headed 'Total income as at 30/12/15' indicate new income received and shaded cells indicate where funds are held in an interest bearing account). The table shows expenditure between 1 October and 31 December 2015 of £271k (compared to £546k during the previous quarter) and income of £3,323k (compared to £537k during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 31 December 2015 is £17,186k. 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 December 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 December 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 December 2015 (£17,186k) £3,256k relates to funds that the Council is unable to spend and £6,634k is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £7,296k that is currently spendable and not yet earmarked/allocated towards specific projects.

Financial Implications

4. As at 31st December 2015 the s106/278 balance is £17,186k. This is inclusive of £3,256k 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 £6,634k has been earmarked to specific projects. The residual balance of £7,296k 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 3 additional income received in s106/278 monies was £3,323k whilst expenditure totalling £271k was financed by the contributions.

Table 1 – S106/278 contributions by service area

Service Area	Balance b/f (01/09/15)	Income Received	Total	Spend	Balance c/f (31/12/15)	Earmarked Allocated Balances	Balance Spendable not allocated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	1,401	61	1,462	(15)	1,447	1,447	0
S106							
Planning & Transportation	3,222	185	3,407	(71)	3,336	1,580	1,756
Community, Commerce & Regeneration (CSL)	519	25	544	(182)	362	218	144
Community, Commerce & Regeneration (PPR)	1,795	134	1,929	(0)	1,929	1,047	882
Sub-Total - CCR	2,314	159	2,473	(182)	2,291	1,265	1,026
Education & Children Services	4,097	2,786	6,883	(0)	6,883	4,084	2,799
Environment	952	92	1,044	(2)	1,042	364	678
Housing, Social Services & Health	2,148	40	2,188	(1)	2,187	1,150	1,037
Sub-Total (S278/106)	14,134	3,323	17,457	(271)	17,186	9,890	7,296
Less: Sums held on behalf of partners	3,146	111	3,257	(1)	3,256	3,256	0
Total LBH Balances	10,988	3,212	14,200	(270)	13,930	6,634	7,296

The unallocated balance of £7,296k 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 areas and within the specific terms identified in the individual agreements:

Category	£'000
Affordable Housing	1,038
Air Quality	303
Carbon Reduction	222
CCTV	112
Community Facilities	316
Economic Development	5
Libraries	97
Nature Conservation	40
Public Realm / Town Centres	894
Schools	2,799
TFL/Highways	955
Training schemes	435
Travel Plans	80
Total	7,296

It is expected that the majority of the remaining unallocated Education & Children's Services balances of £2,799k will be utilised to support the Primary and Secondary School Expansions programme, thereby reducing the unallocated total balance to £4,497k. 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 end of December 2015 it has been identified that £864k needs to be spent within twelve months, i.e. 31st December 2016, to prevent the risk of repayment. From this amount £780k has been identified for use towards existing or new schemes.

In addition, there are balances totalling £169k which were not able to be spent within the terms of the existing agreements and may therefore need to be returned. Negotiations with relevant developers to secure alternative schemes for these contributions are currently on-going.

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 £6,634k of the £13,930k available for Council-managed schemes earmarked against specific projects. A further £2,799k is available to support investment in school expansions, leaving £4,497k uncommitted at this time. Within these available balances, £864k will become repayable to developers if not utilised before 31 December 2016. It is noted that discussions are taking place with developers on schemes with expired time limits.

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

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 December 2015