

<b>CABINET</b>	<b>DATE</b> 18 December 2019	<b>ITEM NO</b> 7
<b>TITLE</b> Annual Financial Report (2018/19): Community Infrastructure Levy and Section 106	<b>WARD (S)</b> All	
<b>CHIEF OFFICER</b> Director of Regeneration Enterprise and Skills	<b>CABINET MEMBER</b> Finance and Resources & Regeneration and Growth	
<b>DECISION CLASSIFICATION</b> - Non Key	<b>FINAL DECISION</b> To be made at this meeting on the recommendation in this report	

1. Decision Required

The Cabinet is requested to:-

- 1.1. Note the content of the Royal Borough Section 106 (S106) Annual Financial Report 2018/19 that will be published on the Royal Borough of Greenwich website (Appendix 1).
- 1.2. Note the content of the Royal Borough Community Infrastructure Levy (CIL) Annual Financial Report 2018/19 that will be published on the Royal Borough of Greenwich website (Appendix 2).
- 1.3. Note that following changes to the CIL regulations, future financial reporting of CIL and S106 will be included in a Infrastructure Funding Statement, in accordance with Regulation 121a of the CIL regulations.
- 1.4. Note that an updated list of all Section 106 obligations has been updated on the Council website.

2. Reasons for Decision

- 2.1. To allow the Royal Borough to publish the CIL and S106 income and expenditure for the financial year 2018/19.

### 3. Section 106 Annual Financial Report

- 3.1. Section 106 of the Town and Country Planning Act 1990 (as amended) allows local authorities to seek planning contributions from developers in order to make development proposals acceptable in planning terms, where they otherwise would not be. A Section 106 is a legal agreement between the landowner and the local planning authority, which focuses on site-specific mitigation of the impact of development.
- 3.2. The Royal Borough of Greenwich Planning Obligations Supplementary Document (August 2015) states the Royal Borough will prepare and publish an annual report that sets out the contributions received, those that are pending and the infrastructure or community service projects which have received funding (or approval of funding) within the preceding year.
- 3.3. Appendix I provides a summary of the obligations secured, received and spent in the last financial year. The report will be published on the Council website. A directory of projects funded through Section 106 is also being developed for the Council's website, which will allow projects to be viewed geographically.
- 3.4. The previous Cabinet report advised that future reporting would follow the new Capital Strategy governance arrangements. The alignment of reporting processes within the new governance process is on-going.

### 4. CIL Annual Financial Report (2018/19)

- 4.1. The Royal Borough of Greenwich's CIL Charging schedule was adopted by full Council on 25 March 2015 and came into effect on 6 April 2015. Since the introduction of the borough's Community Infrastructure Levy (CIL) Charging Schedule in April 2015, CIL is now the primary means by which the Borough secures developer contributions.
- 4.2. Regulation 62 of the Community Infrastructure Regulations 2010 (as amended) required charging authorities to publish an annual report setting out the income and expenditure for a reported year. Financial reports for FY 2015/16 to FY 2017/18 have been published on the Council website in accordance with this regulation.

- 4.3. The CIL regulations were revised in September 2019, which made a number of changes to how planning obligations are collected and reported, and replaced Regulation 62 with Regulation 121a.
- 4.4. In accordance with Regulation 121a, charging authorities are now required to publish an Infrastructure Funding Statement, which will set out the projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL, as well as reporting on CIL and Section 106 income and expenditure.
- 4.5. The first Infrastructure Funding Statement is due by 31 December 2020. In the absence of any interim arrangements for how income and expenditure should be reported, the Royal Borough has prepared a report for 2018/19 (Appendix 2), which provides a breakdown of income and spend between 1 April 2018 and 31 March 2019.
- 4.6. CIL Regulation 61 states that up to 5 per cent of CIL receipts can be applied towards the implementation and ongoing administration of CIL. The Royal Borough has set the proportion it will retain for administrative purposes at 4 per cent. The Royal Borough collected **£125,734.62** in 2018/19 to cover the cost of administering CIL.
- 4.7. Regulation 59A requires that 15 per cent of the relevant CIL receipts be passed to the Parish Council where CIL is earned, with this proportion rising to 25 per cent where there is a neighbourhood plan in place. In Greenwich, where there are no Parish Councils or Neighbourhood Plans, the Royal Borough may retain the neighbourhood funding element, to be spent on the provision, improvement, replacement or maintenance of infrastructure; or on anything else that is concerned with addressing the demands that development places on an area.
- 4.8. The neighbourhood portion in Greenwich is made available through the Greenwich Neighbourhood Growth Fund (GNGF), an annual fund that divides the borough into four neighbourhood areas for the purposes of collecting and distributing this money. Fifteen per cent of the CIL receipts collected in each area are made available to be spent on local priorities within these areas.
- 4.9. In 2018/19 the borough collected **£471,262.83** in neighbourhood CIL, which has been made available in Round 3 of the GNGF in addition to

unspent monies from previous rounds. The Round 3 application window opened on 25 September 2019 and closes on 18 December 2019.

- 4.10. The Royal Borough allocated £139,371.50 of NCIL in 2018/19. This represents funding that was awarded in GNGF Rounds 1 and Round 2 and was transferred to projects during 2018/19. Funding is transferred to projects at the point that a funding agreement is signed (90% upfront), with the final 10% is transferred on completion of the project.
- 4.11. The full list of projects awarded funding to date is published here: [https://www.royalgreenwich.gov.uk/downloads/file/4072/greenwich\\_neighbourhood\\_growth\\_fund\\_successful\\_projects\\_april\\_2019](https://www.royalgreenwich.gov.uk/downloads/file/4072/greenwich_neighbourhood_growth_fund_successful_projects_april_2019)
- 4.12. A directory of funded projects can be viewed geographically here: [https://www.royalgreenwich.gov.uk/directory/88/greenwich\\_neighbourhood\\_growth\\_fund](https://www.royalgreenwich.gov.uk/directory/88/greenwich_neighbourhood_growth_fund)
- 4.13. The Royal Borough has a commitment to contribute £15m to TfL as part of the funding arrangements for the fit-out of the Woolwich Crossrail Station. The funding agreement with TfL sets out that this amount will be secured by way of the Council's Crossrail related Section 106 roof tax and a 50 per cent contribution from the borough's residential CIL receipts until the £15m contribution is reached. In accordance with this agreement the Royal Borough transferred £2,461,509.96 of the Strategic CIL in 2018/19 to TfL.

## 5. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
<p><b>Legal</b> including Human Rights Act</p>	<p>The Cabinet is requested to note the contents of the CIL and Section 106 Annual Financial Reports, both for 2018/2019; and the publication of both reports, as well as an updated list of all S106 obligations, on the Council's website.</p> <p>Following the revisions to the CIL Regulations in September 2019, the Council is required to publish an annual Infrastructure Funding</p>	<p>Eleanor Penn, Assistant Head of Legal Services, 02/12/2019</p>

Statement the first of which is due by 31<sup>st</sup> December 2020. Pending this publication, the CIL Annual Financial Report for 2018/19 has been prepared to comply with the requirements of Regulation 62 of the previous CIL Regulations 2010 (as amended) which required a charging authority to prepare a report for each financial year that it collects CIL or CIL is collected on its behalf or where CIL collected has not been spent. Regulation 62(4) set out what the report must contain. The report must be published on the Council's website by 31<sup>st</sup> December 2019 in order to comply with the requirements of Regulation 62(5).

The Council's S106 Monitoring Officer is responsible for ensuring that where S106 monies are deposited with the Council, the monies are held in accordance with the terms of each individual S106 Agreement on a contractual and fiduciary basis, and that expenditure is in accordance with those terms. Where S106 monies are not spent within the time limits prescribed in those S106 Agreements, such monies should be returned to the payee. In cases where officers need clarification on individual S106 Agreements, Legal Services should be consulted for advice on a case by case basis.

The Council has a fiduciary duty to ensure that where S106 monies

	<p>have been obtained in order to ensure that the effects of development are mitigated, such mitigation does take effect.</p> <p>In relation to agreeing to note the publication of the information on the Council website it should be noted that details of S106 Agreements are already required to be available to the public as part of the Planning Register and therefore there are no additional legal implications arising from this recommendation.</p> <p>Under the Responsibility for Functions section of the Council's Constitution, Cabinet has authority to make the decisions set out at paragraph 1 of this report.</p>	
<p><b>Finance</b> and other resources including procurement implications</p>	<p>The report sets out the annual Section 106 and CIL reports for 2018/19 and as such there are no new financial implications.</p> <p>Transition to the new reporting and governance arrangements set out in the Corporate Capital Strategy continue to be embedded. Revisions to processes following the adoption by Council on 27 February impacted upon the drawdown of resources in the lead up to financial close, and thus the level of spend funded through developer contributions reported at 31 March. There were no financial implications from the resulting temporary cash-flowing arrangements.</p>	<p>Michael Horbatchewskyj Accountancy Business Change Manager 02/12/2019</p>

<b>Equalities</b>	There are no known adverse impacts to equalities associated with the decisions in this report. The utilisation of planning obligations and the impact on equalities will be kept under review as an when proposals are brought forward.	Alex Wood, Performance and Planning Obligations Manager, 29/11/19
-------------------	---	--

## 6. Appendices

Appendix 1: S106 Income and Spend (2018/19)

Appendix 2: CIL Income and Spend (2018/19)

Report Author: Alex Wood, Performance & Planning Obligations  
Manager

Tel No. 020 8921 5297

Email. [alex.wood@royalgreenwich.gov.uk](mailto:alex.wood@royalgreenwich.gov.uk)

Chief Officer: Pippa Hack, Director Regeneration, Enterprise &  
Skills

Tel No. 020 8921 5519

Email. [pippa.hack@royalgreenwich.gov.uk](mailto:pippa.hack@royalgreenwich.gov.uk)