

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 30th September 2016 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 Council's policies that make up the Local Development Framework.</p>
Financial Cost	As at 30 September 2016 the Council holds £14,075k relating to s106 and s278 agreements. Of this £4,097k is allocated / earmarked for projects and £4,382k 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 £5,556k that is currently spendable and not yet allocated/earmarked towards specific projects and £40k interest on interest bearing schemes. In Quarter 2, the Council has received additional income of £1,220k and spent £232k.
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 June 2016 (which was the subject of the report in September 2016) as well as up to 30 September 2016. Text that is highlighted in bold indicates key changes since the Cabinet report of 22 September 2016. Figures indicated in bold under the column headed 'Total income as at 30/09/16' indicate new income received and shaded cells indicate where funds are held in an interest bearing account). The table shows expenditure between 1 July and 30 September 2016 of £232k (compared to £336k during the previous quarter) and income of £1,220k (compared to £743k during the previous quarter) within the same period.

2. The balance of s278/106 funds that the Council held at 30 September 2016 is £14,075k. 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 2016 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 2016 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 2016 (£14,075k) £4,382k relates to funds that the Council is unable to spend and £4,097k is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £5,556k that is currently spendable and not yet earmarked/allocated towards specific projects and £40K that relates to interest on the interest bearing schemes.

Financial Implications

As at 30th September 2016 the s106/278 balance is £14,075k. This is inclusive of £4,382k 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 £4,097k has been earmarked to specific projects. The residual balance of £5,556k represents amounts yet to be allocated for any specific use although projects are being put in place to utilise this balance and £40k relates to interest on the interest bearing schemes. As and when a specific interest bearing Section 106 balance is required to be returned to a developer the amount of cumulative interest since the balance was received is transferred to the scheme from the total balance of accumulated interest on interest bearing schemes and then repaid to the developer.

4. 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 £1,220k whilst expenditure totalling £232k was financed by the contributions.

Table 1 – S106/278 contributions by service area

Service Area	Balance b/f (01/07/16)	Income Received	Total	Spend	Balance c/f (30/09/16)	Earmarked Balances	Balance Spensible not allocated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S278							
Planning & Transportation	2,332	87	2,419	(49)	2,370	2,370	0
S106							
Planning & Transportation	3,377	517	3,894	(156)	3,738	1,662	2,076
Central Services, Culture & Heritage (CSL)	198	3	201	(1)	200	56	144
Community, Commerce & Regeneration (PPR)	2,182	229	2,411	(23)	2,388	1,135	1,253
Education & Children Services	1,724	171	1,895	(0)	1,895	1,724	171
Environment	1,050	19	1,069	(3)	1,066	362	704
Housing, Social Services & Health	2,184	194	2,378	(0)	2,378	1,170	1,208
Interest on interest bearing schemes	40	0	40	(0)	40	40	0
Sub-Total (S278/106)	13,087	1,220	14,307	(232)	14,075	8,519	5,556
Less: Sums held on behalf of partners	4,088	305	4,393	(11)	4,382	4,382	0
Total LBH Balances	8,999	915	9,914	(221)	9,693	4,137	5,556

The unallocated balance of £5,556k 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:

Table 2 - S106 unallocated balances breakdown

Category	£'000
Affordable Housing	1,208
Air Quality	345
Carbon Reduction	155
Community Facilities	314
Economic Development	320
Libraries	98
Nature Conservation	77
Public Realm / Town Centres	1,201
Schools	171
TFL/Highways	930
Training schemes	677
Travel Plans	60
Total	5,556

A further amount of £171k S106 monies in respect of Education were received in Quarter 2 and it is expected that these balances will be utilised to support the existing Primary and Secondary School Expansions programme.

Unallocated balances related to affordable housing increased by £170k to £1,208k. These balances can potentially support Council plans for residential development.

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 September 2016 there are no contributions that need to be spent within twelve months, i.e. 30th September 2017.

In addition, there are balances totalling £122k 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 concurs with the financial implications set out above, noting that substantial Section 106 / Section 278 balances remain available to support investment in local infrastructure, with £9,693k monies held at 30 September 2016. This sum includes £122k which has become due for repayment to the developer as schemes have not yet been developed to invest these monies.

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

Planning Obligations Quarterly Financial Monitoring Report to Cabinet September 2016