

Agenda Item No: 4

Report To: Audit Committee

Date of Meeting: 21st March 2023

Report Title: S106 Mid-Kent Audit Report 2021 – Final report responding to remedial actions

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Summary:	This report provides a final update in respect of progressing the actions set out in the Mid-Kent Audit Review of the S106 Process during 2021 since November 2022 and other related work streams.
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Key Decision: NO

Significantly Affected Wards: N/A

Recommendations: **The Committee is recommended to:-**

Note the progress made towards finalising the Mid-Kent Audit Actions and the complementary progress towards the O&S S106 Task Group recommendations and subject to the outcome of the final quarterly review in April consider the actions following the Audit to have been met.

Policy Overview: N/A

Financial Implications: The Audit identified weaknesses in the controls related to the collection and spending of S106 income, which the actions seek to address.

Legal Implications: No specific implications.

Equalities Impact Assessment: Not required.

Other Material Implications: N/A

Exempt from Publication: **NO**

Background Papers: The Final audit report.

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S106 Mid-Kent Audit Report 2021 – Final report responding to remedial actions

Introduction and Background

1. The Committee received a progress update report at the November 2022 meeting in respect of the remaining actions set out in the Mid-Kent Audit Report of the S106 monitoring process carried out during the summer of 2021.
2. The Committee resolved to receive a final report, which this report will address.

Progress in respect of the remaining Mid-Kent Audit Actions

3. As noted at the November meeting there were two outstanding Actions which were due for completion by 31st December 2022 and three deferred actions pending further data migrations into Arcus and resolving some functionality issues. A further quarterly review meeting with officers was held with Andy Bellingham of MKA on January 13th 2023 to review progress on these items.
4. Katherine Woodward (the Head of Internal Audit) emailed the Assistant Director of Planning and Development on the 7th February following feedback from this meeting confirming that 17 of the 21 actions had been completed.
5. The outstanding items were the three deferred actions referred to in paragraph 3 above, namely:
 - 6.1 – Introduce trigger point alerts linked to the s106 monitoring system to be implemented within new system.
 - 7.2 – Add a developer's introduction letter to the Arcus software that can be automatically generated when a S106 is signed.
 - 10.1 – Introduce post-development reviews to ensure all aspects of the S106 agreement are complied with.
6. The other item, which was described as partially incomplete, relates to action 15.2 – developing measures to ensure S106 funds are spent on their intended purpose. However, following further explanation and evidence it has been agreed with MKA that this action has been completed.

Progress in respect of the three deferred actions

7. At the November meeting of the Committee officers noted that a second migration of the data saved in Acolaid into Arcus was taking place. Checks by Officers found that not all of the data had been transferred successfully and some data had been duplicated. However a third migration has now been completed successfully and following further checks the data is now in place

enabling the functionality for monitoring S106 agreements that was anticipated following last year's launch. Further development of the software is ongoing to fully realise the full potential of the Arcus software.

8. Officers have continued to work closely with Arcus to address the functionality issues that were preventing the use of the software to respond to the remaining audit actions. Progress in respect of these actions can be summarised below.

Trigger alert system

9. Now that the data is in place dashboards can be created within Arcus that can be used as a trigger alert system for when monies need to be spent. Weekly reports can also be generated showing the status of S106s to flag up when key stages are approaching and whether a review is needed. This action has therefore been met.

Developer's letter

10. The developer letter was prepared as early as December 2021 and officers are working with Arcus to ensure that letters can be automatically generated on completion of S106 agreements in future. In the meantime letters can be sent to developers manually to explain what the Borough Council expects in terms of the implementation of the agreement.

Post development reviews

11. The S106 module in Arcus includes a 'complied with' box and date, which can be used to records post-development reviews of S106s. Officers are reviewing the transferred S106 data and carrying out post development reviews as part of this process. Where S106s have been completed in accordance with the terms of the agreement the complied with box and date are being recorded.

Update in respect of the O&S S106 Task Group Recommendations

12. As reported at the November Committee two S106 workshops were held for local councils and community forums in December on the 5th and 14th. The events included a presentation explaining the S106 process and introducing a S106 Handbook. The workshops were recorded and shared with all invitees.

Implications and Risk Assessment

13. The audit report sets out the possible risks arising from the findings, but these are accompanied by short-term remedial actions which have been agreed by the Service's management for implementation.

Next Steps in Process

14. Mid Kent Audit will carry out a further and final quarterly review to assess the final actions and advise accordingly.

Recommendation

That the Committee note the progress made towards finalising the Mid-Kent Audit Actions and the complementary progress towards the O&S S106 Task Group recommendations and subject to the outcome of the final quarterly review in April consider the actions following the Audit to have been met.