

## **SECTION 106 PLANNING OBLIGATIONS**

**Report By: Audit Services Manager**

### **Wards Affected**

Council-wide.

### **Purpose**

To provide the Audit and Corporate Governance Committee with a summary of audit findings on the Council's arrangements for Section 106 obligations.

### **Financial Implications**

Local authorities are empowered to request financial contributions or works from developers to offset the environmental issues that may arise from a new development under the Town and Country Planning Act 1990.

### **RECOMMENDATION**

**THAT the report be noted.**

### **Reasons**

A reply to a request from the Audit and Corporate Governance Committee for more information on an audit carried out by Audit Services.

### **Considerations**

1. The previous review was completed in February 2004 as part of the 2003/4 Audit plan. It identified that the Council did not have adequate procedures in place to properly record the full details of all section 106 agreements. There was limited monitoring of trigger dates outlined in agreements, with the onus being placed on developers to pay contributions when they became due.
2. Audit follow up work was carried out in July 2005 as part of the 2005/06 Audit Plan. The Audit Report concluded that progress had been slow and that the controls with regards to recording, monitoring and reporting of Section 106 Agreements still required improvement.
3. At the time of the follow up review in July 2005 progress on the recommendations made was as follows:
  - Fully or mostly implemented 2

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Further information on the subject of this report is available from Tony Ford (Audit Services Manager)  
on tel: (01432 260425)

- Partially Implemented 5
  - Not Implemented 2
4. The latest audit review formed part of the 2006/07 Audit Plan approved by the Audit Committee on 7th April, 2006.
  5. The scope of the audit review covered the application of control systems in the directorates that are either beneficiaries of the agreements or parties to creating them, the monitoring of payments and the spending of contributions. The Lead client officer was the Head of Legal and Democratic Services.
  6. The Audit Opinion was marginal (Appendix 1 refers).
  7. There had been progress since the last audit to resolve the issues and to modernise the process for dealing with planning obligations. In general, controls were being applied but there was inconsistency in the application of standard formulae.
  8. One level 1 recommendation has been made requiring a single electronic system for monitoring Section 106 Agreements.
  9. Within the Audit Plan for 2007/08 there is resources allocated to carry out further follow up work, members of the Audit and Corporate Governance Committee will be updated on completion.

## Risk Management

10. There was the risk that a consistent approach was not being applied across the council, with standard formulae and charges not being applied consistently, with duplication of work across the service areas. Recommendations have been made by Audit Services that will improve the Councils approach.

## Background Papers

Audit Services Report -J2953