

S106 AND CIL UPDATE REPORT

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	Report to Special S & R Committee dated 24 October 2018

Report summary

This report provides an update on the funds held under Section 106 (S106) planning agreements and CIL (Community Infrastructure Levy).

Recommendation (s)

That the Panel notes:

- (1) the current position on S106 funds held by the authority.**
- (2) the current position on CIL funds held by the authority.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Council approved the Capital Strategy Statement on 20 February 2018 as Appendix 10 to the Budget Report. Section 106 and CIL funding supports the achievement of Key Priorities in the Corporate Plan where investment can be funded from developer contributions and CIL receipts.

2 Current Position: S106 Funds

- 2.1 The Council currently holds funds from S106 agreements totalling approximately £2 million. From this balance £1 million is committed within the capital programme for such items as affordable housing or earmarked for schemes awaiting further approval. Included within this balance is £103k that will to be transferred to Surrey County Council and other organisations, as the authority responsible for utilising these funds.
- 2.2 The current position of Section 106 funds held as at the end of September 2018 is summarised below:-

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	£'000	£'000
Section 106 funds held as at 1 April 2018		2,056
Section 106 Receipts received to 30 September 2018		0
Section 106 Payments made to 30 September 2018		0
Funds paid direct to SCC		(95)
Balance of S106 Funds held as 30 September 2018		1,961
Less:		
Funds held due to SCC and other organisations	(103)	
Funds committed and approved for specific schemes	(338)	
Funds held for West Park community facilities	(690)	
		(1,131)
Unallocated S106 funds as at 30 September 2018		830

2.3 The unallocated funds are held within various categories of expenditure as follows:-

Breakdown of unallocated S106 balances	£'000
Affordable Housing	610
Open Space - Children & Young people	7
Open Space - Park & Gardens	13
Open Space - Amenity Green Space	6
Open Space - Outdoor Sports Facilities	142
Environmental Improvements	50
Community Facilities	1
Miscellaneous	1
Total	830

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3 Current Position: CIL

- 3.1 The Council currently holds funds from CIL totalling approximately £5.4 million. The balance is split across three funds. 5% is held to fund the administration of the scheme; 15% is reserved for a community fund, split between a civic infrastructure scheme and Borough Investment Fund; and the remaining 80% is held for infrastructure provision to support new development in the Borough and can be accessed by both the County Council and the Borough Council.
- 3.2 At a Special Meeting on 24 October 2018, Strategy and Resources Committee agreed a further £2.245m of CIL funds for Plan E works to the Market Place and Northern High Street. This is in addition to the £476k already committed to the scheme. The Committee also agreed to earmark up to £500k as match funding for a scheme to introduce step-free access to Stoneleigh Station, to support a bid to TfL for £5m grant funding. The commitment in relation to Stoneleigh Station depends upon the success of a bid to the Department of Transport by the rail operators. However, the funds are shown as earmarked for the purposes of this report.
- 3.3 The current balance of CIL across the three funds, and allocation of amounts committed to date are as follows:-

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2018	4,063	785	189	5,037
CIL receipts to 30 September 2018	330	62	20	412
CIL payments to 30 September 2018	0	0	0	0
CIL funds held at 30 September 2018	4,393	847	209	5,449
<i>Less commitments:</i>				
Plan E contribution	(2,721)			(2,721)
Cemetery Extension	(903)			(903)
Paving outside Playhouse	(60)			(60)
Stoneleigh Station	(500)			(500)
Civic Infrastructure Fund 18/19		(250)		(250)
Borough Investment Fund		(100)		
Monitoring CIL scheme in 2018/19			(98)	(98)
Unallocated CIL funds at 30 September 2018	209	497	111	817

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- 3.4 The Civic Infrastructure Fund was launched for the first time in 2018/19. Strategy & Resources Committee in April 2018 agreed £250k CIL funding for successful bids. Bids were submitted for consideration by 15 June 2018.
- 3.5 Fourteen bids were submitted and of those, eight were successful and were awarded a total of £249,660. Four of these schemes are being led by EEBC and the other four by Surrey County Council. The schemes and the amounts awarded are as follows:-

Epsom & Ewell Led Schemes	£'s
Green Lanes Stream Clearance	15,000
Court Rec Play Equipment	21,240
Horton Country Park Path Restoration	56,000
Auriol Park Table Tennis Tables	14,845
Surrey County Council Led Schemes	£'s
Woodcote Green Bus Shelter	35,640
East Street Trees	23,000
Station Approach Street Works	30,035
West Street Lighting Extension	53,900
Total	249,660

4 Proposals for use of uncommitted S106 and CIL balances

- 4.1 The majority of uncommitted S106 balances are within the Affordable Housing category, the level of which currently stands at £610k. This funding is used to facilitate the provision of affordable housing in the Borough where the project is not financially viable without additional funding. Officers work with providers to identify schemes where the affordable housing would not be deliverable without additional support.
- 4.2 Future CIL receipts are currently forecast at a level of £1.3m each year. The Joint Infrastructure Group (JIG) considers schemes eligible for CIL funding and makes recommendations to Strategy & Resources Committee who approve the funding. Future recommendations for CIL funding may include the Community and Wellbeing Centre, which JIG have identified as a priority. The priority for allocating CIL funds will need to take into account future plans for growth across the borough, set out by the Local Plan.

5 Financial and Manpower Implications

- 5.1 Section 106 and CIL receipts provide an opportunity for additional investment. There may be no budget impact from new schemes so long as schemes funded do not result in additional on-going running costs. Some schemes may even reduce future maintenance liabilities.

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- 5.2 The relevant policy committee will need to ensure that there are no additional resource implications for new schemes that would have an adverse impact on budgets for other services.
- 5.3 **Chief Finance Officer's comments:** *All financial implications are reflected in the body of this report.*

6 Legal Implications (including implications for matters relating to equality)

S106

- 6.1 Agreement under Section 106 of the Town and Country Planning Act 1990 comprises an agreement often associated with the grant of planning permission which confers a benefit to the community, e.g. where a housing development is to be permitted, the applicant or developer agrees to build or pay for a new school or additional leisure facilities for the community.
- 6.2 CIL is a local tax on new development that local authorities can choose to introduce to help fund infrastructure in their area. CIL provides a relatively straightforward mechanism for collecting contributions from new developments. This is guided by the Community Infrastructure Levy Regulations 2010 and subsequent Amending Regulations.
- 6.3 The Council maintains an Infrastructure Delivery Plan (IDP) and a draft Regulation 123 list, the latter identifying the types of community infrastructure that the Council envisages using CIL funding for. The IDP identifies the infrastructure improvements required to support growth and demonstrates that there is a sufficient 'infrastructure funding gap' to justify the need to collect CIL.
- 6.4 The establishment of CIL requires partnership working with infrastructure providers and partnership working is fundamental to the success and delivery of the objectives of the Borough.
- 6.5 Section 106 agreements will continue to be used where on-site community infrastructure is required. They will also continue to be used to secure affordable housing.
- 6.6 **Monitoring Officer's comments:** *No additional comments for the purposes of this report.*

7 Sustainability Policy and Community Safety Implications

- 7.1 There are no specific issues for the purposes of this report.

8 Partnerships

- 8.1 There are no specific issues for the purposes of this report.

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9 Risk Assessment

- 9.1 This report forms part of on-going work on s106 planning agreements and CIL receipts that will lead to better management of expenditure funded from these monies.
- 9.2 The main risks at present are that investment funded from agreements is not properly prioritised, that investment is not made in a timely manner or that receipts are not claimed against agreements.

10 Conclusion and Recommendations

- 10.1 This report sets out the current S106 and CIL balances available to the Council.
- 10.2 The Panel are asked to note the current position on CIL and S106 funds held by the Council.

Ward(s) affected: (All Wards);