

# PLANNING OBLIGATIONS AND COMMUNITY INFRASTRUCTURE LEVY ANNUAL MONITORING REPORT

<b>Cabinet Member(s)</b>	Councillor Eddie Lavery
<b>Cabinet Portfolio(s)</b>	Residents' Services
<b>Officer Contact(s)</b>	Nicola Wyatt / Julia Johnson – Central Services
<b>Papers with report</b>	None

## HEADLINES

<b>Summary</b>	<p>This report provides the summary outturn of S106 and CIL balances held by the Council at the end of the 2022/23 financial year.</p>
<b>Putting our Residents First</b>  <b>Delivering on the Council Strategy 2022-2026</b>	<p>This report supports our ambition for residents / the Council of: An efficient, well-run, digital-enabled council working with partners to deliver services to improve the lives of all our residents</p> <p>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.</p> <p>This report supports our commitments to residents of: A Thriving Economy</p>
<b>Financial Cost</b>	<p>As of 31 March 2023, the Council holds £25,416k of income from S106 legal agreements, of which £2,114k is held on behalf of partners. Of the remaining £23,302k held by the Council for its own projects, an amount of £5,054k is allocated to specific projects, £15,339 is earmarked to specific workstreams and £2,909k is currently spendable and not yet allocated towards specific projects. The Hillingdon Community Infrastructure Levy Outturn for 2022/23 was £2,528k exclusive of the 5% monitoring fee.</p>
<b>Select Committee</b>	Residents' Services
<b>Relevant Ward(s)</b>	All

## RECOMMENDATIONS

**That the Cabinet:**

- 1) Notes the Council's current financial position regarding its S106 balances and plans being progressed to deliver schemes in line with the S106 agreements made.**
- 2) Notes the Hillingdon Community Infrastructure Levy (CIL) outturn for the 2022/23 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**

The Residents' Services Select Committee also monitor planning obligation and CIL expenditure on an annual basis each February.

## SUPPORTING INFORMATION

### **INTRODUCTION**

1. This report provides an update on S106 income and spending during the 2022/23 financial year and the Hillingdon CIL outturn for 2022/23. 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 2022/23

2. The outturn of S106 funding for 2022/23 is set out in Table 1.

**Table 1 – S106 Outturn 2022/23**

Status	Total Amount £000
Opening Balance of 1 April 2022	£17,174
Total Income 22/23	£10,903
Total Spent 22/23	£2,661
<b>Closing Balance of 31 March 2023</b>	<b>£25,416</b>

3. A summary of the current S106 balances by category is provided in Table 2. As of 31<sup>st</sup> March 2023, the S106 balance is £25,416k. This is inclusive of £2,114k 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, £5,054k has been allocated to specific projects and a further £15,339k is earmarked to other council workstreams. The residual balance of £2,909k represents amounts yet to be allocated or earmarked for any specific use although a number of the funds are already earmarked for specific projects in accordance with the relevant legal agreement. This is particularly the case for Highways, Transportation and Green Spaces funds.

**Table 2 – Summary of S106 contributions by spend category\***

Portfolio / Service Area	Balance b/f 01/04/22 £'000	Income Received £'000	Total £'000	Spend £'000	Balance c/f 31/03/23 £'000	Allocated Balances £'000	Provisionally Earmarked Balances (subject to formal approval) £'000	Unallocated Balances £'000
Property, Highways & Transport (PT)	7,524	1,305	8,829	784	8,045	1,605	1,968	4,472
Children, Families & Education (EYL, PPR & CSL)	1,106	44	1,150	212	938	432	350	156
Residents Services – Green Spaces, Climate Change (E)	3,339	7,288	10,627	1,132	9,495	1,285	8,000	210
Health & Social Care (HE)	1,169	288	1,457	12	1,445	1,260	0	185
Residents Services - Housing (HA)	3,924	1,620	5,544	521	5,023	2	5,021	0
Interest on interest bearing schemes	112	358	470	0	470	470	0	0
<b>Subtotal</b>	<b>17,174</b>	<b>10,903</b>	<b>28,077</b>	<b>2,661</b>	<b>25,416</b>	<b>5,054</b>	<b>15,339</b>	<b>5,023</b>
Less: Sums held on behalf of partners	1,779	347	2,126	12	2,114	0	0	2,114
<b>Total LBH Balances</b>	<b>15,395</b>	<b>10,556</b>	<b>25,951</b>	<b>2,649</b>	<b>23,302</b>	<b>5,054</b>	<b>15,339</b>	<b>2,909</b>

4. S106 Balances have increased significantly during the 2022/23. This has been due to the receipt of some substantial sums received from major developments currently under construction in the Borough including:
  - £1,834,059 received from the Bourne Court residential development in South Ruislip.
  - £4,245,448 received from the redevelopment of the Tudor Works site in Hayes.
  - £1,060,403 received from the redevelopment of land at Bulls Bridge Industrial estate, North Hyde Gardens, Hayes.
  
5. Work on securing allocations has continued through the S106 Allocation Process, with £2,325k of S106 funding allocated to fund new projects in 2022/23. The majority of these will be delivered in 2023/24. A number of S106 funded projects have been delivered during the financial year which include:
  - Trees for Cities Planting Programme 2022/2023
  - Wetland creation project at Hillingdon House Farm.
  - Enhancement of cricket facilities at Grassy Meadows.
  - Vine Street public realm improvements.
  - Traffic calming & HGV restrictions on Bourne Avenue, Hayes.
  - Delivery of construction training apprenticeships.
  - LED lighting at The Grainges Car Park, Uxbridge.
  - Battle of Britain Bunker enhancements – Faces of Britain Exhibition.
  - Belmore Parade greening & enhancement project.
  - Ongoing delivery of the Council's Air Quality Action Plan.
  - Delivery of the School Pollution Screening Programme 2022/23.
  - 30% contribution towards the purchase of 4 additional affordable housing units as part of the Council's Buy Back Programme 2022/23.
  
6. A programme for delivering some of the larger S106 balances currently held by the council is also in development and the earmarked balances set out in Table 2 will be progressed for formal allocation through the relevant decision-making process.
  
7. 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 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 in the last two years. This is due to changes to the Council's S106 monitoring processes and some large developments in the borough reaching payment triggers.

**Table 3: S106 Income and Expenditure – FY18/19 to FY22/23**

Financial year	Received £000	Spent £000
18/19*	4,501	3,540
19/20*	3,908	3,360
20/21	1,384	2,241
21/22	8,031	3,405
22/23	10,903	2,661
<b>TOTALS</b>	<b>28,727</b>	<b>15,207</b>

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

### **SUMMARY COMMUNITY INFRASTRUCTURE LEVY (CIL) OUTTURN 2022/23**

8. 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 2022/23 financial year, excluding the 5% administration charge, is £2,528k. A proportion of this funding (15% minimum) has been allocated to the Chrysalis fund and the remainder has been spent towards the delivery of the Council's Sports Club Refurbishment Programme and the new West Drayton Leisure Centre.

### **Financial Implications**

9. 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 2022/23, 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.
10. There is currently £18,248k unallocated S106 balances, which represents amounts yet to be formally allocated for specific projects, this has increased by £2,853k from March 2022, due to further contributions received (including some large S106 contributions) than that have been allocated to specific schemes. Proposals are in various stages of development to utilise the majority of unallocated balances, with sums for which are yet to be earmarked limited to £2,909k – noting that £2,114k of these monies are held on behalf of partner organisations.
11. 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.
12. 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 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. 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 2022/23 excluding the 5% administration charge, is £2,528k, which will be spent on the Chrysalis fund and West Drayton Leisure Centre.

### Legal

The legal implications are included within the body of this report. Legal Services confirm that legal advice is provided whenever necessary to ensure that Section 106/CIL monies are spent in accordance with the terms of the relevant planning agreement and there are no legal impediments in agreeing the recommendations.

### Infrastructure / Asset Management

There are no property implications arising from the recommendations in the report.

## BACKGROUND PAPERS

[Previous monitoring reports to Cabinet](#)