

Report title: CIL/S106 Report 2017/18

Wards: All

Report Authorised by: Sue Foster: Strategic Director for Neighbourhoods and Growth

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Report summary

The report proposes to approve the CIL/S106 Report 2017/18 which summarises the highlights of the Council's performance in relation to the Community Infrastructure Levy and Section 106 during the financial year.

For CIL, the highlights for 2017/18 are as follows:

- £2.8m receipts for Lambeth CIL
- £1.9m receipts in Mayoral CIL
- £57m potential CIL to 31 March 2018
- £10.4m allocated to projects
- £1.3m drawn down

For S106, the highlights for 2017/18 are as follows:

- £15m S106 receipts
- £7m S106 drawdowns
- £25m potential S106 receipts from 84 new S106 agreements
- £39m remaining S106 balance at the end of 2017/18

Following approval, the CIL/S106 Report 2017/18 will be published on the Council's website.

Finance summary

There are no direct financial implications to the Authority from this report.

Recommendations

1. To approve the CIL/S106 Report for 2017/18.
2. To authorise its publication on the Council's website.

1. Context

- 1.1 Every year, the Council produces an annual review summarising the performance of Section 106 (S106) planning obligations during an entire financial year. Since 2014/15, the review has included the Community Infrastructure Levy (CIL).
- 1.2 CIL is a levy charge on development which allows the Council to raise funds for infrastructure like transport, schools, health facilities, and parks which are needed to support development. Lambeth's CIL Charging Schedule has been in effect since October 2014 while Mayoral CIL has also been in force in the whole of London since April 2012.
- 1.3 S106 agreements are legal agreements entered into between the local planning authority and developers to make development acceptable that would otherwise be unacceptable in planning terms. Planning permission may be granted to a development subject to a Section 106 agreement and this agreement may include a requirement for the developer to pay financial contributions to compensate for any loss or damage caused by the development, or to mitigate a development's wider impact.
- 1.4 Both CIL and S106 are an important resource to enable the council to achieve its three driving priorities as set out in Future Lambeth: Our Borough Plan 2016-2021. These priorities are:
- Inclusive growth
 - Reducing inequality
 - Strong and sustainable neighbourhoods

2. Proposal and Reasons

- 2.1 This report covers the period 1 April 2017 to 31 March 2018. It provides a summary of the Council's work for that period in relation to the Community Infrastructure Levy (CIL) and Section 106 (S106) agreements. The report is in two parts - the first part relates to CIL and the second part relates to S106.

CIL Highlights

- 2.2 For CIL, the highlights for 2017/18 are as follows in Figure 1:

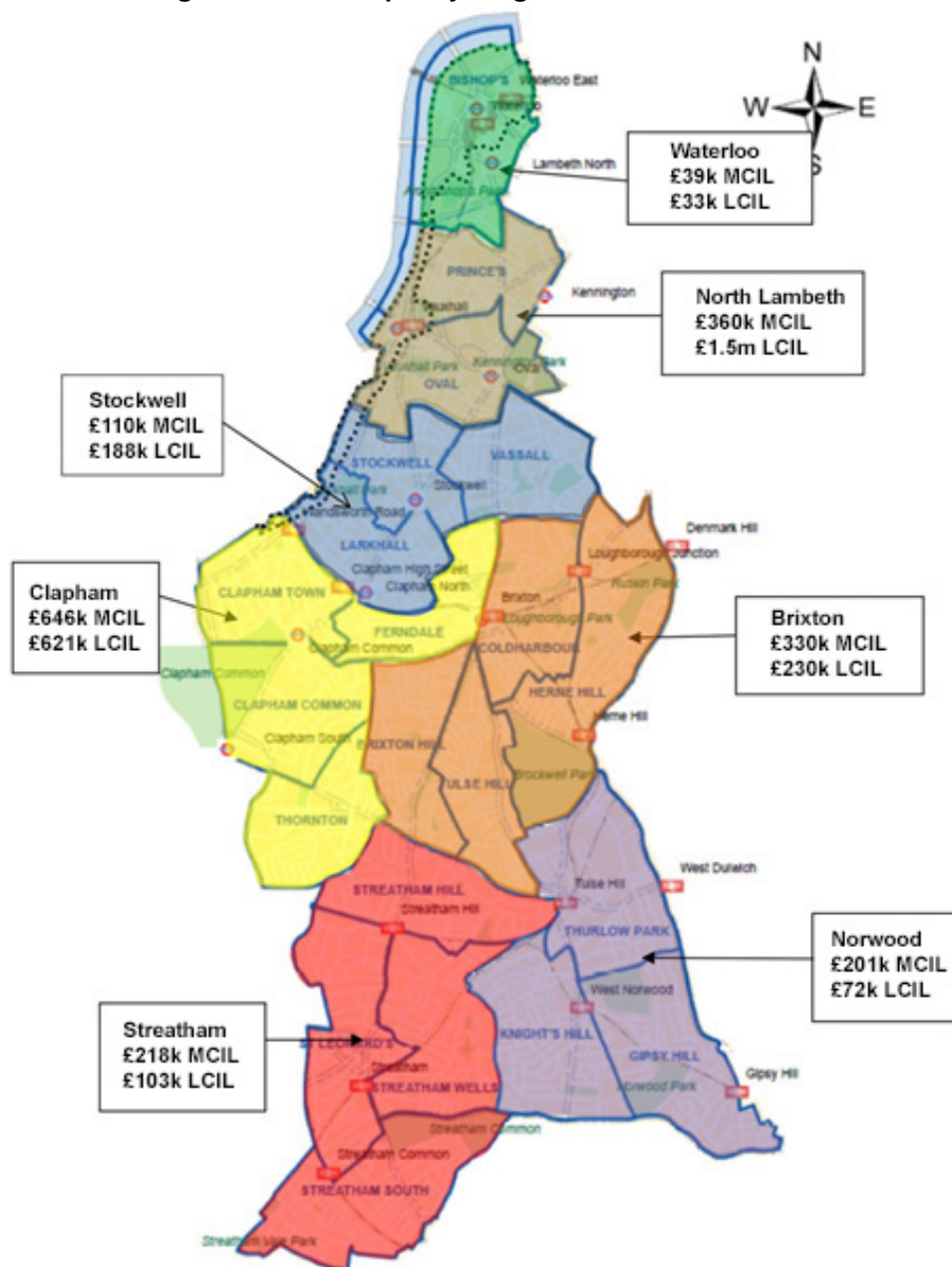
Figure 1: 2017/18 CIL highlights

CIL Highlights	2017/18	2016/17
▪ Lambeth CIL Receipts	£2.8m	£14m
▪ Outstanding Demand Notices (Lambeth CIL) at yearend	£506k	NIL
▪ Potential Lambeth CIL Receipts (Liability notices issued) at yearend	£57m	£36m
▪ Lambeth CIL Allocations	£10.4m	NIL

- 2.3 **CIL receipts.** In 2017/18, Lambeth received £2,786,073 towards Lambeth CIL and £1,896,390 for Mayoral CIL. This was lower than in 2016/17 when Lambeth collected £14,467,985 in payments towards Lambeth CIL and a further £9,613,490 for Mayoral CIL.

2.4 All the CIL receipts (including both Lambeth CIL and Mayoral CIL) in 2017/18 were collected from 123 developments compared to 75 for the year before. However, 118 or 96 per cent of these developments incurred total CIL liabilities of less than £100k. Figure 2 below shows a breakdown of 2017/18 CIL receipts by Neighbourhood CIL area.

Figure 2: CIL receipts by Neighbourhood CIL area



2.5 Just one development in 2017/18 had a CIL liability of more than £1m which was payable in two instalments. The first instalment was paid in 2017/18 and the second instalment will be due in 2018/19. The CIL receipt from this development accounted for 45 per cent of all Lambeth CIL receipts in 2017/18.

2.6 **Outstanding CIL.** At the end of 31 March 2018, a total £506,137 in Lambeth CIL was outstanding from CIL demand notices issued in 2017/18. Enforcement action has been initiated to recover these amounts.

- 2.7 **Potential CIL.** CIL Liability Notices with a total value of £32m were issued to 187 chargeable developments in 2017/18. Of these, £25m was for Lambeth CIL and £7m was for Mayoral CIL. 114 of these 187 developments commenced in 2017/18. The remaining 73 developments that have not commenced have potential CIL receipts valued at £26m (£21m Lambeth CIL and £5m Mayoral CIL). Up to 31 March 2018, potential CIL liabilities from developments that have not commenced totalled £76m, of which £57m was for Lambeth CIL.
- 2.8 **CIL relief.** In 2017/18, Lambeth provided a total £704,184 in CIL Relief. £24k related to relief for self-builders and £294k was for charitable relief. The remaining £386k was for social housing relief applied to 5 schemes providing 47 affordable housing units from a total 3,674m² of residential floorspace designated for affordable housing. Four of the 5 schemes provided 100% affordable housing.
- 2.9 **CIL allocations.** In 2017/18, the Asset Investment Management Group (AIMG) started allocating CIL funds towards infrastructure projects. So far, a total £10.4m has been allocated to projects as set out in Figure 3 below:

Figure 3: 2017/18 CIL allocations

Strategic CIL	Allocation (£)
Atlantic Road Public Realm 915668	10,902.52
Brixton Market Gateway Brixton Rail Bridge	66,257.11
Brixton Station Public Realm 915495	5,707.32
Brixton Works 915490	164,948.49
Brockwell Hall Capital Works 915585	9,029.95
Loughborough Junction Works	467,073.90
Highways Improvements	4,432,139.20
Hubert Grove Footbridge	850,000.00
Loughborough Junction Works	85,244.11
Makerversity 915490	7,469.94
Relocating Lambeth Archives	90,000.00
Streatham Common Play Area	180,000.00
Streatham Common Play Kiosk	95,000.00
Transforming Vauxhall	50,383.00
Vauxhall Park	988,688.47
Waterloo City Hub Imax	1,250,826.29
Windmill Education Centre	318,154.75
Young Lives Matter 915679	16,792.12
	9,088,617.17
Neighbourhood CIL	
CLIP Investment Prog - Air Quality	45,000.00
North Lambeth and Stockwell CLIPS - Parks Officer	92,886.00
Expansion of Project Smith Community Connectors	30,000.00
Binfield Road Market	30,000.00
Public Realm Improvements to Spurgeon Estate	40,000.00
Improving access to Cycle Storage in Estates	80,000.00
Grant Funding to Youth Organisations	490,000.00
Crowdfunding	240,000.00
Maintenance of Parks and Open Spaces	269,494.00
Community Disabled Go	9,300.00
	1,326,680.00
TOTAL	10,415,297.17

2.10 **CIL drawdowns.** At the start of 2017/18, the target was to spend £5,468,664 but at the end of March 2018, only £960,213 was drawn down towards projects funded from Strategic CIL and £159,926 towards administration. Figure 4 provides a variance analysis between target and actual spend figures for CIL in 2017/18 by service area.

Figure 4: 2017/18 CIL variance analysis

Strategic CIL Service Area	CIL Allocation as at 01/04/2017 (£)	Target spend 2017/18 (£)	Actual spend 2017/18 (£)	Variance	Percentage
Parks	159,824	80,420		(80,420)	- 100%
Highways	5,379,690	4,629,690*	452,982	(4,176,708)	- 90%
Regeneration	832,752	758,554	507,231	(251,323)	- 33%
Grand Total	6,372,266	5,468,664	960,213	(4,508,451)	- 82%

* CIL allocations can be forecast for spend over a number of years. Not all the 2017/18 allocation will be drawn down in the same year.

2.11 **Statutory report.** Regulation 62 of the CIL Regulations 2010 as amended requires the charging authority to report on CIL receipts and expenditure after the end of a financial year. This report is set out in Appendix 1 and will be published in the Council's website in accordance with the Regulations.

2.12 **Target CIL receipts.** For 2018/19, the target is to collect £4,474,934 in CIL receipts with nearly half coming from schemes between £100k and £1m in CIL liability and the rest from schemes with less than £100k in CIL liability. None of the larger schemes with more than £1m in CIL liability are expected to commence in 2018/19.

2.13 **Target CIL drawdowns.** Including the 2017/18 allocations that were not drawn down last year, the target for 2018/19 is to draw down a total £7,077,518 based on CIL allocations already approved by the Asset Investment Management Group (AIMG) for the following service areas in Figure 5:

Figure 5: Forecast CIL drawdowns 2018-21

CIL Service Area	CIL Allocation as at 01/04/2018 (£)	2018/19 (£)	2019/20 (£)	2020/21 (£)
Refund Provision	133,293	133,293		
Commissioning	760,000	244,400	255,500	201,600
Environmental Services	75,000	57,000	18,000	
Highways	5,282,139	4,531,708		
Housing	120,000			
Leisure	90,000	90,000		
Parks	1,626,068	1,188,365	169,579	
Regeneration	832,752	832,752	784,213	
Grand Total	8,919,252	7,077,518	1,227,292	201,600

S106 Highlights

2.14 For S106, the highlights for 2017/18 are as follows in Figure 6:

Figure 6: 2017/18 S106 highlights

S106 Highlights	2017/18	2016/17
▪ S106 Drawdowns	£7m	£8.3m
▪ S106 Payments Received	£15m	£16.9m
▪ Number of S106 Agreements Completed	84	81
▪ Value of S106 Agreements Signed	£25m	£3m
▪ S106 Balance at Period End	£39m	£30.9m

2.15 **S106 drawdowns.** A total £7,025,126 was drawn down towards S106 funded projects in 2017/18. This is lower than the total £8,263,205 that was drawn down the year before. It is also 17 per cent off the target drawdown of £8,470,063 that was set for the financial year. Figure 7 provides a variance analysis between actual drawdown and target drawdown figures for 2017/18 by project owner – i.e. the service department responsible for delivering an S106 funded project. Figure 8 provides an analysis of S106 expenditure by covenant type. Figure 9 provides an analysis of S106 expenditure by ward.

Figure 7: 2017/18 S106 variance analysis

S106 Project Owners	Banked as at 31/03/2017 (£)	2017/18 Target Drawdown (£)	2017/18 Actual Drawdown (£)	Variance	Percentage
Education	3,952,870	2,519,098	2,509,336	(9,762)	- 0.39%
Employment	2,569,177	1,268,218	661,144	(607,074)	- 47.87%
Highways	9,839,795	2,164,566	1,387,995	(776,571)	- 35.88%
Housing Management	1,228,557	137,296	12,500	(124,796)	- 90.90%
Leisure	817,176	264,597	24,205	(240,392)	- 90.85%
Libraries	539,379	N / A	38,997	38,997	N / A
Parks	5,195,527	1,048,821	460,920	(587,901)	- 56.05%
Transport	29,777	130,681	33,063	(97,618)	- 74.7%
Regeneration	3,967,699	936,785	864,374	(72,411)	- 7.73%
TfL	997,390	N / A	238,369	238,369	N / A
Visitor Management Group	1,685,017	N / A	794,223	794,223	N / A
TOTALS	30,822,364	8,470,063	7,025,126	(1,444,937)	- 17.06%

Figure 8: 2017/18 S106 drawdowns by covenant type

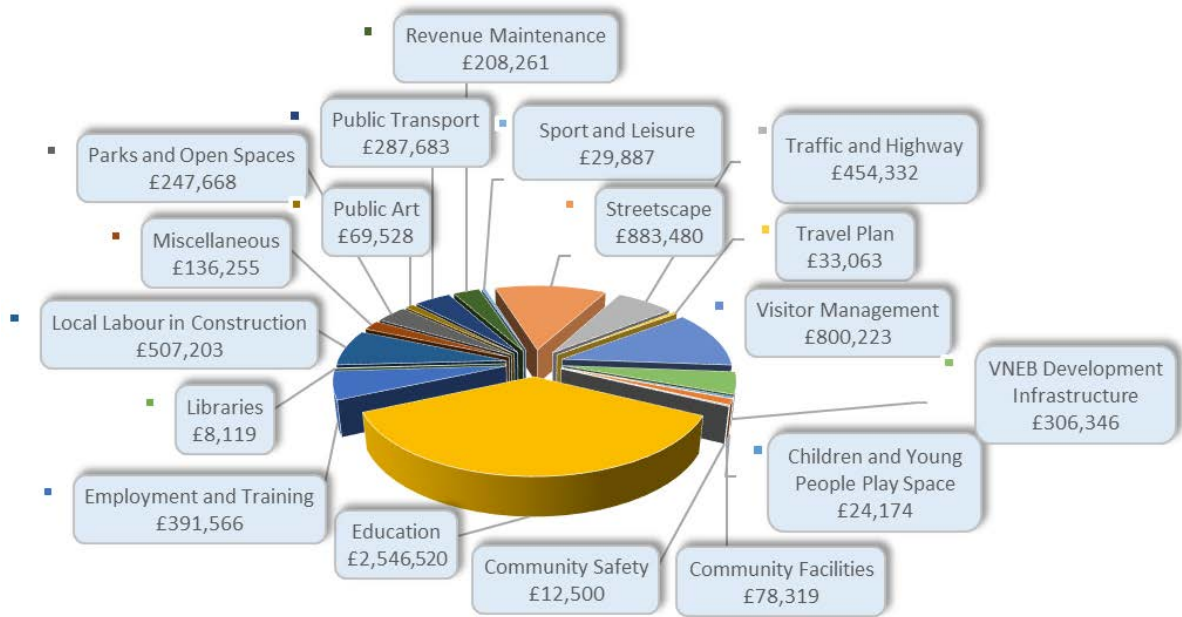
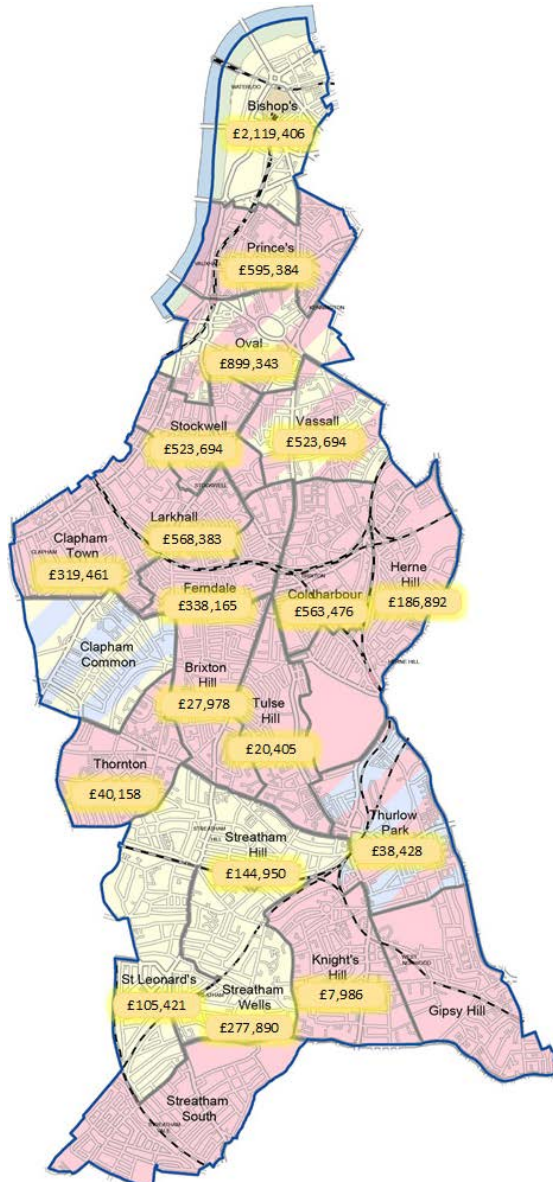
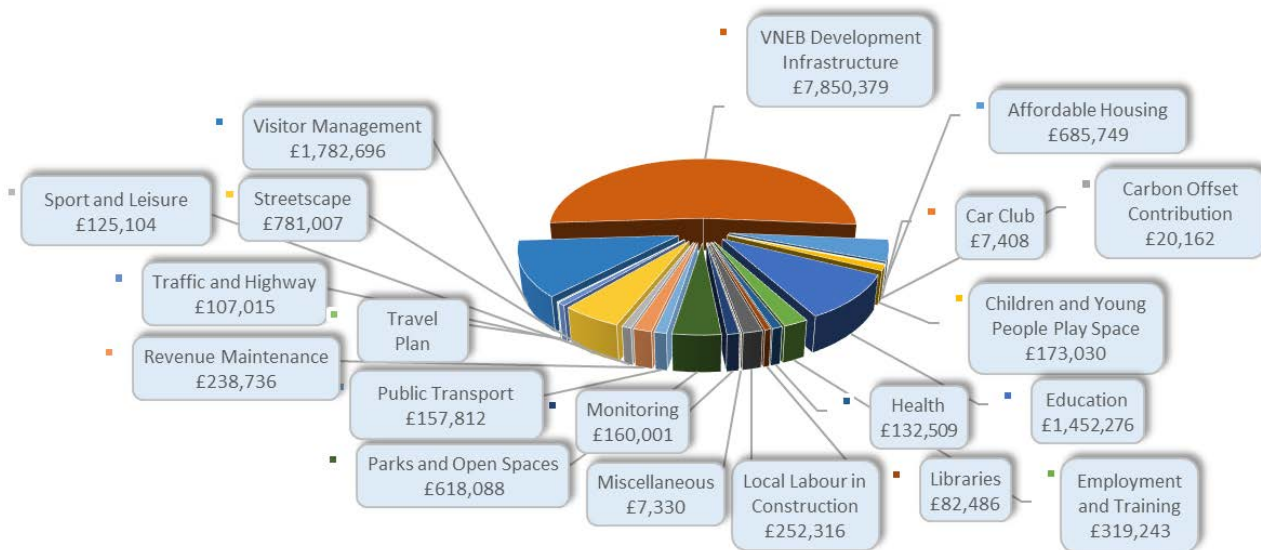


Figure 9: S106 drawdowns in 2017/18 by ward



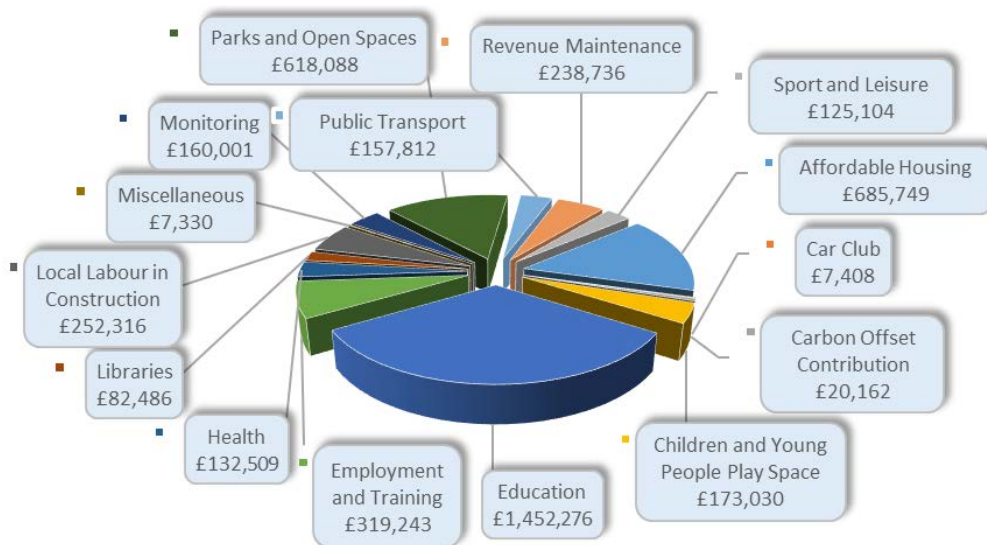
2.16 **S106 receipts.** The Council received a total of £14,975,989 in S106 contributions for 2017/18 mainly from schemes that commenced in previous years. Figure 9 below provides an analysis of S106 expenditure by covenant type.

Figure 9: 2017/18 S106 receipts



2.17 **New S106 agreements.** 84 S106 agreements were signed in 2017/18, with potential financial contributions totalling £25,304,336. Figure 10 below sets out the potential S106 contributions from the new S106 agreements by covenant type.

Figure 10: Potential S106 contributions from new 2017/18 S106 agreements



2.18 **S106 banked and non-banked.** At the end of March 2018, the total S106 bank balance stood at £38,963,754, including interest accrued. In addition to S106 receipts already banked, a further £26,062,188 are expected from developments that have commenced and are already on site. These are sums that are forthcoming with some certainty but triggers for payment of these contributions have not yet occurred. Potential S106 receipts are sums from developments that have not yet commenced. At the end of March 2018, potential S106 receipts total £30,527,377.

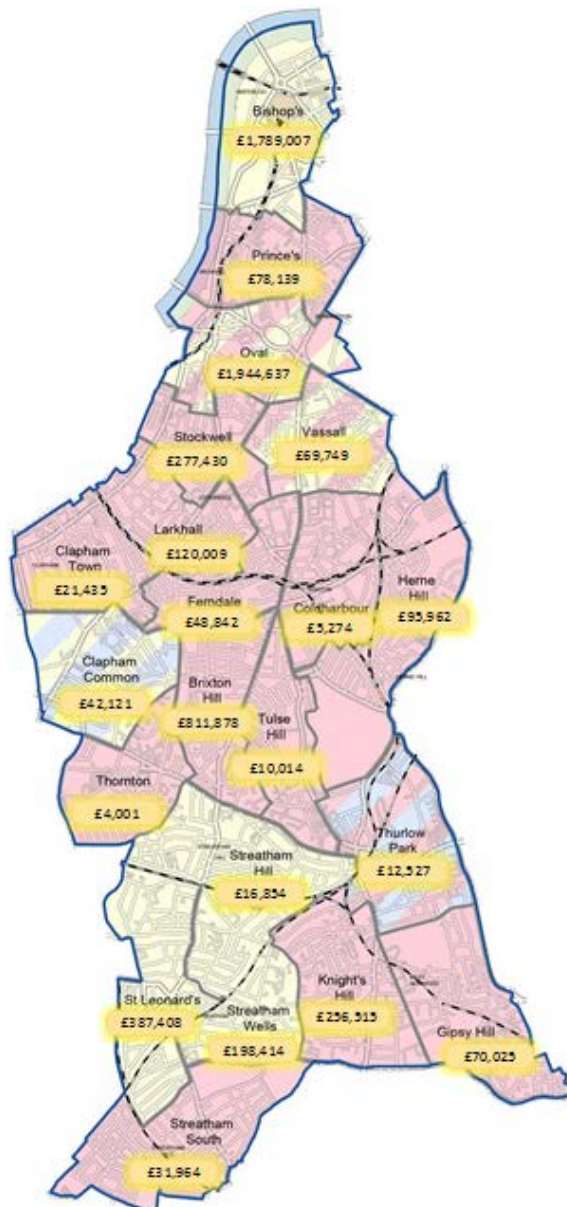
2.19 **Target S106 receipts.** For 2018/19, the target is to collect £2,667,122 in S106 contributions. £2,097,215 of these will come from schemes that have already commenced and £569,907 is expected to come from schemes that are likely to commence in 2018/19.

2.20 **Target S106 drawdowns.** For 2018/19, the target is to drawdown £6,292,203 based on S106 allocations already approved by the Asset Investment Management Group (AIMG) for the service areas set out in Figure 11. Figure 12 analyses the forecast drawdowns in 2018/19 by ward.

Figure 11: Forecast S106 drawdowns by S106 service area

S106 Service Area	Banked as at 31/03/2018 (£)	Unallocated as at 31/03/2018 (£)	2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)
Education	2,872,151	1,071,260	1,433,275			
Employment	2,250,300	1,889,351	122,919			
Highways	9,189,920	2,619,006	2,605,324			
Housing	1,906,719	1,713,719				
Leisure	915,418	292,363	221,553			
Libraries	615,738	581,693	20,000			
Parks	5,499,997	2,883,559	1,509,003	164,243	62,411	49,065
Transport	19,426	3,542	9,275			
Regeneration	10,660,984	7,322,148	283,184	3,460,168	1,422,123	1,055,744
TfL	851,737	825,220				
Visitor Management Group	1,354,748	1,267,209	87,669			
Grand Total	36,137,137	20,469,071	6,292,203	3,624,411	1,484,534	1,104,809

Figure 12: Forecast S106 drawdowns in 2018/19 by ward



3. Finance

- 3.1 There are no direct financial implications to the Authority from this report.
- 3.2 However, it should be noted that references in this report to receipts relate to monies actually received between the period April 2017 and March 2018. These amounts will differ from the invoiced amounts appearing on the general ledger for this same period as a customer may be invoiced in one period and the monies received in the subsequent period.

4. Legal and Democracy

- 4.1 Regulation 62 of the Community Infrastructure Levy Regulations 2010 requires the council as a CIL charging authority to prepare a report for any financial year ("the reported year") in which—
- (a) it collects CIL, or CIL is collected on its behalf; or
 - (b) an amount of CIL collected by it or by another person on its behalf (whether in the reported year or any other) has not been spent.

5. Consultation and co-production

- 5.1 Not applicable.

6. Risk management

- 6.1 There are no associated risks in respect of this report.

7. Equalities impact assessment

- 7.1 Not applicable

8. Community safety

- 8.1 Not applicable.

9. Organisational implications

None

9.1 Environmental

None

9.2 **Staffing and accommodation**

None

9.3 **Procurement**

None

9.4 **Health**

None

10. Timetable for implementation

10.1 If approved, the CIL/S106 Report for 2017/18 will be immediately published in the Council's website.

Appendix 1

Lambeth CIL Income and Expenditure (01/04/2017 – 31/03/2018)

This report is produced in compliance with Regulation 62(4) of the Community Infrastructure Levy Regulations 2010 (as amended).

Regulation	Description	2017/18 (£)
Reg 62 (4)(a)	Total CIL receipts for the reported year	2,786,073.10
Reg 62 (4)(b)	Total CIL expenditure for the reported year	1,120,139.05
Reg 62 (4)(c)	Summary details of CIL expenditure during the reported year (other than in relation to CIL to which regulation 59E or 59F applied)	
Reg 62 (4)(c)(i)	The items of infrastructure to which CIL (including land payments) has been applied.	960,213.05*
Reg 62 (4)(c)(ii)	The amount of CIL expenditure on each item.	
Reg 62 (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 including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part)	NIL
Reg 62 (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.	159,926.00 (5.7%)
Reg 62 (4)(ca)	The amount of CIL passed to:	
Reg 62 (4)(ca)(i)	Any local council under regulation 59A or 59B	NIL
Reg 62 (4)(ca)(ii)	Any person under regulation 59(4)	NIL
Reg 62 (4)(cb)	Summary details of the receipt and expenditure of CIL to which regulation 59E or 59F applied during the reported year:	NIL
Reg 62 (4)(cb)(i)	The total CIL receipts that regulations 59E and 59F applied to.	
Reg 62 (4)(cb)(ii)	The items to which the CIL receipts to which regulations 59E and 59F applied have been applied; and	NIL
Reg 62 (4)(cb)(iii)	The amount of expenditure on each item;	NIL
Reg 62 (4)(cc)	Summary details of any notices served in accordance with regulation 59E including:	NIL
Reg 62 (4)(cc)(i)	The total value of CIL receipts requested from each local council;	NIL
Reg 62 (4)(cc)(ii)	Any funds not yet recovered from each local council at the end of the reported year;	NIL
Reg 62 (4)(d)	The total amount of	
Reg 62 (4)(d)(i)	CIL receipts for the reported year retained at the end of the reported year other than those to which regulation 59E or 59F applied;	1,665,934.05
Reg 62 (4)(d)(ii)	CIL receipts from previous years retained at the end of the reported year other than those to which regulation 59E or 59F applied;	17,476,624.78
Reg 62 (4)(d)(iii)	CIL receipts for the reported year to which regulation 59E or 59F applied retained at the end of the reported year;	NIL
Reg 62 (4)(d)(iv)	CIL receipts for previous years to which regulation 59E or 59F applied retained at the end of the reported year.	NIL
Reg 62 (4)(e)	In relation to any infrastructure payments accepted by the charging authority—	
Reg 62 (4)(e)(i)	The items of infrastructure to which the infrastructure payments relate,	NIL
Reg 62 (4)(e)(ii)	The amount of CIL to which each item of infrastructure relates.	NIL

* Reg 62 (4)(c)(i) items of infrastructure to which CIL has been applied:

Infrastructure	Amount
Waterloo City Hub Imax Roundabout Redevelopment	£138,020.34
Transforming Vauxhall	£50,383.00
Windmill Education Centre	£5,597.37
Brixton Road Rail Bridge	£13,136.34
Loughborough Junction Affordable Workspace	£85,244.11
Highways Improvement Programme 2017/18	£452,981.55
Brockwell Hall	£9,029.95
Young Lives Matter	£16,792.12
Makerversity	£7,469.94
Atlantic Road Public Realm	£10,902.52
Brixton Station Public Realm	£5,707.32
Brixton Works	£164,948.49
	£960,213.05