

Meeting: Finance Sub-Committee

Date: 18 November 2015

Title: Section 38 and Section 278 Inspection Income

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Service: Finance

Wards affected: All

1. Purpose of Report

The report provides a summary of unspent Section 38 and 278 inspection income.

At its meeting on 22 July 2015, the Sub-Committee received a presentation on Planning Section 106 Agreements and it was agreed that a report providing a summary of unspent Section 38 and Section 278 monies would be submitted to a future meeting of the Sub-Committee. (Minute F14/07/15 refers).

This information is provided at Appendix 1 & 2 of the report.

2. Appendices

Appendix 1 – Schedule detailing unspent Section 38 monies
Appendix 2 – Schedule detailing unspent Section 278 monies.

3. Background Information

S38 Inspection Income

When developers build new estates, they also build roads, streetlights and footpaths that they then wish the authority to adopt. The authority levies an inspection fee based on 7 ½% of the highway costs (with a £1,500 de minimus charge) to check that these works are adoptable. A proportion of the money is paid to SSE for their role in checking any new street lights.

The developer is also responsible for maintenance of the works through the 12 month warranty period and Capita perform a final check on the authority's behalf after the 12 months have expired to confirm that the authority is happy to adopt the works.

S278 Inspection Income

When developers build new estates they also need to make changes to existing roads and footpaths that they wish the authority to then continue to maintain. The authority levies an inspection fee based on 7 ½% of the highway costs (with a £1,500 de minimus charge) to check that these works are adoptable.

The developer is also responsible for maintenance through the 12 month warranty period and a final check is done after the 12 months have expired to confirm that the authority is happy to adopt the works.

In 2015/16 North Tyneside Council is also currently holding two amounts on behalf of Newcastle Traffic Signals who have entered into a s278 agreement with developers. The authority will pay the money received from the developers to Newcastle Traffic Signals on receipt of an appropriate invoice.

Year end

During the year the transactions are collected in the holding account for both s38 and s278 and once a year at year end an exercise is done to ensure that the monies in hand at the end of the year are sufficient to cover the expected costs to perform the outstanding inspection works. Expenditure in year will relate to Capita recharges for the staff responsible for inspections, SSE charges for street light inspections and general administration costs of the schemes.

Unlike the s106 monies, which must be spent exactly as agreed within the s106 agreement, both s38 and s278 monies are not refundable to developers if not used specifically on the site that generated the income.

Current financial position

As can be seen from the appendices attached there is sufficient monies within the holding accounts to more than cover the anticipated future costs.