

## PLANNING OBLIGATIONS QUARTERLY FINANCIAL MONITORING REPORT

<b>Cabinet Member</b>	Councillor Keith Burrows
<b>Cabinet Portfolio</b>	Planning, Transportation and Recycling
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<b>Papers with report</b>	Appendix 1 - attached

### HEADLINES

<b>Summary</b>	This report provides financial information on s106 and s278 agreements up to 30th June 2017 against respective portfolio areas.
<b>Putting our Residents First</b>	<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>
<b>Financial Cost</b>	As at 30 June 2017 the Council holds £11,490k relating to s106 and s278 agreements. Of this £2,665k is allocated/earmarked for projects and £2,854k 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 £5,928k that is currently spendable and not yet allocated/earmarked towards specific projects and £43k interest on interest bearing schemes. In Quarter 1, the Council has received additional income of £991k and spent £9k.
<b>Relevant Policy Overview Committee</b>	Residents' and Environmental Services
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

**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.

## 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 2017 (which was the subject of the report in June 2017) as well as up to 30 June 2017. Text that is highlighted in bold indicates key changes since the Cabinet report of 22 June 2017. Figures indicated in bold under the column headed 'Total income as at 30/06/17' indicate new income received and shaded cells indicate where funds are held in an interest bearing account). The table shows expenditure between 1 April and 30 June 2017 of £9k (compared to £3,156k during the previous quarter) and income of £991k (compared to £203k during the previous quarter) within the same period.
2. The balance of s278/106 funds that the Council held at 30 June 2017 is £11,490k. 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 2017 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 2017 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 2017 (£11,490k) £2,854k relates to funds that the Council is unable to spend and £2,665k is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £5,928k that is currently spendable and not yet earmarked/allocated towards specific projects and £43K that relates to interest on the interest bearing schemes.

## Financial Implications

As at 30th June 2017 the s106/278 balance is £11,490k. This is inclusive of £2,854k 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 £2,665k has been earmarked to specific projects. The residual balance of £5,928k represents amounts yet to be allocated for any specific use although projects are being put in place to utilise this balance and £43k 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. 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 £991k, whilst expenditure totalling £9k was financed by the contributions.

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

Service Area	Balance b/f (01/03/17)	Income Received	Total	Spend	Balance c/f (30/06/17)	Earmarked Balances	Balance Spendable not allocated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,096	91	1,187	(0)	1,187	1,187	0
<b>S106</b>							
Planning & Transportation	3,498	215	3,713	(9)	3,704	1,523	2,181
Central Services, Culture & Heritage (CSL)	102	36	138	(0)	138	56	82
Community, Commerce & Regeneration (PPR)	2,217	114	2,331	(0)	2,331	1,159	1,172
Education & Children Services	0	295	295	(0)	295	0	295
Environment	1,165	81	1,246	(0)	1,246	377	869
Housing, Social Services & Health	2,387	159	2,546	(0)	2,546	1,217	1,329
Interest on interest bearing schemes	43	0	43	(0)	43	43	0
<b>Sub-Total (S278/106)</b>	<b>10,508</b>	<b>991</b>	<b>11,499</b>	<b>(9)</b>	<b>11,490</b>	<b>5,562</b>	<b>5,928</b>
Less: Sums held on behalf of partners	2,796	58	2,854	(0)	2,854	2,854	0
<b>Total LBH Balances</b>	<b>7,712</b>	<b>933</b>	<b>8,645</b>	<b>(9)</b>	<b>8,636</b>	<b>2,708</b>	<b>5,928</b>

The unallocated balance of £5,928k represents amounts yet to be formally 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	1,329
Air Quality	479
Carbon Reduction	195
Community Facilities	358
Economic Development	259
Libraries	4
Nature Conservation	117
Public Realm / Town Centres	1,206
Schools	295
TFL/Highways	980
Training schemes	646
Travel Plans	60
<b>Total</b>	<b>5,928</b>

From the above, formally unallocated balances a total amount of £2,058k are included in the revised five year capital programme budget. This includes £1,208k affordable housing balances that may potentially contribute to the housing development of the former Belmore Allotments site. Other balances amounting to £850k relate to TFL/Highways projects and Town Centre projects such as Hayes Town Centre and Uxbridge Change of Heart.

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 June 2017 it has been identified that £49k needs to be spent within twelve months, i.e. 30th June 2018.

In addition, there are balances totalling £37k 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.

## CORPORATE CONSIDERATIONS

### Corporate Finance

Corporate Finance has reviewed this report, noting that schemes have not yet been identified to utilise £5,928k Section 106 / 278 Contributions received from developers to support investment in local infrastructure. As outlined in the financial implications above, officers will continue to

review the applicability of these unallocated balances to ensure that where appropriate these are deployed to support existing or planned expenditure.

## **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 and interest accrued 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.

## **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 June 2017