

PLANNING OBLIGATIONS AND COMMUNITY INFRASTRUCTURE LEVY ANNUAL MONITORING REPORT

Cabinet Member(s)	Councillor Eddie Lavery
Cabinet Portfolio(s)	Residents' Services
Officer Contact(s)	Nicola Wyatt - Place Directorate Julia Johnson – Place Directorate
Papers with report	None

HEADLINES

Summary	This report provides Cabinet with a summary outturn of Section 106 (S106) and Community Infrastructure Levy (CIL) balances held by the Council at the end of the 2021/22 financial year.
Putting our Residents First	This report supports the following Council objective of: <i>Our Built Environment; Our Heritage and Civic Pride; Financial Management</i> Planning obligations are an established delivery mechanism for mitigating the effect of development, making it acceptable in planning terms. CIL is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.
Financial Cost	As of 31 March 2022 the Council holds £17,174k of income from S106 legal agreements, of which £1,779k is held on behalf of partners. Of the remaining £15,395k held by the Council for its own projects, an amount of £4,019k is earmarked to specific projects, and £11,376k is currently spendable and not yet allocated towards specific projects. The Hillingdon Community Infrastructure Levy Outturn for 2021/22 was £6,537k exclusive of the 5% monitoring fee.
Relevant Select Committee	Residents' Services
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

1. **Notes the Council's current financial position regarding its S106 balances.**
2. **Notes the Hillingdon Community Infrastructure Levy (CIL) outturn for the 2021/22 Financial Year.**

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 planning contributions whether they are provided by the developer in kind or through a financial contribution. This report details the financial planning contributions held by the Council and what progress has and is being made in allocating and spending those funds. The Council's Infrastructure Funding Statement as required by the CIL Regulations will also be published in due course.

Alternative options considered / risk management

The alternative is to not report to the 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.

Select Committee comments

None at this stage.

SUPPORTING INFORMATION

1. This report provides an update on S106 income and spending during the 2021/22 financial year and the Hillingdon CIL outturn for 2021/22. This report is intended to provide a summary, and Cabinet Members will be provided with detailed schedules of current S106 contributions within their respective portfolios

SUMMARY OF S106 INCOME AND EXPENDITURE 2020/21

2. The outturn of S106 funding for 2021/22 is set out in Table 1.

Table 1 – S106 Outturn 2020/21

Status	Total Amount £000
Opening Balance of 1 April 2021	£12,548
Total Income 21/22	£8,031
Total Spent 21/22	£3,405
Closing Balance of 31 March 2022	£17,174

3. A summary of the current S106 balances by category is provided in Table 2. As of 31st March 2022, the S106 balance is £17,174. This is inclusive of £1,779k which the Council holds on behalf of its partners who are responsible for project delivery e.g., NHS Property Services and TfL. Of this total, £4,019k has been earmarked to specific projects. The residual balance of £11,376k represents amounts yet to be allocated for any specific use although projects are being put in place to utilise this balance. 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 2 – Summary of S106 contributions by spend category*

Service Area / Portfolio	Balance b/f 01/04/21 £'000	Income Received £'000	Total £'000	Spend £'000	31/03/22 Balance c/f £'000	Earmarked Balances £'000	Unallocated Balances £'000
Public Safety & Transport	4,965	2,965	7,930	406	7,524	1,582	5,942
Families, Education & Wellbeing	1,951	1,660	3,611	2,505	1,106	511	595
Environment, Housing & Regeneration (E)	2,058	1,723	3,781	442	3,339	643	2,696
Health & Social Care (HE)	1,221	0	1,221	52	1,169	1,169	0
Property & Infrastructure (HA)	2,244	1,680	3,924	0	3,924	2	3,922
Interest on interest bearing schemes	109	3	112	0	112	112	
Sub-Total	12,548	8,031	20,579	3,405	17,174	4,019	13,155
Less: Sums held on behalf of partners	1,928	0	1,928	149	1,779	0	1,779
Total LBH Balances	10,620	8,031	18,651	3,256	15,395	4,019	11,376

(*NB the balances are categorised by the previous Cabinet portfolios and will be updated in due course)

4. S106 Balances have increased during the 2021/22. This has been due to the receipt of some significant individual contributions from the St Andrews Park, Uxbridge scheme including:
- £450,000 social and environmental contribution.
 - £622,000 transport fund.
 - £1,680,000 St Andrews Roundabout contribution.
 - £1,543,000 towards education facilities.
5. Work on securing allocations has continued through the Infrastructure Delivery Steering Group, with a £1,413k of S106 funding allocated to fund new projects in 2021/22. The majority of these will be delivered in 2022/23. However, a number of S106 funded projects have been delivered during the financial year which include:
- Final year of the sponsored route agreement with Transport for London for the extended 278 bus service.
 - Blyth Road, Hayes public realm improvement scheme.
 - Canal towpath improvements between Cowley Mill Road and Rockingham Road.
 - The School Capital Expansion programme.

- Ruislip High School expansion.
 - Delivery of construction training apprenticeships.
 - LED lighting at Charville Lane Children's Home.
 - The Library Refurbishment Programme.
 - Improvements to Barra Hall Park.
 - Ongoing delivery of the Council's Air Quality Action Plan including Healthy Streets projects.
6. It is important to note that S106 monies received within a particular financial year will not generally be spent within the same financial year. This is because their expenditure can be reliant on a development reaching a specific stage or because monies are pooled from multiple developments to deliver a larger piece of infrastructure. Furthermore, some funds received are held as bonds to be paid back many years after completing the development. Consequently, the reporting of the cumulative balance of S106 does not demonstrate the year-on-year movement of monies received and spent. A summary of the S106 monies received and spent in the last five financial years is shown in Table 3 below. This indicates that whilst S106 funding spent during the reporting year has been in line with previous years, there has been an uplift in the amount of S106 funding received. This is due to changes to the Council's S106 monitoring processes and the St Andrew's Park development reaching a significant payment trigger.

Table 3: S106 Income and Expenditure – FY17/18 to FY21/22

Financial year	Received £000	Spent £000
17/18*	6,474	3,139
18/19*	4,501	3,540
19/20*	3,908	3,360
20/21	1,384	2,241
21/22	8,031	3,405
TOTALS	24,298	15,685

*Figures for these years include S278 monies relate to highways works and have been historically reported as part of S106 funding.

SUMMARY CIL OUTTURN 2021/22

1. The London Borough of Hillingdon is a CIL charging authority. It is also responsible for collecting both Hillingdon CIL and the Mayoral CIL set by the Mayor of London. Hillingdon's CIL monies are allocated to the fund infrastructure delivered through both the Council's Capital Programme and the Chrysalis programme (where the majority of the Neighbourhood CIL monies are spent). In line with the CIL Regulations, a further 5% of the total CIL monies collected is spent on the costs of administering CIL. The total amount of Hillingdon CIL collected in the 2021/22 financial year, excluding the 5% administration charge, is £6,537k. A proportion of this funding (15% minimum) will be allocated to the Chrysalis fund and the remainder will be spent on the delivery of the West Drayton Leisure Centre.

Financial Implications

2. This report details the financial position of S106 funds under each of the existing Cabinet portfolios and provides a summary of the outturn for S106 at the end of 2021/22, as well as providing the outturn for the Hillingdon Community Infrastructure Levy (HCIL) income. It should be noted that the allocation of S106 funds and their release as capital funds is subject to a Cabinet Member approval process, and that the receipt of income is entirely dependent on developers progressing their schemes. CIL income is spent in accordance with the requirements of the CIL Regulations.
3. There is currently £11,376k unallocated S106 balances, which represents amounts yet to be formally allocated for specific projects, this has increased by £756k from March 2021, due to further contributions received than that have been allocated to specific schemes. Proposals are in various stages of development to utilise the unallocated balances.
4. Officers will continue to review the applicability of unallocated balances within existing and proposed capital and revenue budgets in order to minimise the Council's internal resources.
5. HCIL income will be used to finance the Chrysalis Programme which will enable the neighbourhood portion requirement being adhered to, whilst the remaining HCIL income will to be used to finance the West Drayton Leisure Centre Project.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed this report, noting the current financial position of S106 balances and that schemes have not yet been identified to utilise £11,376k Section 106 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. Corporate Finance further notes the Hillingdon Community Infrastructure Levy outturn for 2021/22 excluding the 5% administration charge, is £6,537k, which will be spent on the Chrysalis fund and West Drayton Leisure Centre.

Legal

Legal Services confirm that the legal implications are included in the body of the report and that legal advice is provided whenever necessary to ensure that section 106/CIL monies are spent in accordance with the terms of the planning agreement.

BACKGROUND PAPERS

NIL