



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Regeneration and the Economy

**Item 1(a)**

3rd October 2018

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## DEVELOPERS CONTRIBUTIONS

### Purpose of Report:

To receive an update from the Executive Director of Regeneration and the Economy on the recent report from Internal Audit on Developers Contribution.

### Recommendations:

That Committee notes and discusses the report from the Executive Director of Regeneration and the Economy.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## **1 Background**

Following requests from Elected Members regarding Baillieston Broomhouse and Carmyle CGA (Community Growth Area) and the lack of available and/or conflicting information the Executive Director of Regeneration and the Economy requested during the annual audit planning meeting that Internal Audit colleagues undertake a review of the procedures for dealing with Section 75 Contributions with particular focus of the above Community Growth Area.

Internal Audit subsequently reviewed arrangements for developer contributions under policies ENV2 (Open Space and Public Realm Provision) and TRANS4 (Clyde Fastlink Developer Contributions) as well as the above CGA. Internal Audit found no issues ENV2 and TRANS4. However, as expected found a number of issues within the CGA.

## **2 Summary**

The Internal Audit report presented to Committee confirms the concerns that existed around the current historic arrangements which are unsurprisingly not fit for purpose. Whilst DRS had established a working group to address these matters, the report from Internal Audit can now be used to inform where DRS specifically need to address these historic practices and weakness.

Internal Audit were asked to explore these Departmental concerns in order to get a “warts and all” view of the process, so that necessary changes could be made. As Internal Audit identified in para 3.2 “the management of developer contributions is a complex area, involving officers from various teams”. DRS wholeheartedly agrees and hence the review by Internal Audit was necessary to form a better approach to ensuring compliance/assurance with Section 75 arrangements and improve the current historic arrangements.

Ultimately the legal responsibility for making payment to the Council under S75 agreements lies with the developer, and a key role of any response by DRS will be to ensure compliance by the developers involved.

Following receipt of the report and in parallel to the work of the Working Group the Executive Director has decided to reallocate a specific officer to take day to day control of this matter within the next two weeks. This is a short term solution in order to implement the six recommendations contained within the Internal Audit report. The Working Group will also be tasked with overseeing the improvements to ensure that the process is fit for purpose. DRS further welcomes the involvement of colleagues from both Legal & Financial Services on the Working Group given the complexity of the S75 arrangements.

Once DRS systems and processes are improved then the department will ensure developers make the appropriate and timeous payments as required in the Legal Agreements which they entered into with Glasgow City Council.

Whilst a dedicated resource is a short term measure it is anticipated that a LEAN technology based solution will deliver a medium and long term solution.

### **3 Comments**

Whilst Internal Audit sit within Financial Services they are a key corporate resource to ensure assurance and compliance across the Council and Council Family. DRS does not have an internal resource to carry out such detailed analysis of procedures and practice and therefore welcomes the support from Internal Audit in identifying how historic arrangements can be modernised and improved.

In addition to the dedicated resource noted earlier and Working Group, two Head of Service within the department, in addition to the Director of Property and Land Services will ensure that the necessary short and medium term measures are put in place to address the recommendations contained in the Internal Audit report. This will also be reported back to DRS SMT on a regular basis.

A further report will be presented to Finance and Audit Scrutiny Committee on improvements and progress made.

### **4 Policy and Resource Implications**

#### **Resource Implications:**

*Financial:*

*Legal:*

*Personnel:*

*Procurement:*

**Council Strategic Plan:** Specify which theme(s) and outcome(s) the proposal supports

#### **Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2017-22*

*What are the potential equality impacts as a result of this report?*

(no significant impact, positive impact or negative impact)

*Please highlight if the policy/proposal will help address socio economic disadvantage.*

**Sustainability Impacts:**

*Environmental:*

*Social, including Article 19 opportunities:*

*Economic:*

**Privacy and Data Protection impacts:**

**5 Recommendations**

That Committee notes and discusses the report from the Executive Director of Regeneration and the Economy.