

## 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 September 2018 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 September 2018 the Council holds £14,464k relating to s106 and s278 agreements. Of this £4,726k is allocated/earmarked for projects and £3,810k 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 £5,882k that is currently spendable and not yet allocated/earmarked towards specific projects and £46k interest on interest bearing schemes. In Quarter 2, the Council has received additional income of £327k and spent £132k.
<b>Relevant Policy Overview Committee</b>	Residents, Education 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 30 June 2018 (which was the subject of the report in September 2018) as well as up to 30 September 2018. Text that is highlighted in bold indicates key changes since the Cabinet report of 27 September 2018. Figures indicated in bold under the column headed 'Total income as at 30/09/18' 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 2018 of £132k (compared to £145k during the previous quarter) and income of £327k (compared to £570k during the previous quarter) within the same period.
2. The balance of s278/106 funds that the Council held at 30 September 2018 is £14,464k. 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 2018 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 2018 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 2018 (£14,464k) £3,810k relates to funds that the Council is unable to spend and £4,726k is allocated/earmarked for projects, leaving a residual balance of funds that the Council holds of £5,882k that is currently spendable and not yet earmarked/allocated towards specific projects and £46K that relates to interest on the interest bearing schemes.

### Financial Implications

4. As at 30th September 2018 the s106/278 balance is £14,464k. This is inclusive of £3,810k 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 £4,726k has been earmarked to specific projects. The residual balance of £5,882k represents amounts yet to be allocated for any specific use although projects are being put in place to utilise this balance and £46k 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 – S106/278 contributions by service area**

Service Area	Balance b/f (01/07/18)	Income Received	Total	Spend	Balance c/f (30/09/18)	Earmarked Balances	Balance Spensible not allocated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>S278</b>							
Planning & Transportation	1,925	70	1,995	(90)	1,905	1,905	0
<b>S106</b>							
Planning & Transportation	4,260	40	4,300	(28)	4,272	3,169	1,103
Central Services, Culture & Heritage	129	1	130	(0)	130	65	65
Community, Commerce & Regeneration	2,503	103	2,606	(0)	2,606	1,350	1,256
Education & Children Services	429	65	494	(0)	494	0	494
Environment	2,163	39	2,202	(14)	2,188	766	1,422
Housing, Social Services & Health	2,814	9	2,823	(0)	2,823	1,281	1,542
Interest on interest bearing schemes	46	0	46	(0)	46	46	0
<b>Sub-Total (S278/106)</b>	<b>14,269</b>	<b>327</b>	<b>14,596</b>	<b>(132)</b>	<b>14,464</b>	<b>8,582</b>	<b>5,882</b>
Less: Sums held on behalf of partners	3,711	119	3,830	(20)	3,810	3,810	0
<b>Total LBH Balances</b>	<b>10,558</b>	<b>208</b>	<b>10,766</b>	<b>(112)</b>	<b>10,654</b>	<b>4,772</b>	<b>5,882</b>

5. 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 £327k, whilst expenditure totalling £132k was financed by the contributions.

6. The unallocated balance of £5,882k 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**

<b>Category</b>	<b>£'000</b>
Affordable Housing	1,543
Air Quality	580
Carbon Reduction	214
Community Facility	646
Economic Development	383
Libraries	18
Nature Conservation	78
Public Realm / Town Centres	526
Schools	494
TFL / Highways	543
Training Schemes	857
<b>Total</b>	<b>5,882</b>

7. From the above formally unallocated balances, those relating to affordable housing can potentially be utilised towards the planned residential development at the former Belmore Allotments site and other housing developments. Other balances are expected to be used towards the Schools Expansions programme, TFL LIP programme, town centre initiatives and CCTV programme.

8. 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.

9. Contributions which are not spent within the designated time frame may need to be returned to the developer. As at end of June 2018 it has been identified that £81k needs to be spent within twelve months, i.e. 30th September 2019.

10. In addition, there are balances totalling £6k that 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 £5,882k Section 106 / 278 Contributions received from developers to support investment in local infrastructure. As outlined in the financial implications above, proposals are in various stages of development to utilise these balances and 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 September 2018