

# AUDIT COMMITTEE

16 MARCH 2017

## REPORT OF HEAD OF PLANNING

### A.1 AUDIT COMMITTEE – SECTION 106 AUDIT UPDATE

(Report prepared by Catherine Bicknell)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present to the Committee an update in relation to the Section 106 audit.

##### **EXECUTIVE SUMMARY**

- The 2014/15 audit of S106 agreements concluded that improvement was required. The high priority actions identified were in relation to the monitoring fees, monitoring of income and the collection of contributions.
- A new database has been purchased and a permanent member of staff will be recruited to address these issues.
- It is recommended that a follow-up audit of S106 agreement monitoring is undertaken once the new IT system and staffing arrangements have been in place for 9-12 months. This will allow time for the areas of concern identified in the previous audit to be addressed.

##### **RECOMMENDATION(S)**

- a) That the progress in relation to the Section 106 audit be noted; and
- b) That a follow-up audit is undertaken in March 2018.

#### PART 2 – IMPLICATIONS OF THE DECISION

##### **DELIVERING PRIORITIES**

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

###### **Risk**

The recommendation in this report does not pose a risk and the actions in response to the audit referred to in this report are designed to reduce risk of loss of income.

##### **LEGAL**

There are no direct legal implications associated with this report.

##### **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following

and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

This report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

## **PART 3 – SUPPORTING INFORMATION**

### **S106 AUDIT FINDINGS 2014/15**

The 2014/15 audit of S106 agreements concluded that improvement was required. The high priority actions identified were in relation to the monitoring fees, monitoring of income and the collection of contributions.

#### Monitoring fees

The audit questions whether or not monitoring fees should be collected. A High Court decision found the collection of monitoring fees to be unlawful but subsequent external legal advice suggested that the collection of fees for the drafting of agreements and the monitoring of development is lawful. Currently fees are collected from developers for both purposes

#### Monitoring of income

The audit identifies that there is a backlog in the monitoring of income. A report generated from the S106 database is used to identify developments that need to be checked for commencement. However, a backlog, resulting from staff changes and absences, exists in this area of work.

#### Collection of contributions

The audit identified that the database is not being used to identify which developments need to be monitored. However, alternative sources of information (planning permissions and building regulations approvals) are being used. The completion of S106 agreements is not affected, only their monitoring.

### **NEXT STEPS**

The S106 database used to monitor S106 agreements is now unsupported thereby making its contents vulnerable. A new system has been purchased to reduce this risk and is being configured for implementation. It will be ready to use for S106 monitoring mid- 2017 once backfilling of data has been completed.

The new system (Exacom) has been produced by the developers of the previous database but unlike its predecessor, it is compatible with the Council's back office Planning system (Uniform) and is fully supported.

Exacom includes a level of reporting capabilities that improves the robustness of the monitoring work. It is also designed to deal with CIL and so will be valuable into the future, even when CIL is introduced by the Council.

Historically the S106 monitoring activities were undertaken by a S106 officer and more recently by various officers alongside other duties. Unfortunately, under these arrangements some tasks have not been kept up-to-date. A Planning Technician, dedicated to monitoring of S106 agreements and preparing for monitoring of CIL is being recruited on an initial fixed term basis and is expected to commence duties during March

2017. Implementation of the new IT system will be followed by a process review.

It is recommended that a follow-up audit of S106 agreement monitoring is undertaken once the new IT system and staffing arrangements have been in place for 9-12 months. This will allow time for the areas of concern identified in the previous audit to be addressed.

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| <b>BACKGROUND PAPERS FOR THE DECISION</b> |
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| <b>APPENDICES</b> |
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