

Agenda



Listening Learning Leading

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Date: 24 September 2018

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A MEETING OF THE

Scrutiny Committee

WILL BE HELD ON TUESDAY 2 OCTOBER 2018 AT 6.30 PM

MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON, OX14 4SB

Members of the Committee:

David Turner (Chairman)

Will Hall (Vice-Chairman)
Anthony Dearlove
Elaine Hornsby

Jeannette Matelot
David Nimmo-Smith
Ian Snowdon

John Walsh
Ian White

Substitutes

Charles Bailey
Steve Connel
Pat Dawe
Stefan Gawrysiak

Stefan Gawrysiak
Lorraine Hillier
Mocky Khan
Sue Lawson
Toby Newman

Toby Newman
vacancy
Vacancy
Sue Cooper

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1 Apologies for absence

To record apologies for absence and the attendance of substitute members.

2 Minutes (Pages 4 - 7)

To adopt and sign as a correct record the committee minutes of the meeting held on 24 July 2018 (attached).

3 Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4 Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5 Public participation

To receive any questions or statements from members of the public that have registered to speak.

REPORTS AND ISSUES FOR THE CONSIDERATION OF THE SCRUTINY COMMITTEE

6 5 Councils contract changes and action plan (Pages 8 - 13)

To consider the report of the head of partnership and insight (attached).

7 Capita performance: HR, payroll and IT (Pages 14 - 16)

To consider the report of the head of partnership and insight (attached).

8 Financial outturn 2017/18 (Pages 17 - 33)

To consider the report of the head of finance/senior business partner (Capita) (attached).

9 Community Infrastructure Levy Spending Strategy (Pages 34 - 46)

To consider the report of the head of development and regeneration (attached).

10 S106 Planning Obligations Monitoring Report 2017/2018 (Pages 47 - 51)

To consider the report of the head of planning (attached).

**11 Community Infrastructure Levy - Annual Financial Statement
2017/18 (Pages 52 - 60)**

To consider the report of the head of planning (attached).

**12 Work schedule and dates for all South and Vale scrutiny meetings
(Pages 61 - 63)**

To review the attached scrutiny work schedule. Please note, although the dates are confirmed, the items under consideration are subject to being withdrawn, added to or rearranged without further notice.

MARGARET REED

Head of Legal and Democratic

Minutes

OF A MEETING OF THE

Scrutiny Committee

HELD ON TUESDAY 24 JULY 2018 AT 6.30 PM

MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON, OX14 4SB

Present:

David Turner (Chairman)
Anthony Dearlove, Elaine Hornsby, David Nimmo-Smith, Ian Snowdon, John Walsh, Ian White and Sue Lawson (as substitute for Jeannette Matelot)

Apologies:

Will Hall and Jeannette Matelot tendered apologies.

Officers:

Ron Schrieber, Mark Stone, Sally Truman and David Wilde

Also present:

Councillors Jane Murphy and Bill Service. David Chong-Ping, Mel Research. Clare Dorey and Jo Leith, Capita

7 Minutes

The minutes of the meeting held on 22 May 2018 were agreed as an accurate record and were signed by the Chairman.

8 Declarations of interest

None.

9 Urgent business and chairman's announcements

None.



Listening Learning Leading

10 Public participation

None.

11 South Oxfordshire Residents' Survey 2018

The committee considered a report and presentation from MEL Research summarising the findings of the South Oxfordshire Residents' Survey 2018.

David Chong-Ping, MEL Research, introduced the report and presentation. Also present to answer questions were Jane Murphy, Leader of the council, Mark Stone, chief executive and Sally Truman, customer engagement manager.

The committee was informed that residents' attitudes towards the work of the council were generally positive and much better than national averages. However, there were a number of measures where satisfaction had decreased, including an increase in negative attitudes in terms of the council being too impersonal and remote. A larger proportion of residents, 38% felt that they could not influence decisions compared to 32% who thought they could.

It was noted that, although a large amount of information was accessible via the council website, the percentage of residents who felt informed about the services and benefits offered by the council had reduced slightly since the last survey. It was also noted that there was widespread public confusion about the responsibilities of different tiers of local government.

The chief executive reported that, in order to increase public awareness of council activities:

- consideration was being given to issuing a hard copy council newsletter to residents to keep them informed. The first edition would include a "responsibility grid" setting out the responsibilities of the council/county/other bodies.
- officers would investigate how customer feedback from telephone callers to customer services could be captured.
- the council website was being updated and would provide more detail regarding inquiries from the public.

Following further discussion, it was

RESOLVED: to

1. note the report and presentation; and
2. recommend the actions proposed to increase public awareness of council activities to Cabinet.

12 Capita performance: HR, payroll and IT

The committee considered the report of the head of partnership and insight and head of corporate services on the performance of the council's contractor, Capita, in the delivery of HR, payroll and IT services.

Councillor Bill Service, Cabinet member for partnership and insight, introduced the report. Also present to answer questions were Councillor Jane Murphy, Leader of the council, Mark Stone, chief executive, David Wilde, IT consultant, and Clare Dorey and Jo Leith, Capita.

The report detailed the milestone dates assigned to the key points in transforming each service from the model in operation at service commencement date to the new way of working agreed by the councils for each service and, where applicable, the key performance indicators (KPIs). As the new way of working (the target operating model) had not yet been achieved for the IT service, the performance indicators were not currently enforceable, so limiting the council's ability to influence performance improvements at this time.

However, the committee was advised that, although the provision of the HR and payroll service was still not meeting required performance standards, the service was improving. With regard to IT, officers believed that Capita was now more positively engaged in resolving the current problems and the council had a structured plan to move the service forward, which included engaging the support of a leading IT consultant.

In addition, the committee was informed that Capita were pulling together a high level options appraisal addressing areas of the contract identified as requiring change and had proposed a further committee meeting in six to eight weeks' time in order to present proposed changes.

In response to members' questions, the chief executive reported that there were no problems with some of the services contracted out to Capita and that the HR, payroll and IT services were improving.

The committee placed on record its thanks to the officers for all their work to resolve problems with the contract.

Following further discussion, it was

RESOLVED: to

1. note the report; and
2. support the officers' attempts to resolve outstanding issues with the HR, payroll and IT contracts.

13 Five councils' partnership contracts - finance update

The committee considered the report of the head of partnership and insight on the financial position of the Five Councils' Partnership contracts.

Mark Stone, chief executive, introduced the report. Also present to answer questions was Councillor Bill Service, Cabinet member for partnership and insight.

The committee was informed that the financial benefit originally expected from the contracts had been considerably reduced by events since the contacts went live. The chief

executive confirmed that he and his team now believed the Five Councils' contract would break even at best.

The chief executive also reported that the council's external auditors had confirmed that the methodology the council was now using to calculate the true cost of the contract reflected the costs fairly.

RESOLVED: to note the report.

14 Work schedule and dates for all South and Vale scrutiny meetings

The committee noted its work programme and agreed to move the date of its next meeting, scheduled for 11 September, to a date to be confirmed, in order for the Chief Executive and the Regional Director of Capita to attend.

It was agreed to add the air quality action plan to the work programme.

15 Exclusion of public

RESOLVED: to exclude members of the press and public from the meeting for the following items of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16 Five councils' partnership contracts - finance update

The chief executive updated the committee on the council's share of the termination cost of the VINCI contract and on legal advice received.

The meeting closed at 9.15 pm

Chairman

Date

Scrutiny Committee



Report of Head of Partnership and Insight Andrew Down

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To: SCRUTINY COMMITTEE

DATE: 2 October 2018

Five Councils Contract Changes and Action Plan

Recommendation

- (a) Note the progress made on implementing changes to the Five Councils Capita Contract and make any recommendations arising to Cabinet.
- (b) Note the action plan attached at Annex A for the short term (1 year) to resolve other outstanding issues across our technology platforms and the Five Councils contract and to establish a medium-term technology strategy

Purpose of Report

1. This report updates Members on the progress to date and next steps with regards to completing and implementing planned changes to the Five Councils Capita contract and establishing an action plan for the Council that will support our business direction and priorities for the next 5 years.

Background

2. Over the last 6 months the Council's Chief Executive and Officers have been working with our service provider Capita to:
 - a. Rectify a number of shortcomings in service delivery which have not met the Council's expectations;

- b. Rebalance the overall service delivery models for some of our services to ensure roles and responsibilities are better defined and more clearly accountable between service provision and ownership of strategy and direction;
 - c. Reshape the contract to reflect these changes and ensure future delivery meets our expectations.
 3. In addition to this work the Council needs to establish a clear direction for technology investment and provision to support our business ambitions and objectives going forward, embracing the opportunities the digital revolution offers to do things quicker, better, cheaper and right first time. The Technology Strategy will deliver that.
 4. First taking the current service delivery issues, we have worked closely with Capita to develop and take forward five contract changes for:
 - a. Establishment of an IT end user computing environment for South and Vale Councils only, meeting our compliance needs for GDPR and enabling a range of new technology opportunities for secure mobile, flexible and multi-agency working;
 - b. Return of the Fraud Service in the Revenues and Benefits function as an in-house service so we can continue to grow our success in this field;
 - c. Bringing finance business partner roles and a number of other key responsibilities back in-house and better defining the roles and responsibilities between the supplier and customer across the finance function;
 - d. Bringing ownership of strategic Human Resources (HR) back in house and better defining the roles and responsibilities between the supplier and customer across the HR function;
 - e. Upgrading our finance system to a fully supported and up to date version of Unit 4 Business World (formerly called Agresso)
 5. The scope of the changes for b, c and d are virtually agreed, with the changes intended from the end of October 2018, subject to any time limitations set by TUPE and subject to completion of the revised inter-authority agreement between the five councils. The scope of the changes for a and e are also near completion. The proposed changes will be submitted to Cabinet in October.
 6. These changes are only part of a wider action plan to achieve stability, attached at Annex A. It is still in its early stages of delivery but collaboration with all suppliers has been positive and the changes being taken forward are being well received by staff.
 7. Finally, the Technology Strategy will provide the Council with the means to drive IT in the direction it needs for business purposes for the next 5 years and puts it back in control for service provision and investment decisions. The final version will be presented to Cabinet for approval in October 2018 with the supporting roadmaps for delivery completed as part of the 2018-19 business planning process.

Financial Implications

8. Changes b, c and d are cost neutral, achieved through contract adjustments.
9. The changes covering the core IT service and the Finance IT systems are expected to be funded within the established contract envelope in place for current services and anything in addition to that will be considered on its merits as part of the final business case for each change.
10. For the technology strategy, any financial implications will be examined as part of the 2018-19 business planning round and the resulting delivery programmes will be resourced under those business plans agreed as part of the medium term financial strategy.

Legal Implications

11. The changes will be approved through the Five Councils Partnership change process and also through the Council's own governance arrangements. External legal advice will be sought on how to document the changes. The revised inter-authority agreement, which is close to being agreed, will need to be in place before these changes are made.

Risks

12. Until the core IT infrastructure has been brought up to a suitable standard for reliable delivery we remain at risk of service outages and performance failures which significantly impact the Council's ability to do business.

Conclusion

13. Good progress has been made with turning around the services delivered by Capita under the Five Councils contract and tangible improvements are now visible. The enactment of the first 5 changes over the next 2 months will address the immediate concerns and the wider tactical plan, if delivered in full, will put our Councils back on a stable footing with IT and other core services.
14. The Technology Strategy, working as part of our wider business plan, will ensure the Councils are setting the direction they want for service transformation and the realisation of the potential that digital offers to meet the needs of our residents and business in the future.

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber	In negotiation		Grey	End point				
3	Red	Off track		(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
5	Core IT turnaround	Active Directory	DW	Covered by 5Cs contract	directory designed and approved	New directory built and all staff migrated	Operational (LB)		
6		End User Computing (EUC)	DW	Covered by 5Cs contract	Standard EUC model defined and agreed	Deployed across workforce (LB)			
7		Thin Client	DW	Covered by 5Cs contract	Service retirement plan agreed		Thin client services retired (LB)		
8		Wifi consolidation	LB	Hybrid 5Cs contract and S&V budgets	Consolidated design agreed	New Wifi solution implemented	Legacy Wifi retired		
9		Network consolidation	DW	Covered by 5Cs contract		Single multifunction architecture designed and agreed	New network implemented (LB)		
10		Legacy datacentre closure	LB	S&V budgets currently £37K pa	Retirement plan agreed, budget pressure in discussion with Capita	Legacy migrated or retired	Legacy datacentre service retired		
11		Print services	LB	S&V budgets	Procurement commenced	New contract awarded and service implemented	Old print service retired		
12		Web sites replaced	AP	to be funded from legacy DC closure est. £10K	Web site replacement project commenced, hosting costs to be determined	New sites designed, hosting procured and content migration plan complete	New sites live, legacy sites retired		
13		Finance system upgrade	DW	Covered by 5Cs contract	Upgrade plan for system designed and agreed	Upgrade project initiated (BW)		Upgraded finance system live, plan for migration to cloud	
14		Banking and payments system upgrade	BW	S&V Budgets	Plan for migration to Pay360 agreed	Pay360 designed, built and implemented	Icon legacy system retired		
15	Core services reshaped	Finance Business Partners	SH	Covered by 5Cs contract	Revised service design agreed, resource agreed	Finance Operating Model agreed		Go live of Finance TOM	
16		Strategic HR	AP	Covered by 5Cs contract	Revised service design agreed, resource agreed	HR Operating Model agreed	Go live of HR TOM		
17		Revenues and Benefits Fraud	PH	Covered by 5Cs contract	Revised service design agreed, resource agreed	Service enhancement plans developed	Roadmap to be the best agreed and implemented in business plans		
18	Technology strategy	Enterprise Architecture	DW	S&V budgets	IT Enterprise Architecture baselined	Future state Enterprise Architecture designed	Architecture owned by Client Team and embedded in technology roadmaps (AP)		
19		IT Target Operating Model	DW	Covered by 5Cs contract	Revised fit for purpose IT TOM designed	Service management and S&V Client Team designed and agreed	Go live of IT TOM (AP)		
20		Telephony Systems	DW	Covered by 5Cs contract		Consolidation plan for voice services designed and agreed	Voice consolidation project initiated (LB)	new voice services live, legacy VOIP retired	
21		Unified Communications	DW	Hybrid 5Cs contract and S&V budgets			Unified comms plan agree under Technology Strategy	Unified comms project initiated (LB)	
22		Technology Strategy document	DW	S&V budgets	Technology strategy drafted and agreed with Senior Leadership		(AP)		

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber	In negotiation		Grey	End point				
3	Red	Off track		(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
23		technology roadmaps	DW	S&V budgets	Technology roadmaps drafted and agreed under Strategy	Technology roadmaps integrated into business plans and approved as part of MTFS	Intelligent client function tracks roadmaps and owns Architecture and relationship management (LB)		

	A	B	C	D	E	F	G	H	I
1	Green	Under way and on track		Blue	Complete				
2	Amber	In negotiation		Grey	End point				
3	Red	Off track		(AP)	Perm/Successor Lead				
4	Activity Stream	Project	Lead	Resourcing	Q1 July-Sept 18	Q2 Oct-Dec 2018	Q3 Jan-Mar 2019	Q4 Apr-Jun 2019	Q5 July-Sept 2019
24	Organisational Development	Mobile and digital	AP	S&V budgets	Core principles for operational working practices agreed	Workforce policies revised to adopt principles	Workforce transitioned to new model supported by technology changes	Revised estates policy to maximise new workforce model opportunities	
25		Core workforce principles	AP	S&V Budgets	Core principles for skills and capabilities defined	Roadmap for skills uplift and productivity designed and agreed	New model agreed with Trade Unions and staff	Implement new model	
26		Capability roadmap	AP	S&V Budgets		Define capability model for workforce	New model agreed with Trade Unions and staff	Implement new model	
27									

Scrutiny Committee



Report of Head of Partnership and Insight

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To: Scrutiny committee

DATE: 2 October 2018



Capita performance: HR, payroll and IT

Recommendation

The Scrutiny Committee members note the contents of the report and make any recommendations arising to the relevant cabinet members

Purpose of Report

1. The purpose of this report is to provide a further brief update on the performance of the council's contractor, Capita, in the delivery of the HR, payroll and IT services. This report follows the report to the meeting of 24 July 2018 and particularly focuses on the contractor's efforts to improve the IT service.

Contract changes

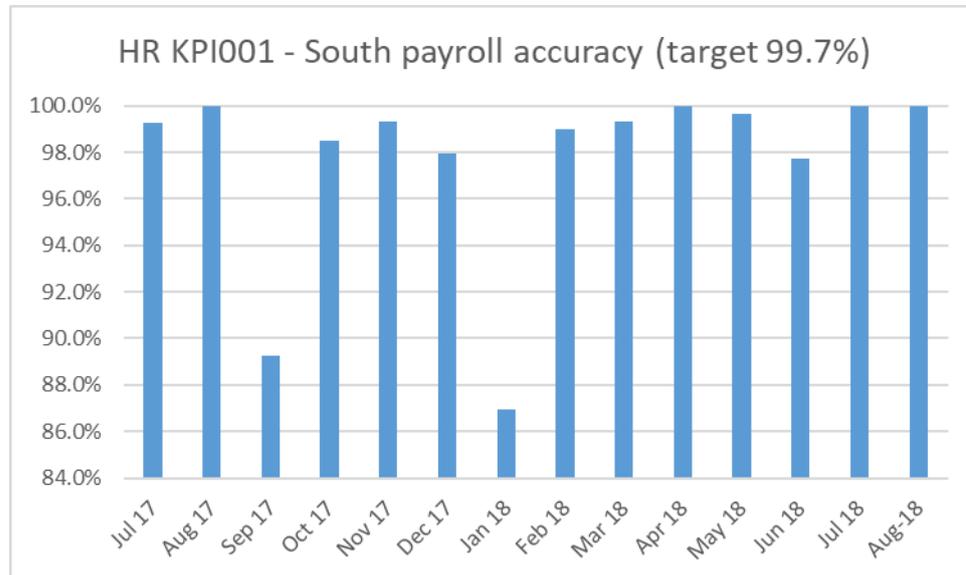
2. Discussions are currently in progress between the council and Capita around some potential adjustments to the scope and design of a number of services including HR, payroll and IT. These are the subject of a separate report and therefore not discussed in detail here.

HR and payroll

3. Since the previous report there have been no significant HR and payroll issues for South Oxfordshire. For the key performance indicators (KPIs), 100 per cent payroll accuracy (KPI001) has been achieved in both July and August 2018 for South Oxfordshire, though in June an incorrect mileage rate was used in paying

expenses of seven new employees. The underlying system error which led to this mistake has been corrected.

4. The payroll accuracy KPI for the period from July 2017 to August 2018 is illustrated in the chart below.



5. The indicator for payroll timeliness (KPI002) has been met in full since the switch to the new system in July 2017.
6. In the other performance indicators (PIs), there has been one failure since the data presented to the committee on 24 July. This was on PI012, relating to timely delivery of standard report packs, when one report of the nine for June was delivered late.

Information technology

7. Conversations are currently making good progress with a view to agreeing a new IT strategy for South and Vale. As this is the subject of a separate report it is not covered here, other than to mention that the design of the target operating model (TOM) will change as a consequence of the updated IT strategy. The date for achievement of TOM will therefore change and is now forecast to be around March 2019, subject to satisfactory agreement of the new approach and the subsequent implementation timetable.
8. The report presented on 24 July referred to Capita’s commitment to stabilise the IT platform and resolve service issues by 27 July. Capita have put considerable effort into clearing the backlog of service requests and the Five Councils chief executives collectively agreed at the end of July that improvements had been made. Capita must now demonstrate that it can sustain this improved status, with further review due at the end of September.
9. As part of the programme of IT improvements, Capita placed a number of additional IT staff on site at Milton Park, and interviewed 319 South and Vale staff in order to gain a detailed and specific understanding of the IT issues. Many issues have been resolved and Capita is continuing to work to resolve outstanding matters by the end of September.

10. There were no P1 (severe) IT incidents in June or July; one P1 incident involving network downtime occurred in August which was not resolved within the target service level. At time of writing, officers have received a draft incident report which describes the incident and the recovery but is still to be finalised.

Conclusion

11. The IT service has improved operationally, and to meet longer term strategic objectives the council is negotiating a change to the initial target operating model, which will never be implemented in full. HR and payroll continues to meet almost all performance indicators and from a South perspective Capita has largely sustained the improvements previously highlighted to members.

12. The council is currently negotiating changes to these services in order to secure further improvements for the future.

Scrutiny Committee



Report of Head of Finance/Senior Business Partner(Capita)

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To: SCRUTINY COMMITTEE

DATE: 2 October 2018

AGENDA ITEM

Financial outturn 2017/18

Recommendation(s)

Scrutiny committee is recommended to note the overall outturn position of the council as well as the outturn of individual service areas.

Note: If committee members wish to raise specific questions please send these in advance if possible to either the committee clerk or the Senior Business Partner(Capita). Please be aware that if questions are not submitted in advance, it may not be possible to answer these in detail at the meeting. In addition, if committee members wish specific heads of service to attend the meeting this should also be raised in advance.

Purpose of Report

1. To report the final year end position for revenue and capital expenditure against budget for the financial year 2017/18.

Strategic Objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The outturn report shows how these resources have been used in year.

Background

3. The attached papers contain summarised schedules of revenue and capital expenditure for 2017/18; they also present an explanation of the significant variances against budget. This is presented by service and follows the format of the budget monitoring produced during the year. All the figures in this report are pre-Audit and may be subject to some change following the conclusion of the audit of the Statement of Accounts.

Revenue outturn 2017/18

4. In February 2017 the council approved a net expenditure budget of £14.2 million. By year end this had increased to £18.0 million as a result of budget carry forwards and transfers from grant reserves. The net expenditure at year end was £11.3 million – this equates to a variation of £6.7 million, which has been transferred to the council's reserves.
5. Of the £6.7 million variation to budget, £4.6 million represents slippage in one-off budgets that have been agreed as a budget carry forward to 2018/19. This includes £3.7 million of carry forwards in Development and Housing for development activity in respect of Didcot and Berinsfield, and over £0.5 million in Planning for progression of the Local Plan and Neighbourhood Plan.
6. Appendix 1 analyses income and expenditure across service areas. This appendix shows that the expenditure budget was £60.9 million compared to an actual spend of £54.0 million. This results in an underspend of £6.9 million, around 11.3 per cent of total expenditure.
7. The income budget was £40.7 million compared to actual income of £40.1 million giving an under achievement in income of £0.6 million or around 1.4 per cent.
8. Table 1 below summarises the outturn position by service. More detail of variances is shown at Appendix 2.

Table 1: summary of revenue budgets and variances

Summary of revenue budgets and variances	Budget £000	Actual £000	Variance £000	Notes
Client team - 5 Councils Partnership	1,771	1,509	(262)	a
Strategic management board	980	890	(90)	
Corporate services	2,075	1,915	(160)	
Development and housing	5,462	975	(4,487)	
Finance	602	666	64	
Legal and democratic services	1,381	1,508	127	
Planning	2,233	1,582	(651)	
Waste, Leisure & Env Health	5,499	4,867	(632)	
Contingency	175	0	(175)	
Direct service expenditure	20,178	13,912	(6,266)	
Interest Income	(2,201)	(2,563)	(362)	b
Net expenditure	17,977	11,349	(6,628)	

Notes:

- a. Client team line contains housing benefits and rent allowances funded by government grant as shown in table 2 below.

- b. The council's treasury management outturn report will be considered by Joint Audit and Governance Committee and cabinet and council.

Table 2: housing benefits and rent allowances

	Budget £000	Actual £000	Variance £000
Rent allowances payments	29,188	28,652	(536)
Government Subsidy income	(27,788)	(27,474)	314
Rent allowance overpayments recovered	(1,892)	(1,614)	278
Net Position	(492)	(436)	56

Capital

9. The original capital budget for 2017/18 including growth was agreed in February 2017 at £8.1 million. In 2017/18, a review commenced of a number of the large capital schemes as a result of the growth deal. Details of the changes to the capital programme in year are summarised in table 3 below:

Table 3: movement on capital programme

	2017/18 £000
Original capital budget	8,101
Roll forward from prior years	10,123
Schemes deleted	(883)
Additions in year (externally funded)	792
Additions in year (other)	56
Slippage into future years	(11,968)
Capital programme 31 March 2018	6,221
Made up of:	
Approved programme	4,414
Provisional programme ¹	1,807
Capital programme 31 March 2018	6,221

10. Capital expenditure for 2017/18 was £2.7 million, a variance of £1.7 million against the approved programme for the year. Details of the variance of spend against the approved capital programme working budget is shown in appendix 3 to this report.
11. The £1.8 million remaining in the provisional programme relates to schemes that have not been progressed for a number of reasons, including the emergence of higher priorities or scheme delays. A list of these schemes is shown in appendix 4a. These will now be rolled forward to 2018/19.
12. During the year, budget holders review their projects and identify those where delays mean that the current working budget will not be spent in year. The budget

¹When funding for schemes is approved by council they are added to the provisional capital programme. Transfers to the approved capital programme are made after submission of a detailed capital scheme appraisal report to cabinet or by individual cabinet member's decision, at which point the scheme can commence.

profile is then moved to reflect the new spend profile and budgets are slipped into future years if applicable. Slipped budgets remain committed for use in future years. During the year £12.0 million was slipped in this way. A list of these schemes is shown in appendix 4b.

Capital receipts²

13. Capital receipts in year amounted to £0.7 million. This was a receipt from SOHA for reserved right to buy sales.

Analysis of the revenue underspend

14. The variations between budgeted and actual revenue income and expenditure are summarised in table 4 below:

Table 4: variations between budgeted and actual revenue income and expenditure

Service Team	Total Variance £000	Income Variance		Expenditure Variance				Under-spend c/fwd to 2017/18 £000
		Grants and Contributions £000	Other Income £000	Employee Costs £000	Supplies and Services £000	Third Party Payments £000	Other Gross Expenditure £000	
Client team - 5 Councils Partnership (5CP)	(261)	228	(392)	57	414	(32)	(536)	
Strategic Management Board (SMB)	(91)	12	(61)	67	(61)	(48)	0	30
Corporate Services (CS)	(161)	(17)	(526)	7	364	11	0	33
Development & Housing (DH)	(4,486)	(249)	(239)	(187)	(3,800)	(11)	0	3,732
Finance (F)	66	0	(25)	(17)	99	9	0	
Legal & Democratic (LD)	126	60	(108)	(17)	203	(12)	0	
Planning (P)	(652)	(29)	216	(580)	(317)	58	0	517
Waste Leisure and Environment (WLE)	(633)	43	82	(232)	32	(558)	0	251
Contingency	(175)	0	0	136	(311)	0	0	
Direct Service Expenditure	(6,267)	48	(1,053)	(766)	(3,377)	(583)	(536)	4,563
Investment Income	(362)		(362)					
Net Expenditure	(6,629)	48	(1,415)	(766)	(3,377)	(583)	(536)	4,563
Working Budget	20,179	(29,004)	(15,411)	12,247	11,299	11,860	29,188	
Percentage	-32.9%	-0.2%	9.2%	-6.3%	-29.9%	-4.9%	-1.8%	

15. The outturn position has been analysed to identify explanations for the significant variations from budget, excluding a number of budgets that have a net zero impact on the council's bottom line, e.g. recharge areas where expenditure variances have a corresponding income variance. Key reasons for variances are outlined below, categorised between income and expenditure variances and with an indicator showing the service team area as referred to in Table 4 above. These variances are also summarised in Appendix 5.

Income Variances

16. Significant income variances include:

² Capital receipts exclude grants and contributions, they normally relate to disposal of assets.

Increased income against budget:

- Car Parking income overall was around £50,000 above budget, with increased car parking income more than offsetting a reduction in excess charge income against budget. (5CP)
- Facilities income was around £78,00 higher than budgeted, although this reflected increased expenditure. (5CP)
- Commercial Property income was around £250,000 above budget, of which £200,000 related to a one-off release of provisions against bad debts established in previous years. (5CP)
- Insurance reimbursements in respect of the Crowmarsh fire amounted to around £440,000, matching expenditure in respect of this. (CS)
- Lower expenditure in respect of Development and Housing projects was also reflected in a reduction of recharges to Vale and other authorities of around £390,000. (DH)
- Grant received in respect of Didcot Growth Point was around £165,000 above budget. (DH)
- Government grant in respect of Housing Needs areas was around £82,000 higher than budgeted. (DH)
- Reimbursements from other authorities in respect of legal services and the administration of elections were around £104,000 higher than budgeted.
- The Community Infrastructure Levy (CIL) regime is in its early stages and developments where CIL was applicable were above the level originally forecast for the year. Consequently, administration income was around £130,000 higher than budgeted. (P)

Reduced income against budget:

- Reduced use of hotels and reduced expenditure in dealing with Homelessness were also reflected in a reduction of rent rebates recovery income of around £76,000 against budget. (DH)
- Housing benefit Government subsidy was £314,000 below budget, although this reflected reduced expenditure. (5CP)
- Housing benefit overpayments recovered were £278,000 below budget, although this also reflected reduced expenditure on rent allowances. (5CP)
- Building Control income was around £57,000 lower than budgeted, primarily as a result of reduced market share. (P)
- Lower expenditure in Planning was also reflected in a reduction of recharges to Vale and other authorities of around £260,000. (DH)

- Development Services fee income was around £50,000 less than expected as the market stabilised. (P)

Expenditure Variances

17. Significant expenditure income variances include the following. A number of these areas are the subject of the Carry Forward requests referred to later in this report.

Reduced expenditure against budget:

- Housing benefits payments were around £536,000 less than budget. Although this is a significant variance in terms of the council's net expenditure, it represents a variance of less than 2% on this budget. This illustrates the inherent volatility on this demand-led budget, and the difficulties of accurate estimation. (5CP)
- Consultant costs in respect of Devolution / Better Oxfordshire were underspent by over £30,000, which is the subject of a carry forward request. (SMB)
- Unallocated staffing budgets held as a contingency in the Corporate Management Team area were not called upon in their entirety, resulting in an underspend of around £61,000. (SMB)
- Expenditure underspends in Policy amounted to around £128,000, primarily because of lower than expected costs in relation to the lottery scheme and consultations. Carry forwards have been requested in respect of Heat Mapping and Volunteering. (CS)
- Overall, there is an underspend of around £250,000 on Housing Development costs, primarily as a result of project slippage. (DH)
- High loan recovery rates and unspent government grant have contributed to an underspend of around £215,000 in Housing Needs. Carry forwards have been requested in respect of unspent government grant. (DH)
- In Development and Housing, expenditure has been delayed on key projects, resulting in an overall underspend against budget of around £3.7 million. These are primarily one-off budgets and have been carried forward. These schemes include £961,000 for Berinsfield Community Investment; £722,000 for Berinsfield regeneration; £374,000 for accelerated housing; and £1,340,000 for Didcot Growth Point. (DH)
- Electoral Services underspent by around £54,000, due to a combination of vacancies; reduction in the number of canvassers recruited to cover annual canvass and an underspend on printing due to trialling alternative canvass methods; increased on-line applications; and individual electoral registration becoming established. (LD)
- Employee and marketing costs in Building Control were around £95,000 less than budgeted, more than offsetting the reduction in income referred to above and reflecting the need to match expenditure to caseload and income. (P)

- Planning Policy was around £514,000 underspent in total. Budgets for Local Plan examination and updated studies were not used in 2017/18 and a carry forward of around £429,000 will be required in 2018/19. (P)
- In the Planning area, there is also a carry forward request of around £88,000 in respect of Neighbourhood Plan work. (P)
- Vacancies in Waste, Leisure, and Environment have resulted in an underspend of around £52,000 in this area. (WLE)
- In Environmental Protection, there have been underspends of £87,000 due to vacancies, and £26,000 on consultancy and projects. (WLE)
- In Leisure, there was limited expenditure on the Berinsfield Co-Location project in 2017/18, for which there is a carry forward request for £234,000. (WLE)
- Food Safety showed a £73,000 saving because of vacancies. (WLE)
- Reduced contract costs arising from lower property numbers than expected contributed to a £113,000 underspend in Waste. (WLE)

Increased expenditure against budget:

- Making provision for bad debts on housing benefit overpayments represented a £109,000 variance against budget. (5CP)
- Supplies and services expenditure at Didcot Arts Centre, principally on performers' fees, was around £90,000 above budget, although this was largely offset by increased income. (F)
- Expenditure in Legal Services is around £170,000 higher than budgeted, largely as a result of planning inquiry work. (LD)
- Planning appeal costs in Development Control are around £100,000 higher than expected. (P)

Revenue Carry Forward Requests

18. As noted above, Revenue Carry Forward requests into 2018/19 amount to around £4.6 million, primarily in relation to slippage on major Development projects and the Local Plan. For 2016/17, the equivalent figure was £2.5 million. The full list of Revenue Carry Forward Requests is detailed in Appendix 6.

Comparison to previous year revenue outturn

19. A comparison of the 2016/17 revenue outturn to 2017/18 is shown in table 5 below.

Table 5: 2016/17 and 2017/18 revenue outturn

	2016/17 Total £000	2017/18 Total £000
Income	(3,432)	(1,367)
Expenditure	(1,388)	(5,262)
Net Position before Carried Forward Budgets	(4,820)	(6,629)
Carried Forward Budgets	2,503	4,563
Net Position after Carried Forward Budgets	(2,317)	(2,066)

20. In 2016/17, the council received significant amounts of unbudgeted grant income, and fees and charges were above budgeted levels. Income was closer to budget in 2017/18, with evident downturns in some areas.
21. In respect of expenditure, a significant proportion of the substantial underspend relates to slippage on the major development projects that the grants received in 2015/16 and 2016/17 relate to.

Implications for 2018/19 and future years

22. The 2017/18 revenue outturn position was largely characterised by slippage on major development projects resulting in a relatively high level of balances at year end and a high level of carry forwards. Regarding trends for future years in other areas, some areas of income are showing evidence of slowdown, a trend that has already been recognised to an extent in the Medium Term Financial Plan (MTFP).
23. Investment income continues to outperform both budgeted figures and benchmark performance indicators.
24. The capital programme has also been subject to significant slippage into future years, again in a similar pattern to previous years.

Financial, legal and any other implications

25. The financial implications are as set out in the body of the report. There are no other implications of this report

Conclusion

26. Following the trends of recent years, the council has underspent on both revenue and capital, and the nature and reasons for these variances are detailed within this report and the appendices.

Appendices

1. Revenue outturn – expenditure and income variance
2. Revenue outturn – Budget monitoring report
3. Capital outturn – summary and commentary

4. Capital outturn – slippage
5. Revenue outturn – summary variances
6. Revenue Carry Forward 2017/18 Requests

Background Papers

- Statement of Accounts 2017/18
- Budget Papers for 2017/18

South Oxfordshire DC variance by income and expenditure 2017/18

Appendix 1

	Expenditure			Income			Total		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Client Team - 5 Councils Partnership	35,946	35,848	(98)	(34,175)	(34,339)	(164)	1,771	1,509	(262)
Strategic Management Board	1,325	1,283	(42)	(345)	(393)	(48)	980	890	(90)
Corporate Services	2,624	3,007	383	(549)	(1,092)	(543)	2,075	1,915	(160)
Development & Housing	6,205	2,206	(3,999)	(743)	(1,231)	(488)	5,462	975	(4,487)
Finance	1,287	1,377	90	(685)	(711)	(26)	602	666	64
Legal & Democratic	2,122	2,297	175	(741)	(789)	(48)	1,381	1,508	127
Planning	5,823	4,984	(839)	(3,590)	(3,402)	188	2,233	1,582	(651)
Waste Leisure and Environment	9,087	8,330	(757)	(3,588)	(3,463)	125	5,499	4,867	(632)
Contingency	175	0	(175)	0	0	0	175	0	(175)
Service Expenditure	64,594	59,332	(5,262)	(44,416)	(45,420)	(1,004)	20,178	13,912	(6,266)
Investment Income (Treasury)				(2,201)	(2,563)	(362)			
Net Expenditure	64,594	59,332	(5,262)	(46,617)	(47,983)	(1,366)	20,178	13,912	(6,266)

South budget monitoring report as at 31 March 2018

	Working Budget £	Actual Spend £	Current variance	Forecast Quarter 3 £	Variance between outturn and Qtr 3 forecast £
Client Team - 5 Council Partnership	1,771	1,509	(262)	2,144	(635)
Strategic Management Board	980	890	(90)	979	(89)
Corporate Services	2,075	1,915	(160)	2,075	(160)
Development & Housing	5,462	975	(4,487)	3,912	(2,937)
Finance	602	666	64	675	(9)
Legal & Democratic	1,381	1,508	127	1,544	(36)
Planning	2,233	1,582	(651)	1,651	(69)
Waste, Leisure & Env Health	5,499	4,867	(632)	5,138	(271)
Contingency	175	0	(175)	(122)	122
	20,178	13,912	(6,266)	17,998	(4,086)

South Oxfordshire DC 2017/18 capital budget monitoring

	Budget	Outturn	Outturn variance
	£000	£000	£000
Client team - 5C partnership	82	26	(56)
Strategic management board	0	0	0
Corporate services	1,210	658	(552)
Development & housing	504	198	(306)
Finance	173	192	19
Legal & democratic services	8	8	0
Waste, leisure & environmental health	2,437	1,595	(842)
Total working budget	4,414	2,677	(1,737)
Percentage			-39%

Note: Budget is the full year working budget, Percentage is the total variance excluding contingency as a ratio of the budget

Explanation of significant variances

Corporate services

Community grants underspent by £407,000 - delays in the uptake of grants has caused this underspend, this will be carried forward to fund committed projects.

Development & housing

Dudcot growth points underspent by £275,000. This budget has been carried forward to 2018/19.

Waste, leisure & environmental health

Henley Leisure Centre spend to save budget was underspent by £77,000. This was due to a delay in the start of projects and the budget has been carried forward to 2018/19.

Leisure centres projects underspent by £159,000. Refurbishment work in three leisure centres, started in 2017/18 has slipped into 2018/19 and this budget has been carried forward to finish the works.

The disabled facilities grants budget was underspent by £409,000. The full budget has been committed and therefore the underspend has been rolled forward to 2018/19.

South Oxfordshire DC provisional capital programme as at 31 March 2018

Strategic management board	£000
Town centre boost	192
Broadband	250
Capital contingency	651
	1,093
5 councils delivery	£000
Car park resurfacing & improvement	42
Car park furniture	49
Refurbish Kidmore & Wallingford cemeteries	34
	125
Corporate services	£000
External capital grants	258
Flood defence	55
Car park, Wallingford	70
	383
Finance	£000
Public art - Chinnor cement works	25
Public art - Great Western Park	156
Cornerstone capital works	25
	206
Total	1,807

South Oxfordshire DC slippage of capital schemes from 2017/18 to later years	
Strategic management board	£000
Contingency	1,000
Town centre initiatives	26
	1,026
Corporate services	
Carbon management	
Carbon management programme	20
Communications	
New website	13
Volunteer brokerage	40
Technical	
Greys Road WC	120
Housing act works - Moulsoford	170
Housing act works	256
Flood alleviation	59
Car park, Wallingford	400
CIF grants	
Revenue grants - 13/14	4
Revenue grants - 16/17	250
Revenue grants - 17/18	263
External capital grants	12
	1607
Development and housing	£000
Land purchase	2,000
Social housing initiatives	105
Growth points	1,000
Didcot station forecourt	374
	3,479
Legal & democratic services	
Replacement CCTV cameras	95
	95
Waste, leisure & environmental health	
Leisure	
Leisure centres essential works	235
Didcot leisure centre	3,638
Thame sports hall floor	125
Thame learner pool	238
Private housing renovation	
DFGs	1,500
	5,736
Planning	
Repairs to Castle Lane wall	25
	25
Total	11,968

South Oxfordshire DC Revenue Outturn 2017/18 Summary Variances

Summary	Variance £000	Variance £000	Carry Forward £000
Income above Budget			
Car Parking (5CP)	(50)		
Property (5CP)	(250)		
Business Continuity - Fire Insurance (CS)	(440)		
Reimbursements from Vale and other authorities (DH)	(390)		
Didcot Growth Point Grant (DH)	(165)		
Housing Needs Grant Income (DH)	(82)		
Legal and Election reimbursements (LD)	(104)		
Community Infrastructure Levy - Administration Fee (P)	(130)		
Other blow £50,000	(90)		
Investment interest	(362)		
		(2,063)	
Income below Budget			
Rent rebates recovery (DH)	76		
Planning Fees (P)	50		
Building Control (P)	57		
Reimbursements from Vale and other authorities (DH)	260		
		443	
Housing Benefits (Net) (5CP)		56	
Expenditure below Budget			
5CP contracts (5CP)	(73)		
Devolution (SMB)	(30)		30
CMT staffing budget unallocated (SMB)	(61)		
Policy (P)	(128)		33
Housing Development (DH)	(250)		
Housing Needs (DH)	(215)		86
Development and Housing projects (DH)	(3,705)		3,646
Electoral Services (LD)	(54)		
Building Control costs (P)	(95)		
Planning Policy (P)	(514)		517
Neighbourhood Plan (P)	(88)		
WLE vacancies (WLE)	(52)		17
Environmental Protection (WLE)	(113)		
Berinsfield Co-location (WLE)	(234)		234
Food Safety (WLE)	(73)		
Waste Contract (WLE)	(113)		
Contingency	(175)		
		(5,973)	
Expenditure above Budget			
Housing Benefits - Bad Debt Provision (5CP)	109		
Business Continuity - Fire Insurance (CS)	440		
Didcot Arts Centre (F)	90		
Legal Services (LD)	170		
Planning appeal costs (P)	100		
		909	
Total		(6,628)	4,563

Service Team Key

Client team - 5 Councils Partnership	5CP
Strategic Management Board	SMB
Corporate Services	CS
Development & Housing	DH
Finance	F
Legal & Democratic	LD
Planning	P
Waste Leisure and Environment	WLE

South Oxfordshire DC Revenue Carry Forwards 2017-18

Budget	Carry Forward £	Reason for Carry Forward
Strategic Management Board		
Devolution / Better Oxfordshire	29,580	One off budget in 2016/17 carried forward into 2017/18 but unspent. Further expenditure anticipated for 2018/19.
	29,580	
Corporate Strategy		
Didcot North Heat Network Feasibility Study	7,500	Amounts have been allocated as match funding government grant from the Heat Network Delivery Unit (HNDU). for the Didcot North Heat Network feasibility study. Decision timescales by the HNDU changed and grant was notified at the end of March. Payment for works now likely to be made early in 2018/19.
Volunteering Grant Scheme	25,000	Budget for pilot of a new grant scheme to support potential volunteers with the costs of volunteering was a specific commitment in the South Corporate Plan. Funding allocated as a growth bid in 2017/18. Recruitment of Volunteer Development Coordinator was delayed until January.
	32,500	
Development and Housing		
Homelessness	30,131	Unspent government grant money received in year - 3.5 FTE fixed term posts, now in place, funding required to fund remainder of fixed term period. Underspend occurred during recruitment period.
Homelessness	5,885	Unspent government grant money received in year - Floating support & mediation service, funding required to fund period of service. Underspend occurred due to tendering period.
Homelessness	49,937	Unspent government grant money received in year - Rent-in-advance, deposit and landlord incentive payments, funding required to fund private tenancies to avoid homelessness. Underspend due to securing additional private lets for funding.
Development - Consultation Costs	48,917	Budget made up of growth bid for long term project (Oxfordshire Growth Board)
Development - Fees and Hired Services	102,822	Budget made up of growth bid for long term project (inform housing strategies)
Development - Consultant Projects	96,393	Budget made up of growth bid for long term project (masterplan for larger villages)
Accelerated Housing & Didcot Garden Town - Publicity and Promotion	49,574	Carry forward for long term project.
Accelerated Housing & Didcot Garden Town - Consultants Projects	224,503	Carry forward for long term project.
Accelerated Housing & Didcot Garden Town - Agency Staff	100,236	Carry forward for long term project.
DGAT - Gateway	786,727	Carry forward for long term project.
DDTC - Didcot Town Centre	79,690	Carry forward for long term project.
DJUB - Jubilee Way Roundabout	300,000	Carry forward for long term project.
DDEV - Development Consultancy Didcot	50,000	Carry forward for long term project.
POJU - Procurement Process Costs OJU	124,060	Carry forward for long term project.
Berinsfield Community Investment - Salaries	1,598	Grant funding for long term project
Berinsfield Community Investment - Fees and Hired Services	375,000	Grant funding for long term project
Berinsfield Community Investment - Consultants Projects	585,000	Grant funding for long term project
Berinsfield Regeneration - Agency Staff	84,292	Grant funding for long term project
Berinsfield Regeneration - Staff Training	1,000	Grant funding for long term project
Berinsfield Regeneration - Consultation Costs	4,964	Grant funding for long term project
Berinsfield Regeneration - Other Expenses	2,825	Grant funding for long term project
Berinsfield Regeneration - Communication/Postage	2,000	Grant funding for long term project
Berinsfield Regeneration- Legal Costs Projects	42,473	Grant funding for long term project
Berinsfield Regeneration - Consultant Projects	584,270	Grant funding for long term project
	3,732,297	
Planning		
Local Plan	429,244	Delayed Local Plan - Budget for examination and updated studies was not used in 2017/18 and will be required in 2018/19.
Neighbourhood Plan	88,234	Carry forward of Government funds for new Neighbourhood Plan work in accordance with policy of funding local communities.
	517,478	
Waste Leisure & Env Health		
Berinsfield Co-Location	234,224	Original one-off growth bid budget of £243,999 had limited expenditure during 2017/18. Underspend is due to the delay in project delivery, which was caused by an uncertainty over housing numbers in/around Berinsfield and linked to the Berinsfield regeneration project.
Community Sports Projects	16,868	One off growth bid for two years of £75,000 for a Go Active leisure officer to promote health. Recruitment delayed and carry forward required to allow full 2 years to be resourced.
	251,092	

South Oxfordshire DC Revenue Carry Forwards 2017-18

Budget	Carry Forward £	Reason for Carry Forward
Total Revenue Carry Forwards	4,562,947	

Scrutiny Committee



Report of Head of Development and Regeneration

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To: Scrutiny Committee

DATE: 2 October 2018



Community Infrastructure Levy Spending Strategy

Recommendation

The committee is invited to comment on the proposed community infrastructure levy spending strategy as attached at appendix one.

Purpose of Report

1. The purpose of this report is to seek comments on the proposed spending strategy for income generated by the Community Infrastructure Levy (CIL), adopted by the council in April 2016.

Strategic Objective

2. To support multi sectoral infrastructure development in the district in line with needs generated by new housing developments, sharing the funds available, after town and parish council transfers, according to council infrastructure priorities.

Background

3. The recently approved restructure splits the collection and spending of S106 and CIL between the planning service (collection) and the infrastructure and development team within the development and regeneration service (spending).

The infrastructure and development team will focus on ensuring effective spending and support to town and parishes to ensure infrastructure is delivered.

4. To support the continued housing growth of South Oxfordshire there is a need to ensure the appropriate infrastructure is in place to support development. To help fund this, developers pay a CIL on new housing or retail developments to contribute towards the infrastructure supporting such developments. The current charging schedule is being reviewed as part of the Local Plan process.
5. CIL should be used to fund infrastructure items as set out in our existing Regulation 123 list (Appendix 2) which sets out the type of infrastructure CIL can be used for.¹ This list is derived from our 2017 Infrastructure Delivery Plan (IDP) which supports the adopted 2012 Core Strategy.
6. A system of monitoring will be established as a core function to ensure compliance with statutory CIL regulations and financial accountability.
7. CIL has not fully replaced Section 106 (S106) planning obligations. These will continue to be used for infrastructure needs such as on-site open space, allotments, play areas, playing pitches, public transport, recycle bins, street naming and securing affordable housing on specified S106 designated developments. Currently these sites are: Didcot North-East, Ladygrove East, and Site B Wallingford, where infrastructure needs will continue to be secured through s106 planning obligations.²
8. To date, various options on how to utilise CIL funding have been put forward. In November 2017 officers invited councillors to a CIL spending workshop to discuss such alternatives and to identify a preferred strategy option for spending CIL income. In January 2018 officers requested key stakeholders to provide information with regards to their infrastructure projects that could be considered for CIL spending.
9. The CIL Regulations do not set out governance arrangements for the council, however, they are clear that we have:
 - i. a duty to pass to any town and parish 25 per cent of the CIL revenues raised in those towns/parishes where there is an adopted neighbourhood plan, or 15 per cent, subject to a cap of £100 per existing council tax dwelling, where there is no neighbourhood plan;
 - ii. a duty to transfer the CIL income to the relevant town or parish council by 28 April and 28 October in any financial year;
 - iii. the ability to recover administrative expenses incurred in connection with CIL of up to 5 per cent of the income generated;
 - iv. to spend the levy on infrastructure, and
 - v. a duty to report on CIL income generated and how it is spent.
10. CIL expenditure aims at mitigating the infrastructure impacts of an individual development, as well as the overall cumulative effect of development. As such spending does not have to be directly spent on the individual development through

¹ Funds generated, save for the 5 per cent administration costs, cannot therefore cover salary or overhead costs of any body that is allocated funding.

² Such locations will remain the S106 specific areas until a new "Local Plan" is finalised, when some new locations may be added.

which it was raised and can be used to support infrastructure expenditure in general. Whilst this gives the council a good degree of flexibility over how to prioritise its spending, it also means that there will be competing demands on CIL funds. It should be noted that CIL is not meant to pay for all infrastructure including items set out in the IDP but will help to reduce the funding gap. Other sources of funding streams will need to be explored.

11. The draft CIL strategy (Appendix 1) was sent out for consultation on 17 August 2018 with a cut-off date for responses set at 18 September 2018. A summary of comments received will be presented at the meeting.

Financial Implications

12. An annual CIL spending cycle will be established in that percentage allocations would be apportioned to Oxfordshire County Council (OCC), Clinical Commissioning Group (CCG), and certain council departments, in time for inclusion in the council annual budget setting process, with 1 April annual budget transfer payments being based on actual CIL funds available as at December the previous year. For council departments this would be allocated through the provisional capital programme budget process.
13. Currently there are unspent funds of approximately £2.1M received from CIL revenues generated during 2016/17 (£400K) and 2017/18 (£1.7M).³ These will be added to CIL funds generated during 2018/19 and included in the first CIL transfer for the fiscal year 2019/20.

Legal Implications

14. A funding agreement will be drafted on an annual basis with both OCC and the CCG to outline the responsibilities of each party and to ensure that the funds are utilised in line with CIL regulations. Such an agreement will incorporate a list of projects that OCC and the CCG will spend the funding on, within set timescales. This will be monitored by the infrastructure and development team. Funds not spent or misspent will be returned to the council or deducted from future transfers.

Risks

15. Funds allocated to OCC/CCG will not be spent within the allocated timeframe.
16. OCC/CCG might wish to reallocate such funds received to other projects they feel are a greater priority.
17. The infrastructure and development department will not have the required staff members to fulfil monitoring obligations.

Other Implications

18. CIL funding will not meet all infrastructure needs and can only contribute towards selected projects and priorities. Expectations of what CIL revenue will achieve need to be managed.

³ CIL revenues generated need to be spent within five years.

Conclusion

19. The CIL spending strategy suggests a percentage based funding allocation procedure that systematically calculates funds to be annually transferred to relevant partners and council departments, based on actual funds received and currently unspent.
20. The recommended allocation of funding for 2018/19 is as follows:

Infrastructure type ⁴	Percentage of CIL to be allocated
OCC:	
Education and transport infrastructure	50%
CCG	
Community Health Care	20%
SODC:	
Sports and Leisure facilities (incl. improved disabled access)	20%
Green Infrastructure/Biodiversity provision	5%
Public art and cultural heritage/Public realm (including disabled access)	5%
TOTAL	100%

These percentages would be reviewed on an annual basis based on performance and council infrastructure priorities.

The committee is invited to make comments on the proposed community infrastructure levy spending strategy.

Background Papers

- The council's Infrastructure Delivery Plan 2017
- The council's local plan 2033
- CIL annual financial reports 2016/17, 2017/18
- Ministry of Housing, "Supporting Housing Delivery Through Developer Contributions". March 2018
- CIL Charging Schedule Instalment Policy 2017

⁴ Any infrastructure provided as a result of CIL, where relevant, should comply with the Local Plan Policies, Design Guide, and current best practice accessibility standards.

Appendix 1:

Draft Community Infrastructure Levy – Spending Strategy (Consultation Version)

Background

1. To support the continued housing growth of South Oxfordshire there is a need to ensure the appropriate infrastructure is in place to support development. To help fund this, developers pay a CIL on new housing or retail developments to contribute towards the infrastructure supporting such developments. The current charging schedule is being reviewed as part of the Local Plan process.
2. The CIL can only be used to fund infrastructure items as set out in our existing Regulation 123 list (Appendix 1) which sets out the type of infrastructure CIL can be used for.⁵ This list is derived from our 2017 Infrastructure Delivery Plan (IDP) which supports the adopted 2012 Core Strategy.
3. CIL has not fully replaced Section 106 (S106) planning obligations. These will continue to be used for infrastructure needs such as on-site open space, allotments, play areas, playing pitches, public transport, recycle bins, street naming and securing affordable housing on specified S106 designated developments. Currently these sites are: Didcot North-East, Ladygrove East, and Site B Wallingford, where infrastructure needs will continue to be secured through s106 planning obligations.⁶
4. The CIL Regulations do not set out governance arrangements for the council, however they are clear that we have:
 - i. a duty to pass to any town and parish 25 per cent of the CIL revenues raised in those towns/parishes where there is an adopted neighbourhood plan, or 15 per cent;
 - ii. a duty to transfer the CIL income to the relevant town or parish council by 28 April and 28 October in any financial year;
 - iii. the ability to recover administrative expenses incurred in connection with CIL of up to 5 per cent of the income generated;
 - iv. to spend the levy on infrastructure, and
 - v. a duty to report on CIL income generated and how it is spent.
5. Once the 15 or 25 per cent allocations for the town or parishes, and the maximum five per cent for CIL administration costs have been deducted, the remaining CIL income remains with the council to be utilised as per this suggested strategy.

CIL income

6. During the first financial year 1 April 2016 to 31 March 2017, the council issued Demand Notices for £1.3 million and received CIL payments of £515,567.06.

⁵ Funds generated, save for the 5 per cent administration costs, cannot therefore cover salary or overhead costs of any body that is allocated funding.

⁶ Such locations will remain the S106 specific areas until a new “Local Plan” is finalised, when some new locations may be added.

7. By November 2016 the first town and parish CIL transfer of £4,940.63 was made to Henley Town Council. A further £205,891 was transferred to a variety of town and parishes by October 2017 and in April 2018 they received a further transfer of £202,030.
8. Regarding the maximum five per cent allocation of CIL revenue for administration expenses, £25,778.32 for 2016/17 and £109,509.95 for 2017/18, has been utilised to cover internal council expenditures.
9. Expected CIL income, estimated in 2015, based on the housing trajectory in the Core Strategy Plan period to 2027, was £32.7 million, generating approximately £2.7 million per year.⁷ Estimating future CIL incomes annually is difficult as the charging rate although fixed is index linked and will therefore change over time, some developments may be delayed, and some expected developments may never get started. Therefore, the annual amount of funds generated will fluctuate dependent on the amount of new developments started in that year plus the rate of payment of CIL charges that have been carried forward from previous years.
10. In order to simplify the allocation process, funds available for CIL spending will be based on actual amounts of CIL revenues received less transfers to town and parishes and administrative costs incurred. Funds currently available are set out in the council's CIL Annual Financial Statements.⁸ To meet the council's budget setting requirements the actual amount of funds available as at each December year end will be used as a basis for calculating the percentage allocation.⁹

CIL Spending

11. The strategy has been formulated so that CIL revenue can contribute to the broad range of infrastructure needs that new developments generate. This includes increasing the capacity of local schools, improving roads and access to the developments, and the availability of primary health care facilities. The responsibility for these large infrastructure items comes under the responsibility of Oxfordshire County Council (OCC) and the Clinical Commissioning Group (CCG).
12. The remaining funds would be allocated towards sports and leisure facilities, green infrastructure/biodiversity provision, public art and cultural heritage, and public realm. Included within this will be funds for improving disability access.
13. The council considers the most efficient and effective alternative would be to allocate CIL on a percentage basis to cover the various types of infrastructure needs.
14. The advantage of allocating a percentage of CIL revenues towards key infrastructure types is that it:
 - i) provides clarity for OCC/Clinical Commissioning Group (CCG) so they can plan and meet infrastructure needs.
 - ii) enables the relevant internal council departments to incorporate funds into their annual strategies and plans.

⁷ As per the council's "CIL 3, Response to examiners main issues and questions, July 2015".

⁸ Generated by the planning service who track all invoiced and received CIL payments.

⁹ Fiscal year end actuals would arrive too late for budgeting timings.

- iii) will give the wider community the confidence that necessary infrastructure will be provided either by the town or parish or other CIL recipients.
- iv) negates the requirement for a bidding process to take place.

15. Please note that as this is the first CIL Spending Strategy, there is no precedent on which to base percentage allocations. A basic reasoning approach has been adopted to arrive at unbiased percentages for all parties concerned. The possibility of having a contingency fund was considered, however, our decision is that this would not work within the current allocation process and would generate significant additional administration costs. The suggested allocated percentages are as per Table 1 as follows:

Table 1: Proposed CIL percentage allocations:

Infrastructure type¹⁰	Percentage of CIL to be allocated
OCC:	
Education and transport infrastructure	50%
CCG	
Community Health Care	20%
SODC:	
Sports and Leisure facilities (incl. improved disability access)	20%
Green Infrastructure/Biodiversity provision	5%
Public art and cultural heritage/Public realm (including disability access)	5%
TOTAL	100%

16. A certain percentage of the funding will need to be shared with OCC to ensure the broader provision of infrastructure items, identified as part of general development needs, in this instance, as requested by OCC, restricted to transport and education only. As per Table 1, OCC’s allocation of CIL has been set at 50 per cent.
17. A memorandum of understanding (MoU) between the council and OCC would need to be outlined in this respect agreeing how CIL funds transferred to OCC will be spent. This would be revised annually. The amount to be transferred will be calculated on an annual basis. The amount should be included in our annual financial budget and released in either a lump sum annual payment or quarterly as per the agreement reached.
18. OCC would complete a request for CIL funding form (appendix 2) annually in order to draw down the allocated funding. This request would be subject to set criteria:
- meet the requirements of CIL Regulations
 - address the needs identified in our Infrastructure Development Plan
 - be fully costed
 - be deliverable within a specified timescale.

¹⁰ Any infrastructure provided as a result of CIL, where relevant, should comply with the Local Plan Policies, Design Guide, and current best practice accessibility standards.

19. A certain percentage of the funding will also need to be apportioned to the health sector to ensure that the provision of health care can also be increased in line with the demand generated by the increased number of residents in a location. As per Table 1, CCG's allocation of CIL revenue for expenditure on such items has been set at 20 per cent. The same procedures as OCC would need to be applied in terms of agreeing an MoU, and annual budget allocations and requests for funding.
20. Our allocation has been designated to sectors highlighted in the 2012 Core Strategy and the Infrastructure Delivery Plan to be spent in line with department spending strategies and priorities. Any allocations not utilised by the year end could be transferred to other council departments, as deemed appropriate in accordance with council financial procedures and rules.
21. It is important to note that developments liable for S106 planning obligations (North-East, Didcot, Ladygrove-East Didcot, and Site B Wallingford) will continue to secure funding for on-site specific infrastructure needs, as well as an element of offsite infrastructure, subject to current pooling regulations. Strategic sites will continue to deliver key infrastructure such as new schools, transport improvements, health provision, leisure and community facilities.
22. It will be important to establish strict monitoring practices to ensure the CIL allocations are spent on the relevant infrastructure required. This role will be fulfilled by a "CIL support officer" who will monitor the use of funds whilst also supporting the town or parishes in the usage of their allocated funds. The role will be funded from the CIL five per cent administrative support charge.

CIL Spending Process

23. Once a CIL Spending Strategy has been agreed, a CIL spending cycle should be established. A suggested process is as follows:
 - i. Identify current and prior year unspent CIL revenue, as at 31 December, in terms of CIL monies received.¹¹
 - ii. Calculate, based on percentage allocations, in time for inclusion in the council annual budget setting process, CIL monies to be allocated to OCC, and CCG, to be transferred in April of each new fiscal year.
 - iii. To further calculate, again based on percentages, allocations to be made within the "provisional capital programme budget" funds to be made available for those internal council departments selected as percentage recipients (see Table 1).
 - iv. Prior to the transfer to OCC and CCG, an MoU between the organisations on how shared CIL funds will be spent and reported on would need to be drawn up. OCC and CCG should complete the necessary application form (appendix 2).
 - v. For town or parishes, funds will be released in line with regulations i.e. every six months.
 - vi. At the end of the calendar year all town or parishes, the OCC, CCG, and council departments will submit annual reports as per the report format in appendix 4.

¹¹ As per the planning service ongoing spreadsheets which track CIL invoices, receipts, and ring-fenced monies for town or parishes, to be transferred every six months.

- vii. The process should be annually reviewed, particularly in terms of the percentage allocations for infrastructure types, based on the effectiveness of delivery i.e. how much of the allocated funds departments have spent, and on project impact, i.e. the benefit such funds have had in the community.

24. A proposed timetable for the finalisation of the CIL Spending Strategy is set out in Table 2 below:

Table 2: Proposed timetable for CIL Spending Strategy:

July 2018	Draft CIL Spending Strategy Submitted to Strategic Management Team
August 2018	Draft CIL Spending Strategy to Cabinet briefing
August 2018	ICMD to approve the draft Spending Strategy to be sent out for consultation (4 weeks) - invitation only.
Sept 2018	Review of consultation results
Sept 2018	Resubmit revised CIL spending strategy to Strategic Management Team
Sept 2018	Scrutiny Committee consider draft strategy
October 2018	Formal Cabinet approval of CIL Spending Strategy
October 2018	Bi-annual town or parish allocations
January 2019	Calculation of December year end unspent CIL balance. Estimate CIL fund allocations for financial year 2019/20 for inclusion in the council's annual budget. Amounts agreed with heads of service and included in annual budgets. OCC and CCG CIL application forms submitted.
February 2019	Agreement with OCC and CCG on CIL project allocations to be included in the Council/OCC/CCG MoU.
March 2019	Finalise MoUs with OCC/CCG
April 2019	Transfer of funds to OCC/CCG
April – Dec 2019	Monitoring of CIL spend

Recommendation:

- 25. Officers recommend that the proposed CIL spending strategy utilise a percentage allocation approach, as per table 1 above, apportioning funds on an annual basis, calculated on available actual funds, once town or parish allocations and council administrative costs have been deducted.
- 26. We recommend that such an approach be piloted and reviewed after one year to ensure compliance in terms of achieving CIL objectives and to assess the effectiveness of the Strategy.

Appendix 2 CIL Regulation 123 List, April 2016

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy. The Regulation 123 list contains generic types of infrastructure that may be funded using CIL receipts, with the exception of specific on-site infrastructure or direct mitigation measures and specifically of the strategic development sites.

The list below sets out those infrastructure projects that South Oxfordshire District Council may wholly or partly fund by the CIL. The inclusion of a project or type of infrastructure on this list does not signify a commitment from the council to fund (either in whole or in part) the listed project or type of infrastructure through CIL. The order in the table does not imply any order of preference for spend and the council will review this list on an annual basis, as part of its monitoring of CIL collection and spend.

This list will be updated on a regular basis. It is anticipated that CIL receipts will be limited in the first years after adoption, given that contributions are not payable until commencement of development.

In accordance with the CIL Regulation 59A, this council will pass 15% of relevant CIL receipts to the Town/Parish Council for that area, capped at £100 per dwelling on existing dwellings. If the Town/Parish Council adopts a Neighbourhood Plan, this percentage will be increased to 25% (uncapped). This will be passed onto the Town/Parish Councils on a 6 monthly basis in accordance with the CIL Regulations.

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
	The strategic sites North-East Didcot, Ladygrove-East Didcot, and Site B Wallingford are referred to as the Strategic Sites
	Affordable housing
Education	
<ul style="list-style-type: none"> • Primary (incl. pre-school) • Secondary education • Further education • Special education needs 	<p>Education infrastructure to serve development at the Strategic Sites¹</p> <p>Land for education provision associated with new development to make the development acceptable in planning terms</p>

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
Transport	
Strategic highways or transport infrastructure projects (including public rights of way)	Site specific transport infrastructure including any works necessary for vehicle, cycle and pedestrian access and/or public transport on or adjacent to the site as a result of the development. Mitigation works remote from the development site where the need for such works is identified in a Transport Assessment. Works associated with a S278 agreement, or planning conditions
	Contribution towards delivery of the Science bridge, Didcot Northern Perimeter Road Phase 3, A4130 widening, Jubilee way roundabout, strategic bus network and Culham river crossing schemes associated with development at the strategic sites and employment development (where appropriate)
	Travel Plan monitoring
Recreation, sports and leisure	
Recreation, sports and leisure facilities other than site specific requirements	On-site provision, of recreation, sports and leisure facilities in accordance with policy requirements and to make development acceptable in planning terms. On and off-site provision of recreation, sports and leisure facilities to serve development at the Strategic Sites
Open space, play, allotment and biodiversity	
<ul style="list-style-type: none"> - Play areas - Allotments Other than site specific requirements	On-site provision of <ul style="list-style-type: none"> - open space - play areas - allotments in accordance with policy requirements
Strategic habitat creation enhancement and restoration Ecological enhancement of watercourses in line with Water Framework Directive	On-site habitat creation and mitigation to include restoration, enhancement and management of existing sites of ecological value

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106)
Community and cultural facilities	
Community facilities including youth support and adult learning	On- and off-site provision of community facilities (incl. youth support and adult learning) to serve development at the Strategic Sites
Libraries and Museums	Library facilities incl. book stock provision to serve development at the Strategic Sites
<p>Public realm/public art</p> <p>Improvements to the public realm and town centres to increase accessibility for disabled</p>	<p>Site related provision and maintenance of public art associated with development at the Strategic Sites, and retail and employment development</p> <p>Improvements to the public realm and town centres to increase accessibility for disabled in association with development at the Strategic Sites and employment development</p> <p>Contributions towards the conservation, restoration and enhancement of the historic environment and archaeological sites and monuments will be sought where an impact is directly linked as a consequence of a development site and requires mitigation.</p>
Provision, expansion and maintenance of cemeteries	
Fire and Police	
Extension and/or new fire and rescue service infrastructure	
Improvements to policing and community safety infrastructure	On and off-site provision of policing and community safety to serve development at the Strategic Sites
Health	
Health services/ local surgeries	On and off-site provision to health services to serve development at the Strategic Sites
Recycling	
Recycling facilities and improvements to Household Waste Recycling Centres	<p>Provision of household recycling and waste bins</p> <p>Contributions for Household Waste Recycling Centre to serve development at the Strategic Sites</p>

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106)
Health and wellbeing (Adult Day Care)	
Health and wellbeing facilities	On and off-site related provision of health and wellbeing to serve development at the Strategic Sites and to make development acceptable in planning terms
Flood protection and water management	
Strategic flood protection	On-site provision of flood protection and water management (i.e. Sustainable Urban Drainage System)
Air Quality	
Infrastructure/measures to improve air quality and monitoring	Mitigation infrastructure/measures required directly as a result of a specific development
	Wider Air Quality Infrastructure/Measures associated with development at the Strategic Sites and retail and employment development

Scrutiny Committee



Report of Head of Planning

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To: Scrutiny Committee

DATE: 2 October 2018



S106 Planning Obligations Monitoring Report 2017/2018

Recommendation

To receive an update on the S106 planning obligations 2017/18 and to provide any feedback to the Cabinet member for planning.

Purpose of Report

1. This report aims to provide councillors with a summary of financial sums secured, received and spent in relation to Section 106 agreements for the financial year 2017/18.

Strategic Objectives

2. The section 106 monies contribute to our objective to invest in the district's future by creating the right conditions for economic growth so that businesses, residents and workers can prosper by directly addressing matters in our control that fetter growth, such as housing supply and provision of affordable housing. We will work with partners to seek to overcome infrastructure bottlenecks that impact adversely on business competitiveness.

Background

3. Planning obligations under Section 106 of the Town and Country Planning Act 1990 are commonly known as S106 agreements. They provide a formal legal mechanism to secure measures that help make development proposals

acceptable in planning terms. Since the council implemented the Community Infrastructure Levy (CIL) Charging Schedule; 1 April 2016, Section 106 agreements have to be considered in the context of CIL to avoid 'double dipping'. To address this, a S106 Supplementary Planning Document was published and effective from 1 April 2016 to compliment CIL.

4. Under S106 agreements developers and landowners are legally obliged to make the required contributions. The agreement sets out the obligations on the developer in terms of what contributions are to be made and at what stage (triggers) of the development they are required. For the council, the agreement sets out what the contribution is to be spent on and the timeframe for it to be delivered.
5. Under S106 agreements developers are normally required to notify the council when they reach key stages of a development and in response, where these stages trigger a financial obligation, we will invoice for the due amount (index linked).
6. The signing of an agreement does not guarantee the funds. As S106 agreements are to mitigate impacts of development they are only paid if a development occurs and the triggers have been reached. A proportion of planning permissions are never implemented. As a result a proportion of expected contributions agreed never come to fruition. Where a development does proceed contributions will be paid at key stages such as a certain level of occupation, e.g. the 50th dwelling. On large developments these triggers may not occur for several years, which impact on infrastructure delivery.

Monies secured and received

7. During the financial year 2017/18, a total of £52,782,441.19 (£41,284,870 OCC, £11,497,517.19 SODC) was secured in S106 agreements from new development, see Appendix 1 for a breakdown. The collection and spending of County Council contributions is not monitored by us.
8. A total of £1,447,374.51 was collected during the 2017/18 financial year from sites such as
 - Former Cement Works, Land at Kiln Lane Chinnor
 - Hithercroft Industrial Estate, Wallingford
 - Siareys Yard Station Road, Chinnor
 - Thame Service Station 67-68 Park Street, Thame
 - Land North of London Road, Wheatley
 - Land East of Thame Park Road, Thame
9. The table below shows the total sums received by infrastructure type (including monitoring fees).

Infrastructure type	S106 Amount Received (£)
Affordable housing	430,786.60
Car parks	10,450.82
Cemetery	2,348.81
Community Buildings	60,229.62
Countryside	21,238.86

Facilities ¹	268,021.55
Indoor Sport	28,603.40
Monitoring Fee	10,820.97
Open Space	63,214.97
Outdoor Sport	154,058.58
Play Areas	25,651.13
Police	37,447.17
Public Art	43,062.96
Public Transport	63,420.45
Safety and Security	11,720.64
Social and Healthcare	51,318.74
Street Signage	54,209.00
Waste Facilities	110,777.78
Grand Total	1,447,374.51

S106 Monies spent

10. Upon receipt of S106 funds third parties identified in the S106, including towns and parishes are informed about the receipt of monies. We also publish and provide towns and parishes with six-monthly reports on the S106 funds we are holding. Third parties need to apply for the monies and will need to provide supporting documents, such as quotes for work and evidence of all of the funding required. The application form and supporting information is set out on our website. For leisure projects e.g. pitches, pavilions and sports halls we encourage third parties to discuss with our Leisure Service. Our Equalities officer also provides feedback to third parties to encourage inclusion within their project. Third parties, and sometimes parishes, will be asked to enter into a legal agreement to ensure the monies are spent properly and in accordance with the s106 agreement. The processing time spent for the money transfer depends on the complexity and cost of the project and the terms of the S106, e.g. whether the money has been secured for a specific project, organisation or is not specific.
11. A total of £50,336.37 was spent/allocated during the 2017/18 financial year. These funds were spent/allocated from obligations secured across several financial years. The projects that were funded/allocated are:
 - Chinnor towards the provision of a football playing pitch (£10,000)
 - Chinnor towards provision of public art (£5,500)
 - Goring towards improvements to Gardiner Pavilion & surroundings (£28,305.27)
 - Thame towards the town's Sports Facilities Strategy (£6,531.10)
12. S106 contributions for the maintenance of waste facilities and street signage were transferred to the relevant council revenue budgets.

Conclusion

¹ Includes financial contribution towards upgrading existing local community facilities in Wallingford (Unit 158 Hithercroft Ind. Estate) and £113,686.99 towards community facility in Thame (Land East of Thame Park Road).

13. In summary, we can conclude the following:

- A robust S106 monitoring system is successfully in place, and is constantly monitored for effectiveness
- S106 agreements are being regularly monitored and infrastructure funding is being received and spent.
- Data is available on the website which increases transparency and enables town and parishes to easily access information.
- Annual reports will continue to be produced to report on the S106 monies secured, received and spent.

14. The Cabinet Member for Planning, welcomes any feedback on our S106 monitoring.

Appendix 1

Breakdown of SODC and OCC S106 contributions April 2017 to end March 2018

Infrastructure type	SODC	OCC
Affordable housing	682,311.00	
Allotments	3,000.00	
Community Buildings	285,825.00	
Countryside	1,883,400.00	
Highways		5,292,232.00
Indoor Sport	3,201,206.00	
Inspection	1,000.00	
Legal Costs	3,000.00	
Local Libraries		137,102.00
Maintenance	3,967,944.00	
Monitoring Fee	64,632.12	427,461.00
Open Space	149,160.00	
Outdoor Sport	400,442.00	
Play Areas	36,160.00	
Police	48,268.00	
Primary Education		19,216,472.00
Public Art	392,652.00	
Public Transport		4,343,166.00
Right of Way		234,695.00
Road Infrastructure		834,444.00
Secondary Education		9,985,382.00
Social and Healthcare	29,353.00	225,640.00
Spec. Educ. Needs		579,280.00
Street Signage	67,000.71	
Waste Facilities	282,217.36	
Grand Total	11,497,571.19	41,284,870.00

Scrutiny Committee



Report of Head of Planning

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To: Scrutiny Committee

DATE: 2 October 2018



Community Infrastructure Levy – Annual Financial Statement 2017/18

Recommendation

To receive an update on the Community Infrastructure Levy (CIL) income received and spent in 2017/18 and to provide any feedback to the Cabinet member for planning.

Purpose of Report

1. To receive an update on the Community Infrastructure Levy (CIL) income received and spent in 2017/18 (see Appendix 1).

Strategic Objectives

2. The CIL monies contribute to our objective to invest in the district's future by creating the right conditions for economic growth so that businesses, residents and workers can prosper by directly addressing matters in our control that fetter growth, such as housing supply and provision of affordable housing. We will work with partners to seek to overcome infrastructure bottlenecks that impact adversely on business competitiveness.

Background

3. CIL is a mechanism to allow local planning authorities to raise funds for infrastructure from new development, in the form of a levy. The CIL Charging Schedule was implemented in April 2016. Funds raised can be pooled and primarily used for

infrastructure to support new development in the district in accordance with the Regulation 123 list and the emerging CIL Spending Strategy.

4. The CIL procedure is made up of several steps as set out below:
 - A Liability Notice is issued together with the planning consent.
 - The applicant needs to inform the council when (date) development is to commence and also needs to assume liability to pay CIL.
 - An exemption for self-build housing and social housing relief must be granted by the council before development commences.
 - On receipt of the commencement notice the council will issue a demand notice for the payment of CIL and apply the instalment policy¹ - provided the CIL procedure has been followed.
 - If self-build exemption for a new residential dwelling was granted, we will not issue a demand notice but will monitor this case for the duration of the clawback period, which is three years. If the dwelling is let or sold the CIL liable amount will become payable.
5. The CIL Regulations 2010 (as amended) requires a 'meaningful proportion' of receipts to be passed to the local town or parish councils, where receipts have been received from development in their area. The Regulations set this proportion at 15 per cent of receipts, but this increases to 25 per cent where a Neighbourhood Plan is in place ('made').
6. Town/Parish councils will receive their CIL share twice a year:
 - by 28 April (CIL receipts collected between 1 October and 31 March) and
 - by 28 October (CIL receipts collected between 1 April and 30 September).
7. Up to 5 per cent of receipts can be used for administrative costs and to recover the initial set up costs (i.e. viability consultants fee, planning inspector fee, room bookings, advertisement etc). The regulations allow for a 'rolling cap' for the period of three years after introduction (i.e. 5 per cent applied to total CIL receipts for the first three years). After this time the cap will be applied annually.
8. As a CIL charging authority we are required to prepare a report for any financial year we collect CIL and publish, a statement, before 31 December each year on our website (CIL Regulation 62). This is the second CIL annual statement and covers the period 1 April 2017 to 31 March 2018 (see Appendix 1).

Financial Implications

9. We have received £2,190,161.72; however, we have issued demand notices for £7,881,397.39, leaving a balance of £5,691,235.67. The balance will be paid over the next 1-2 years due to our instalment policy.
10. The opening balance for the District CIL funds was £402,549.85 (unspent CIL monies from last financial year). We held £82,298.21 for parishes from last year, and advanced £1,006.20 to one council, amounting £83,304.41, which we transferred in April 2018 (see Appendix 2). As set out under paragraph six we transfer the CIL proportion to parishes twice a year.

¹ CIL liability up to £30,000 – payment within 60 days
CIL liability £30,000-£150,000 – 20% within 60 days, 40% within 180 days, 40% within 1 year
CIL liability over £150,000 - 20% within 60 days, 40% within 1 year, 40% within 2 years

11. The total balance for the district carried forward to 2018/19 is £2,088,488.84 (balance £402,549.85 carried forward from 2017/18 + £1,685,938.99 carried forward in 2018/19).

Table 1: CIL monies received/spent in 2016/2017

CIL receiver	Received (£) 2016/17	Paid/spent (£) 2016/17	Balance (£) c/f to 2017/18
SODC	402,549.85	0	402,549.85
Town/parish	87,238.84	4,940.63	82,298.21
CIL admin	25,778.32	25,778.32	0
Total	515,567.01	30,718.95	484,848.06

12. The CIL funds received and spent in 2017/18 are set out in table 2 below. The balance for parishes is going to be transferred at the next payment date.

Table 2: CIL monies received/spend in 2017/18

CIL receiver	Received (£) 2017/18	Paid/spent (£) 2017/18	Balance (£) carry forward to 2018/19
SODC	1,685,938.99	0	1,685,938.99
Town/parish	394,712.78	-205,890.61	188,822.17
CIL admin	109,509.95	-109,509.95	0
Total	2,190,161.72	-315,400.56	1,874,761.16

13. The direct resource implications in relation to managing CIL is funded by the 'up to 5 per cent' administrative element of the CIL income, this includes the subscription fees for British Institute of Chartered Surveyors (for indexation data) and Planning Officers Society CIL group (networking/good practice).

Legal Implications

14. This report satisfies the CIL Regulations 2010 (as amended).

Risks

15. It is important for the council to comply with the CIL Regulations and to prepare and publish a financial statement by 31 December 2018.

Conclusion

16. To note this report in relation to the CIL received and spent in 2017/18.



South Oxfordshire District Council

Community Infrastructure Levy Annual Financial Statement 2017/18

1. Introduction

Regulation 62 of the Community Infrastructure Levy (CIL) Regulations 2010 (as amended) places a duty on authorities charging a CIL to produce an annual report (Statement) providing detail on certain financial information as set out in the regulations and make it available online before the 31 December each year.

South Oxfordshire District Council commenced the CIL Charging Schedule in April 2016. This annual statement reflects the financial year from 1 April 2017 to 31 March 2018. In accordance with the CIL Regulations this annual statement is to be published by 31 December 2018. A summary table (relating to relevant CIL regulations) is provided as Annex 1.

2. CIL Funding Summary

The total CIL receipts in the reported year, financial year 2017/18, amounted to £2,190,161.72.

In accordance with CIL regulation 59A and 59D, £205,890.61 has been transferred to the “local council” (town and parishes) as set out in Annex 2; and in accordance with CIL regulation 61, £109,509.95 has been applied to administrative expenses associated with CIL (up to 5%).

3. The CIL Regulations: Explanatory Note

Regulation 59A places a duty on charging authorities to pass some Levy funds to local councils where some or all of a chargeable development takes place in an area for which there is a town or parish council. Where there is a neighbourhood development plan in place, or permission was granted by a neighbourhood development order (including by a community right to build order), the charging authority must pass 25% of Community Infrastructure Levy funds to the parish councils in whose area the chargeable development takes place. Where there is no neighbourhood development plan this amount is 15%, subject to a cap of £100 per household in the parish council area per year. Parish have the discretion to decide that some or all of these funds should remain with the charging authority.

Regulation 59B sets out how the duty in regulation 59A applies where the charging authority accepts a land payment.

Under regulation 59E the charging authority is able to recover funds from the parish/town council in certain circumstances. That is if the parish/town council has not applied the Community Infrastructure Levy to support the development of its area within five years of receipt or has applied the Levy otherwise than in accordance with regulation 59C. When Levy receipts are recovered from a parish/town council, the charging authority must use those funds to support development in the area of that parish/town council.

Regulation 59F makes provision for where the duty in regulation 59A does not apply, namely where a chargeable development (or part of a development) takes place in an area for which there is not a parish/town council. In that case, the charging authority has wider spending powers in relation to those parts of its area for which there is not a parish/town council. Those powers are the same as those given to parish/town councils, and apply to those funds that would have been passed on had the development taken place in an area for which there is a parish/town council.

Regulation 62 Reference	Description	2017/18 £
3	Land payments made in respect of CIL, and CIL collected by way of a land payment which has not been spent at the end of the reported year: (a) development consistent with a relevant purpose has not commenced on the acquired land; or (b) the acquired land (in whole or in part) has been used or disposed of for a purpose other than a relevant purpose; and the amount deemed to be CIL by virtue of regulation 73(9) has not been spent	Nil
4(a)	Total CIL receipts	£2,190,161.72
4(b)	Total CIL expenditure	Nil
4(c) (i)	The items of infrastructure to which CIL (including land payments) has been applied	Nil
4(c) (ii)	The amount of CIL expenditure on each item	N.A.
4(c) (iii)	The amount of CIL applied to repay money borrowed, including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part)	Nil
4(c) (iv)	The amount of CIL applied to administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation	109,509.95 (5%)
4 (ca) (i)	The amount of CIL passed to any parish/town council under regulation 59A (CIL passed to local authorities) or 59B (land and infrastructure payments)	£205,890.61
4 (ca) (ii)	The amount of CIL passed to any person under regulation 59(4) (to another person for that person to apply to funding the provision, improvement, replacement, operation or maintenance of infrastructure)	Nil
4 (cb) (i)	The amount of CIL receipts under regulations 59E and 59F which have been recovered from a parish/town council because it has not been spent within five years of receipt, <i>or money that has not been spent in areas where there is no parish/town council (e.g. parish meeting).</i>	£3,015
4 (cb) (ii)	The items to which the CIL receipts to which regulations 59E and 59F applied have been applied	N.A.
4 (cb) (iii)	The amount of expenditure on each item	N.A.
4 (cc) (i)	The total value of CIL receipts requested from each parish/town council under a notice served in accordance with regulation 59E	Nil
4 (cc) (ii)	Any funds not yet recovered from councils at the end of the reporting year following a notice served in accordance with regulation 59E	Nil
Regulation 62 Reference	Description	2017/18 £
4 (d) (i)	The total amount of CIL receipts retained at the end of the reported year, other than those to which regulation 59E and 59F applied (District and Parish funds)	1,874,761.16

4 (d) (ii)	CIL receipts from previous years retained at the end of the reporting year other than those to which regulation 59E or 59F applied (District and Parish funds)	484,848.06
4 (d) (iii)	CIL receipts for the <i>reported</i> year to which regulation 59E or 59F applied retained at the end of the reporting year (CIL funds for Parish Meeting)	£3,015
4 (d) (iv)	CIL receipts from <i>previous</i> years to which regulation 59E or 59F applied retained at the end of the reported year	Nil
4 (e) (i)	In relation to any infrastructure payments accepted, the items of infrastructure to which the infrastructure payments relate	Nil
4 (e) (ii)	In relation to any infrastructure payments accepted, the amount of CIL to which each item of infrastructure relates	Nil

Annex 2

Parish proportion received/transferred 2017/18

Parish	26/04/2017	30/10/2017
Benson Parish Council	£ 8,992.50	£ 810.00
Bix & Assenden Parish Council	£ 1,803.38	
Brightwell Baldwin Parish Meeting		£ 3,015.00*
Chinnor Parish Council	£ 3,880.80	£ 13,352.85
Cholsey Parish Council		£ 1,029.60
Clifton Hampden Parish Council	£ 1,647.00	
Didcot Town Council	£ 3,990.75	£ 1,718.06
Drayton St Leonard Parish Council		£ 1,801.80
Forest Hill with Shotover Parish Council		£ 23,394.38
Great Haseley Parish Council		£ 2,041.65
Henley-on-Thames Town Council	£ 17,821.89	£ 32,404.50
Holton Parish Council		£ 1,642.50
Pishill with Stoner Parish Council		£ 824.85
Rotherfield Peppard Parish Council		£ 405.00
Sonning Common Parish Council	£ 32,844.38	£ 24,323.25
Stadhampton Parish Council		£ 2,295.00
Thame Town Council		£ 9,275.25
Waterstock Parish Meeting	£ 1,822.50	£ 1,822.50
Wheatley Parish Council	£ 7,756.20	£ 2,700.00
Whitchurch Parish Council	£ 1,085.63	£ 1,085.63
Woodcote Parish Council	£ 1,659.38	£ 1,659.38
Total received £		£125,601.20
Total transferred £	£ 83,304.41	£122,586.20

*monies have not been transferred yet. We are working with the Parish Meeting/community to identify suitable infrastructure projects, before the monies are transferred.

Schedule for Scrutiny Committees

(further items to be added to schedule as required)

Meeting date	Council	Agenda items	Purpose of Report	Invited	Cabinet members	Report Author	Head of Service	Strategic Lead
Thurs 18 October	Vale	Air Quality Action Plan	Progress report	Y	Elaine Ware	Ian Matten	Liz Hayden	Adrianna Partridge
		Annual Performance Review of The Beacon	Annual Review	Y	Alice Badcock	Duncan Grainge	Donna Pentelow	
Tues 30 October	Joint Chair: Debby Hallett	New Housing Allocations Policy	To respond to the public consultation		Caroline Newton/Elaine Ware	Phil Ealey	Liz Hayden	Adrianna Partridge
Tues 27 Nov	South	Local Plan	To consider the emerging Local Plan		Felix Bloomfield	Holly Jones	Adrian Duffield	Adrianna Partridge
Thurs 29 Nov	Vale	CIL spending strategy	To review the strategy		Mike Murray		Suzanne Malcolm	Adrianna Partridge
Tues 4 Dec	Joint Chair: David Turner	S106 negotiation	To review the policy & strategy for negotiations		Felix Bloomfield/Roger Cox		Adrian Duffield	Adrianna Partridge
Tues 22 January 2019	South	Corporate Delivery Plan Progress Report	Regular Monitoring Report		Kevin Bulmer	Sally Truman	Adrianna Partridge	Adrianna Partridge
Weds 23 January	Vale	Corporate Delivery Plan Progress Report	Regular Monitoring Report		Ed Blagrove	Sally Truman	Adrianna Partridge	Adrianna Partridge
		Annual Monitoring Report	Annual Review		Roger Cox	Ben Duffy	Adrian Duffield	
					Ed Blagrove	David Wilde	Andrew Down	

		5 Councils contract changes and action plan	To consider progress made on implementing changes					
Tues 5 February	South	Review of Final Draft Budget	To make recommendations to Cabinet		David Dodds	Richard Spraggett (Capita)	William Jacobs	Adrianna Partridge
Thurs 7 February	Vale	Review of Final Draft Budget	To make recommendations to Cabinet		Robert Sharp	Richard Spraggett (Capita)	William Jacobs	Adrianna Partridge
Possible additional meeting	Joint							Adrianna Partridge
Thurs 7 March	Joint Chair: Debby Hallett	Board Reports	To review their efficacy		Ed Blagrove/Kevin Bulmer	Chris Draper	Adrianna Partridge	Adrianna Partridge
Tues 26 March	South							Adrianna Partridge
Thurs 28 March	Vale							Adrianna Partridge

Dates to be identified for the following items:

South

Corporate Plan Refresh
Berinsfield Redevelopment Project
Planning Appeals (requested 26.9.17)
Performance Review of Cornerstone
Air Quality Action Plan

Vale

Corporate Plan Refresh
Oxfordshire Growth Board Governance Arrangements
Abingdon Redevelopment: Charter Centre
Report of Budget Scrutiny Task Group
HMO Policy and Strategy

Joint

Science Vale Marketing Campaign
Reallocation of £295k Didcot Garden Town Grant
Unlawful encampments

The Cabinet work programmes can be accessed via the following links:

South

<http://democratic.southoxon.gov.uk/mgListPlans.aspx?RPId=121&RD=0>

Vale

<http://democratic.whitehorsedc.gov.uk/mgListPlans.aspx?RPId=507&RD=0>

Meeting Start times: Joint: 6:30; South: 6:30; Vale: 7.00;

Scrutiny Work Item Preparation

Members are invited to consider the following headings for future agenda items

Item name

Date of report to Committee

What do we want to know about? What topics should the report provider include in their report to Scrutiny?

Who to invite to Committee? (Cabinet member(s) and Head(s) of Service). Anyone from outside agencies?