

SCRUTINY CO-ORDINATION COMMITTEE

7th November 2012

Scrutiny Co-ordination

Committee Members Present: Councillor Mrs Abbott
Councillor Mrs Bigham (Chair)
Councillor Blundell
Councillor Mrs Fletcher
Councillor Foster
Councillor Howells
Councillor Lakha
Councillor M. Mutton
Councillor Skipper (Deputy Chair)

Employees Present: M. Andrews (City Services & Development Directorate)
G. Holmes (Chief Executive's Directorate)
M. Salmon (Customer & Workforce Services Directorate)
A. West (Chief Executive's Directorate)

Apologies: Councillor Welsh

Public Business

45. Declarations of Interest

There were no declarations of interest made.

46. Minutes

- (a) The Minutes of the meeting held on 10th October 2012 were signed as a true record, subject to the addition of Andrew Walster, City Services and Development Directorate being added to the list of employees in attendance at the meeting.
- (b) There were no matters arising.

47. Overview and Scrutiny Management

The Committee received a copy of a report of the Director of Children, Learning and Young People that had been considered by Cabinet at their meeting on 9th October 2012 relating to the Proposed Expansion of Primary School Places 2014/2015. The Committee noted that the Chair of the Scrutiny Co-ordination Committee had attended the Cabinet meeting and agreed that the decision was urgent and that Call-in should not apply. In accordance with paragraph 4.5.3.1 of the Council's Constitution, the report was presented to the Scrutiny Co-ordination Committee to inform them of the reason for urgency that being, to ensure that formal consultation on the proposals could commence on 15th October 2012, which was critical given that the overall programme was aimed at delivering the additional primary school places for September 2014.

48. Section 106 Agreements and Community Infrastructure Levy

The Committee received a briefing note and presentation from the Planning Policy Officer, City Services and Development Directorate, providing an overview of the Section 106 and Community Infrastructure Levy process, an update of the Section 106 funding position and the effects of changing national regulations around Section 106 contributions and Community Infrastructure Levy.

Section 106 of the Town and Country Planning Act 1990 (as amended) provided the legal basis for planning obligations. A planning agreement was a legally binding document between a developer and a Local Planning Authority and linked directly to the relevant planning permission. They resulted from negotiations between two parties taking into account development viability and could be used for a range of purposes such as transport, affordable housing, highway works, education or communal infrastructure facilities and services. The current policy framework (OS10 of the Coventry Development Plan) for the consideration of planning obligations and the new Core Strategy (Policy IM1) that proposed to replace this policy, was attached as an appendix to the briefing note. The Council's database of Section 106 agreements was available on the Local Authority's website.

Securing contributions was often lengthy, with a large development taking up to 10 years to complete and as the release of funding was often dependent on development commencing and to triggers being met, there was no certainty of when funding would come forward. In light of this, contributions were index linked. The granting of planning permission that included a Section 106 agreement did not guarantee the development would take place or subsequently the agreed payments be received. The recent economic climate had increased the risks associated with Section 106 agreements and their potential for change. Where work had begun on site and unforeseen costs had risen, renegotiation of the agreement conditions to reduce contributions or to spread them over longer time periods would occur. Developers also sought to renegotiate contributions where land was purchased prior to the recession and had subsequently lost value. This was also impacted by the loss in potential sales revenue and as a result development could become unviable. Such practices had recently been promoted by the government with a view to increasing house building. Details of Section 106 monies that had been spent or remained committed to specific schemes, provided on a ward basis and by type of contribution, were set out in a further appendix to the briefing note.

The Community Infrastructure Levy was a charge that local authorities could choose to make on new developments and Council had previously acknowledged the development of a levy for Coventry as part of the approved Local Development Scheme. The levy, intended to sit side by side with Section 106 agreements, could be used to help pay for the infrastructure required to support new development and included development that did not require planning permission but could not be used to remedy pre-existing deficiencies unless the new development made the deficiency more severe. Although not mandatory, the levy was considered to be more transparent and straight forward than using planning obligations and was encouraged by the government. It could be used on all forms of development. In order to charge a levy the Council would need to develop and adopt a charging schedule which would be subject to periods of consultation and independent examination. Only items identified on the charging schedule could be funded by the levy and this included all developments. Introduction of the levy did not completely remove the use of section 106 agreements which would continue to secure affordable housing contributions and site specific infrastructure that mitigated the specific impacts of a development. Work on an

analysis of potential Levy charging levels and the compilation of a schedule of infrastructure was underway and would ensure the evidence base was developed in a robust and credible way, not a disincentive to development, and represented a viable opportunity within different parts of Coventry. The Levy was not charged on charitable developments or part of developments that were to be transferred to charitable organisations, which meant that affordable housing was not required to pay the Levy. The Council was required to monitor and report annually on the collection and spending of their levy.

From April 2014 Section 106 agreements were being restricted in terms of 'pooled contributions', after this date contributions from no more than 5 schemes could be used to fund any single piece of infrastructure that could be funded by the Levy. It differed from Section 106 contributions in that it was not restricted by location and proximity to the funding development.

The Briefing Note provided details of changes and an announcement that the Government had made to national policy and legislation relating to planning obligations in respect of The National Planning Policy Framework and a Ministerial Statement on Housing and Growth.

The Committee discussed the matter at length and sought clarification from the Planning Policy Officer on the following:

- The process for calculating developer contributions
- The monitoring of payment and collection of monies
- The process for the re-negotiation of agreement conditions to reduce contributions from developers
- Section 106 agreement contributions and/or Levy charges payments determined through the viability of schemes
- Elected Members involvement in the determination of Section 106 agreement spending - through Planning Committee and Cabinet Member, with applications and spending reflecting corporate policies and priorities through the Core Strategy
- The effective management of schemes and monies to eliminate conflicts
- The time frame for use of Section 106 Agreement contributions from developers - usually set at between 5 and 10 years
- Information available through the Section 106 Agreements database
- The consultation of Elected Members in the development of proposals for the Community Infrastructure Levy charging levels and schedule of charges
- The approval of the Community Infrastructure Levy through the political process - Scrutiny Board, Cabinet and Council
- A process for providing Elected Members with information on Section 106 Agreements funding when it becomes available in their Wards, to include a clear process enabling Members to understand how they can influence spending in their Wards to ensure the effective allocation of resources.

RESOLVED that the Scrutiny Co-ordination Committee:

- (1) Noted the existing Section 106 database and the provisions secured from development throughout the City.**
- (2) Endorsed the continued research by Officers into the viability of a Community Infrastructure Levy for Coventry and agreed that the proposals be reported to Scrutiny at an appropriate time in the development process.**

- (3) That Elected Members be informed when Section 106 Agreement funding becomes available in their Wards and that a process be defined to enable Members to understand how they can influence spending in their Wards to ensure the effective allocation of resources.**

49. Report Back on Conference - CIPFA Conference, Liverpool

The Committee noted a report of the Director of Finance and Legal Services that provided details of the CIPFA Conference in Liverpool on 3rd – 5th July 2012 that he attended with Councillor Bains and Blundell and the Assistant Director (Financial Management)

The CIPFA Annual Conference was the main event each year for senior Local Government Officers and Members and provided an opportunity to consider key strategic issues affecting local government finance, network with colleagues, exchange ideas and learn from others through a programme of speakers from across public services, practical workshops/sessions and a large exhibition of latest products and services.

50. Scrutiny Co-ordination Committee Work Programme 2012/2013

RESOLVED that the Committee noted the Work Programme for the Municipal Year 2012/13 and agreed that:

- i) The submission to Scrutiny Co-ordination Committee of the half-yearly reports on Agency Workers and Sickness Absence be determined by the Chair.**
- ii) The Review of Bailiffs Policy be re-scheduled for submission to an earlier meeting of the Committee.**
- iii) A Task and Finish Group comprising Councillors Mrs Bigham, Councillor Mrs Fletcher and Councillor Lakha, an Officer from Neighbourhood Action and supported by a Scrutiny Co-ordinator, be established to progress the work on Outside Bodies – Charities, scheduled on the Work programme for consideration by the Committee in March 2013.**

51. Outstanding Issues

Outstanding issues were included in the Work Programme.

52. Meeting Evaluation

The Board evaluated the meeting and concluded that the agenda item on the Section 106 Agreements and Community Infrastructure Levy had been extremely informative and was delivered clearly and concisely, with questions from Members of the Committee answered thoroughly. The Committee requested that their comments and thanks be recorded and forwarded to the Planning Policy Officer.

Comments given by members would be used to ensure the efficiency and effectiveness of future meetings.

53. Any Other Items of Public Business.

There were no other items of public business.

Private Business

Nil

(Meeting closed at: 11.15 a.m.)