



SOUTH EAST DEVON
HABITAT REGULATIONS
PARTNERSHIP

South East Devon Habitat Regulations Executive Committee

Financial Report

Neil Harris, Habitat Regulations Delivery Manager
March 2017

Legal comment/advice

There are no legal implications arising.

Finance comment/advice:

This report sets out monies received to date against current expenditure, showing a positive balance position. The report also estimates monies to be received from permissions granted where monies have yet to be received.

Whilst these statements are useful they do not present the full picture; receipts received and to be received against cost commitments and future expenditure plans. This information will form part of a report to be presented in June 2017 which will include charging proposals and will then enable members to have a clear picture of the overall financial position and confidence in that schemes and costs they are approving are in fact affordable.

Public Document:	Yes
Exemption:	None
Review date for release	None

Recommendations

It is proposed that the Executive Committee:

- 1. Notes the quarterly update on the overall financial position including contributions received, contributions not received because arrangements may be in place for contributions to be with-held, expenditure and anticipated contributions (from signed S106).**
- 2. Receives an update on 5 year income forecasts of developer contribution receipts at the HREC meeting in June 2017. This will clearly identify where these have been retained by the collecting authority where any agreement is in place for contributions to be with-held.**

Equalities impact: Low

Risk: Low

This is an update, repeated quarterly, on the current financial position of developer contributions (both collected and anticipated) for Habitat Regulations mitigation across the three partner authorities.

Additionally, as requested in the HREC meeting in June 2016 this report also includes an updated 5 year forecast of developer contribution receipts.

1. Summary

1.1 The purpose of this report is to update members of the Executive Committee on the overall financial position of developer contributions received by all 3 Local Authorities as mitigation payments towards measures identified in the South East Devon European Site Mitigation Strategy ("the Strategy").

1.2 The report set out details of the contributions received from inception until the end of the second and third quarters of the 2016 financial year.

1.3 The report also contains details of anticipated income from contributions where planning permission has been granted but the contribution has not yet been paid. Details of expenditure to the end of the third quarter of the 2016 financial year are also provided.

2. Clarification

2.1 In September 2016¹, NE raised concern that funds are allocated to specific “lines” of mitigation and therefore flexibility in allocation of funds was restricted, which hindered addressing the deficit in mitigation delivery.

2.2 This reporting method was proposed in sections 1.6 and 1.7 of the *June 2016 Annual Business Plan and 5 Yr. Delivery Programme (Appendix 2)*, which stated:

“1.6 Many of the S106 obligations contain specific wording which indicate where the contribution must be spent. For example, TDC’s standard wording reads “to mitigate the impact of the development on Dawlish Warren and the Exe Estuary”. Similar wording exists for Exeter and East Devon.

1.7 To ensure that this wording is adhered to, the 5yr programme is split according to the measures recommended for each of the European protected sites. The JIA contributions are S106 obligations and unilateral undertakings.”

2.3 It is for this reason – the restrictive wording of S106 obligations – that the funding lines are reported separately. It is not considered possible to adopt “model” clauses for S106 obligations which would adopt standard wording such as “to mitigate the impact of the development in accordance with the measures in the South East Devon European Site Mitigation Strategy”. This is because of the National Planning Policy Framework (NPPF) requirement to make planning obligations directly related to the development.

2.4 Clarification was requested concerning the decision not to report developer contributions in the same way as per dwelling charges were calculated. The suggestion was to report per zone income for cross-site mitigation, on site mitigation and monitoring measures as used in the Strategy².

2.5 It is recommended to continue to report developer contribution income according to the zones in which they originate (Dawlish, Exe and Pebblebeds). This is in order to retain as much flexibility in expenditure within the confines of the wording of the S106 obligations as possible. By further dividing contributions (into Dawlish – Cross Site, Onsite, Monitoring etc.), it would arguably place more restriction on these funds, not less.

¹ *Financial Report, September 2016*

² *Table 27, pg. 224. South East Devon European Site Mitigation Strategy*

2.6 By continuing to provide a financial report according to the zones of origin, any of the site-specific funding lines (Dawlish, Exe, Pebblebeds etc.) can be allocated to either monitoring, cross-site measures or specific on-site measures, according to prioritisation.

2.7 It is considered to be a more flexible arrangement to have 3 lines of funding (Dawlish, Exe, Pebblebeds) which may be allocated to any of the relevant mitigation measures rather than 3 lines of funding which are then further divided into three more lines of funding (cross-site, on-site and monitoring).

2.8 To demonstrate, the position of developer contributions received in Q2 and Q3 2016 are reported below. Tables 1 & 2 show the same receipts. Table 1 sets out the position of developer contributions as at the end of Q2 2016, according to the zone of origin. Table 2 sets out the same position but with receipts further divided according to per dwelling calculations in the Strategy. The same has been done for receipts in Q3 2016 (Tables 3 & 4).

Table 1 Developer contributions received (less expenditure) to end Q2 2016, according to zone of origin/charging period.

Charging zone/period	Carried forward from end Q1 2016	Received in Q2 2016	Expenditure during Q2 2016	Balance as at end Q2 2016
SANGS	£ 618,583.93	£ 9,529.30	£ 488,623.73	£ 139,489.50
JIA On site	£ 313,547.38	£ 38,683.75	£ 11,249.99	£ 340,981.14
Dawlish Warren On site	£ 119,584.25	£ 30,303.73	£ -	£ 149,887.98
Exe Estuary On site	£ 30,516.18	£ 5,068.53	£ -	£ 35,584.71
Pebblebed Heaths On site	£ 24,316.54	£ 894.00	£ -	£ 25,210.54
Total	£1,106,548.28	£ 84,479.31	£ 499,873.72	£ 691,153.87

Table 2. Developer contributions received (less expenditure) to end Q2 2016 according to Strategy per dwelling calculation.

Charging zone/period	Carried forward from end Q1 2016	Received in Q2 2016	Expenditure during Q2 2016	Balance as at end Q2 2016
SANGS	£ 618,583.93	£ 9,529.30	£ 488,623.73	£ 139,489.50
JIA Onsite	£ 313,547.38	£ 38,683.75	£ 11,249.99	£ 340,981.14
Cross Site	£ 122,254.12	£ 25,862.78	£ -	£ 148,116.90
DW On site	£ 20,447.62	£ 5,181.61	£ -	£ 25,629.23
DW Monitoring	£ 10,737.02	£ 2,720.86	£ -	£ 13,457.87
EE On site	£ 12,037.45	£ 1,999.34	£ -	£ 14,036.79
EE Monitoring	£ 1,337.40	£ 222.13	£ -	£ 1,559.54
PBH On site	£ 6,332.88	£ 232.83	£ -	£ 6,565.71
PBH Monitoring	£ 1,270.49	£ 46.71	£ -	£ 1,317.20
Total	£ 1,106,548.30	£ 84,479.31	£ 499,873.72	£ 691,153.89

Table 3 Developer contributions received (less expenditure) to end Q3 2016, according to zone of origin/charging period. (EDDC information not available at time of writing):

Charging zone/period	Carried forward from end Q2 2016	Received in Q3 2016	Expenditure during Q3 2016	Balance as at end Q3 2016
SANGS	£ 139,489.50	£ 16,785.45	£ -	£ 156,274.95
JIA On site	£ 340,981.14	£ 96,530.67	£ 43,048.56	£ 394,463.25
Dawlish Warren On site	£ 149,887.98	£ 38,166.18	£ -	£ 188,054.16
Exe Estuary On site	£ 35,584.71	£ 5,682.38	£ -	£ 41,267.09
Pebblebed Heaths On site	£ 25,210.54	£ 298.00	£ -	£ 25,508.54
Total	£ 691,153.87	£ 157,462.68	£ 43,048.56	£ 805,567.99

Table 4. Developer contributions received (less expenditure) to end Q3 2016 according to Strategy per dwelling calculation. (EDDC information not available at time of writing):

Charging zone/period	Carried forward from end Q2 2016	Received in Q3 2016	Expenditure during Q3 2016	Balance as at end Q3 2016
SANGS	£ 139,489.50	£ 16,785.45	£ -	£ 156,274.95
JIA Onsite	£ 340,981.14	£ 96,530.67	£ 43,048.56	£ 394,463.25
Cross Site	£ 148,116.90	£ 31,610.06	£ -	£ 179,726.97
DW On site	£ 25,629.23	£ 6,526.01	£ -	£ 32,155.24
DW Monitoring	£ 13,457.87	£ 3,426.80	£ -	£ 16,884.67
EE On site	£ 14,036.79	£ 2,241.48	£ -	£ 16,278.27
EE Monitoring	£ 1,559.54	£ 249.04	£ -	£ 1,808.57
PBH On site	£ 6,565.71	£ 77.61	£ -	£ 6,643.32
PBH Monitoring	£ 1,317.20	£ 15.57	£ -	£ 1,332.77
Total	£ 691,153.89	£ 157,462.68	£ 43,048.56	£ 805,568.01

3. Expenditure in the second and third quarters of the 2016-17 financial year:

SANGS: £488,000

3.1 As approved by the Executive Committee in September 2016³, £488,000 from Section 106 contributions towards SANGS at Dawlish, from development at Shutterton Lane, Dawlish Warren was used towards the acquisition of land.

Joint Interim Approach – On site: £43,048.56

3.2 Salary and associated costs (recruitment, PPE, phones) for the Habitat Mitigation Officers of £11,356.04

3.3 Salary and associated costs (recruitment, phone, travel) for the Project Officer (Dogs) of £2,084.89

3.4 Salary and associated costs (phone, travel) for the Delivery Manager of £10,831.44

3.5 Purchase of 4x4 vehicle and associated costs of £18,776.19

³ *Suitable Alternative Natural Green Space – Opportunity 3.3.1, pg. 85*

3. Permissions granted but not yet received

3.1 Table 3, below, shows the position of all developer contributions from planning consents granted but not yet received, as at the end of Q2 2016. Table 4 shows the same information as at the end of Q3 2016.

Table 3 Position of all developer contributions from planning consents granted but not yet received, as at the end of Q2 2016.

Charging zone/period	Carried forward from end Q1 2016	Committed in Q2 2016	Balance as at end Q2 2016
SANGS	£ 932,656.00	£ 230,045.49	£ 1,162,701.49
JIA On site	£ 845,740.00	£ 175,666.97	£ 1,021,406.97
Dawlish Warren on-site	£ 89,810.00	-£ 5,618.45	£ 84,191.55
Exe Estuary on-site	£ 104,448.00	-£ 9,782.03	£ 94,665.97
Pebblebed Heaths on-site	£ 129,390.00	-£ 15,260.00	£ 114,130.00
Total	£ 2,102,044.00	£ 375,051.98	£ 2,477,095.98

Table 4 Position of all developer contributions from planning consents granted but not yet received, as at the end of Q3 2016. (EDDC information not available at time of writing).

Charging zone/period	Carried forward from end Q2 2016	Committed in Q3 2016	Balance as at end Q3 2016
SANGS	£ 1,162,701.49	-£ 26,439.00	£ 1,136,262.49
JIA On site	£ 1,021,406.97	-£ 69,570.00	£ 951,836.97
Dawlish Warren on-site	£ 84,191.55	£ 1,106.75	£ 85,298.30
Exe Estuary on-site	£ 94,665.97	£ 5,966.25	£ 100,632.22
Pebblebed Heaths on-site	£ 114,130.00	-£ 1,043.00	£ 113,087.00
Total	£ 2,477,095.98	-£ 89,979.00⁴	£ 2,387,116.98

⁴ EDDC Q3 information not available. EDDC position as at end Q2 has been used, which may account for the apparent reduction. Other factors include completions (payments) and expirations.

4. 5 Yr. Income Forecasts

4.1 As reported in June 2016, Table 5, below, shows the 5 year forecast of Habitat Regulations developer contributions. Income from all developer contributions across the three authorities, forecasted from 2016 until the end of the 2020 financial year, arranged into on site and SANGS totals (excludes contributions already collected).

Table 5. 5 Yr. Forecast as at June 2016.

JOINT	2016-17	2017-18	2018-19	2019-20	2020-21	Total
JIA	£ 117,756.86	£ 271,500.00	£ 121,200.00	£ 60,000.00	£ 156,900.00	£ 727,356.86
Warren	£ 37,312.00	£ 77,400.00	£ 105,600.00	£ 70,400.00	£ 98,560.00	£ 389,272.00
Exe	£ 35,357.22	£ 63,513.00	£ 106,212.00	£105,069.00	£ 123,915.00	£ 434,066.22
Pebblebeds	£ 26,193.94	£ 75,990.00	£ 120,243.00	£104,151.00	£ 128,736.00	£ 455,313.94
SANGS ⁵	£ 163,930.95	£ 255,807.00	£ 482,061.00	£364,029.00	£ 439,527.00	£ 1,705,354.95
Total	£ 380,550.97	£ 744,210.00	£ 935,316.00	£703,649.00	£ 947,638.00	£ 3,711,363.97

⁵ Includes TDC JIA S106 SANGS forecasts (£21,800). Does not include TDC CIL SANGS forecasts.

4.2 At the June 2016 meeting of the Executive Committee, a 6 monthly update to this forecast was requested. This is shown in Table 6, below.

Table 6. 5 Yr. Forecast as at January 2017.

JOINT	2016-17	2017-18	2018-19	2019-20	2020-21	Total
JIA	£ 214,272.00	£ 147,900.00	£ 52,500.00	£ 63,000.00	£ 41,400.00	£ 519,072.00
Warren	£ 20,505.75	£ 38,550.81	£ 112,371.51	£ 164,046.00	£ 205,057.50	£ 540,531.57
Exe	£ 21,392.25	£ 50,861.07	£ 71,836.47	£ 96,618.84	£ 109,093.26	£ 349,801.89
Pebblebeds	£ 24,287.00	£ 58,110.00	£ 78,821.00	£ 97,893.00	£ 103,555.00	£ 362,666.00
SANGS	£ 220,948.00	£ 262,696.00	£ 478,814.00	£ 464,987.00	£ 544,786.00	£ 1,972,231.00
Total	£ 501,405.00	£ 558,117.88	£ 794,342.98	£ 886,544.84	£ 1,003,891.76	£ 3,744,302.46

- It does not include “windfall” projections (unexpected housing development not part of Local Plan allocations).
- CIL income forecast for SANGS at TDC is now incorporated.
- Important caveats and assumptions relating to the forecast of housing completions across the region still apply and are as previously reported⁶.

⁶ Annual Business Plan and 5 Yr. Delivery Programme Appendix 2 – Five Year Delivery Programme 2017-21, June 2016

5. Checking financial records

5.1 The Finance Section at East Devon District Council has given assurance that the financial information and supporting documents which provide the basis for the income and expenditure calculations, and the calculations themselves, are sound and correct. Information received from other authorities has not been checked and has been assumed to be accurate.

Natural England comment:

Natural England notes the projected income and expenditure.

Regarding Section 2 on clarification of allocation of funds:

The point we originally wished to make was that cross-site and monitoring measures did not appear to have a funding “line” so there was a risk that they could be overlooked, or not have funding allocated to them. As long as reassurances are given that this is not the case we agree that reporting should be based on “zone of origin” as proposed.

A paper regarding the issue of funding “in perpetuity” was requested at the June 2016 committee and is still outstanding. This is also pertinent to the “Rebasing” item.

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