

Internal Audit Report



Planning – Performance Management

Customer:	South Cambridgeshire District Council
Assurance rating:	Reasonable
Organisational impact:	Moderate
Corporate priorities:	Growing local businesses and economies

Actions	Number	Audit completed by
Critical		Greater Cambridge Shared Audit Team
High	2	24 September 2021
Medium	1	Authorised by
Low		Jonathan Tully, Head of Internal Audit
Total	3	24 September 2021

Report status	Final - public
Report to Committee	Yes - the committee will receive a specific update

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Executive Report

Introduction

New buildings, or major changes to existing buildings and the local environment, need consent which is known as planning permission.

South Cambridgeshire District Council (SCDC) is a Local Planning Authority and is responsible for issuing planning permission within the district. Planning is delivered by [the Greater Cambridge Shared Planning Service](#) and they can issue in the region of 5,000 decisions per year, some of which are delegated to Officers and others which are considered by the Planning Committees of SCDC and Cambridge City Council Council, including the Joint Development Control Committee. The Planning Service implemented a new computer system in February 2020 and has been working remotely during the Coronavirus pandemic.

Planning Performance is reported to Ministry of Housing, Communities & Local Government (MHCLG, now DLUHC) on a quarterly basis and this is reported on their [website](#). These performance indicators include the amount of time taken to process a planning application. The target time scale depends upon the size and complexity of application. Extensions of Time may be agreed where there is a legitimate reason which is agreed with the applicant. The Planning Performance Report PS2 illustrates/identifies where decisions have been made within this timeframe.

This report follows up management agreed actions from our previous review, which was finalised in April 2021.

Our previous review provided '**Limited**' assurance on the overall adequacy and effectiveness of the internal controls ability to mitigate the identified risks. The original report contained 3 high category agreed actions.

Scope & Objectives

Background

Our [original review](#) was completed in response to independent concerns raised about the Planning Performance Management Statistics. We were asked by the Scrutiny and Overview Committee to review the planning performance for Quarter 2 of 2020, known as PS2 data. MHCLG reports data on a calendar year and this period was April 2020 to June 2020.

We reported our results in April 2021, and actions for improvement were scheduled from that date. We were also asked to undertake a prompt follow-up report to establish that the controls have been implemented and reviewed evidence from Quarter 2 of 2021 as this was the next available dataset. The data was quality assured and provided to MHCLG by August, and they published the data in September.

Guidance on submitting performance information is documented in various places including legislation, the application process, and guidance from professional bodies such as the Planning Advisory Service (PAS). Following the last review, the Council wrote to the then MHCLG directly to seek clarification on the approach being following by the Council in the reporting of Extensions of Time. MHCLG confirmed that the Councils approach to accounting for Extensions of Time, in both its January 2021 and post January 2021 methods were acceptable and in accordance with the guidance.

Objectives

Our objective was to follow-up the actions from our previous audit, and review records in Quarter 2 of 2021. We considered:

- how decisions are recorded on the planning system;
- how supporting evidence is recorded and maintained on the planning system;
- how data is calculated to report planning performance to MHCLG;

A proportion of planning decisions made in the quarter will relate to applications submitted in previous quarters, and the new processes were introduced midway through this quarter. Consequently, only a proportion of the decisions in the quarter would be based on the new procedures, and this needs to be recognised when reading our test results reported below. Completing our review at this early stage does provide an opportunity to promptly check that controls have been implemented and identify further opportunities for continuous improvement.

We did not review the planning applications themselves, and whether they were compliant with planning policy, as there are already existing processes for reviewing, appealing or challenging planning applications.

To complete our review we considered procedure notes, discussed the events with officers, and reviewed system records. Planning application records are stored online on the Uniform system. Documents associated with the planning application are loaded onto the publicly accessible online Planning Portal: <https://applications.greatercambridgeplanning.org/online-applications/>

Key risks

We consider, as part of our review, the risks related to the planning process. The key risks that we identified were data input error, plus non-compliance with policy and procedure, leading to reputational risk and the unplanned consumption of resources and expenditure to rectify errors.

Professional Standards

The audit was conducted in accordance with the principles contained in the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN).

Summary of Findings

The Planning Service developed an updated procedure for Extension of Time Agreements (EOTAs) in May 2021, following our initial review. The procedure includes clear instructions and also includes a standardised letter template for communicating with their customers. This was promptly shared with Planning Officers and has driven consistency in recording supporting information.

Statistical analytics

We reviewed planning performance data for Quarter 2 of 2021 and our testing approach was similar to the previous review.

This quarter contained 465 decisions which was a significant increase (57%) from the previous review which had 296 decisions in the same quarter. In comparison the [DLUHC report](#) highlights a 36% increase in decisions made nationally.

	2021 Q2	2020 Q2
Total decisions made in the Quarter (applications)	465	296
Applications dealt with in time	79%	85%
Applications identified exceeded the Target Date	21%	15%

Data accuracy

Firstly, we focussed on reviewing the calculation methodology, as this is a complex in-house designed process. Ongoing quality assurance is good practice and minor adjustments can be reported to DLUHC if required. This process is working well. Our testing identified that 6 of the 465 records (1%) were reported in a different PS2 categorisation. This was due to the type of “rounding” methodology applied, which is not specified and subject to interpretation. The difference does not materially impact the statistical data reported (*the overall result for “Percentage decided in time (all)” was the same – 79%*), and this calculation approach has been reviewed as good practice.

Our previous review recommended the team retains data exports at the point of extract / submission to support quarterly performance calculations. This has been implemented and will help to support future quality assurance work.

Data quality and supporting information

Secondly, we reviewed supporting information for the decisions, as we wanted assurance that the decisions were recorded accurately on the system. Any errors at this stage could be transferred into the calculation process.

The Planning Team have implemented new procedures, during the quarter, to help improve data quality. Consequently, the sampling from the complete quarter will contain data from before the implementation of revised procedures.

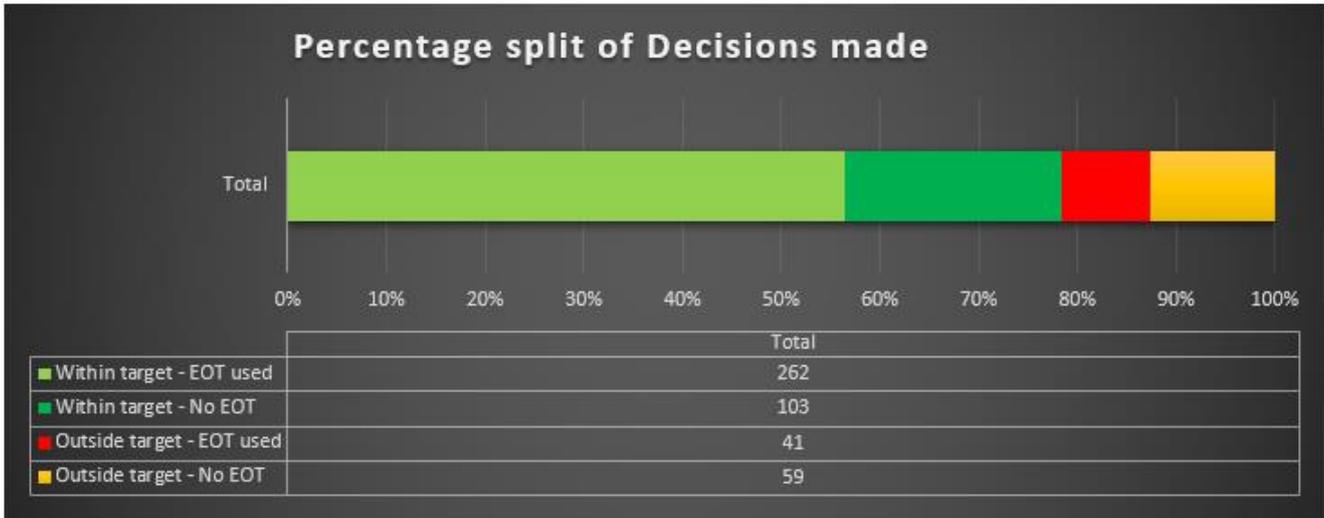
From the population of 465 planning applications reported through the PS2, a total of 303 applications made use of an Extension of Time agreements (EOTA). Of these 303 applications, 262 applications were decided within the terms of the EOTA, whilst 41 exceeded the EOTA expiry date.

We selected a sample of 96 applications which used an EOTA to test (made up of 55 where the EOTA was met and 41 where the EOTA was exceeded).

Dataset	Observation
Uniform data	<p>Our previous review recommended using fields in the Uniform System to record information regarding EOTA.</p> <p>These fields include “Letter type”, “Reason for use” and “Date printed”. The revised procedure note is well written and provides clear instructions on completing the details in Uniform. There is evidence that these fields are starting to be used, although the sampling did not contain a decision with all three fields completed. In summary:</p> <ul style="list-style-type: none"> • 61 did not have a Reason for EOTA Code • 42 did not have an EOTA Letter type • 59 did not have an EOTA Letter Print Date <p>Omissions will not impact the PS2 returns. It is positive to see these fields being used as the data could be used to help manage performance and identify training and development needs.</p>
IDOX data	<p>EOTA’s are normally completed via an email agreement as this helps provide a quick way of corresponding with the applicant.</p> <p>Informal correspondence can be misinterpreted. Our previous review recommended introducing a template letter and using a standardised approach for storing records in the IDOX Document Management System (DMS). The process has been improved by introducing a standardised letter to request an EOTA, however this has not been fully embedded in Quarter 2.</p> <p>There were cases where we could not locate supporting information on the Document Management System (DMS) for the EOTA. Reasons for this could be administrative, such as documents not yet being transferred from mailboxes to the DMS. Also, there were cases where EOTAs were unsigned or coded as “sensitive” documents when they should be “public”. Ideally a full copy would be retained as a sensitive document, and a redacted version would be made public. In summary:</p> <ul style="list-style-type: none"> • 21 used the new letter template to request an EOTA • 64 used an email to request an EOTA • 10 were not viewable on the DMS • 1 was unreadable <p>Of the 21 using the new template to request an EOTA:</p> <ul style="list-style-type: none"> • 8 were fully compliant • 13 were unsigned (which would help to demonstrate the EOTA was agreed) <p>Of the 64 using an email to request an EOTA:</p> <ul style="list-style-type: none"> • 15 were listed as Sensitive • 49 were listed as Public <p>The Planning Service is reviewing the cases we have highlighted, and we would anticipate compliance will continue to improve as processes are embedded in the following quarter.</p>

Overall position

In total 303 decisions were based on using an EOTA and 162 decisions did not use an EOTA. Of these 365 applications received a decision within the target date, whilst 100 applications exceeded the target date.



Management Action progress

An update on the current status of the agreed actions is shown in the table below:

Actions	Completed	In progress	Outstanding	Cancelled	New
Critical					
High	1	2			
Medium		1			
Low					
Total	1	3	0	0	0

One of the high category management agreed actions from our previous review have been completed and satisfactory progress is being made on two.

We would normally expect high category actions to have been completed within six months, which is September 2021. There is evidence that the Planning Service have implemented the actions during the middle of the performance quarter being reviewed, which is April to June 2021. Two actions are recorded as “*in progress*” because, whilst controls have been implemented, the processes are not yet embedded in the quarter being reviewed. It is reasonable to expect improved compliance in the following quarter. The one medium category management action is also “*in progress*”. Full details are contained in our Management Agreed Actions section below.

Conclusion

A '**Reasonable**' assurance rating has been given based on the processes and controls examined at the time of the review. This is an improvement since the previous review which was had a Limited rating.

New processes have been implemented and this has driven improvement. There remain instances of non-compliance, which was expected considering the early timing of our review. We would support periodic refresher training to help embed the new processes.

Improved compliance with the new processes, over the next quarter, will continue to help support the performance management.

Acknowledgement

Internal Audit would like to thank everyone consulted in the course of this review for their time and assistance in conducting the review.

Jonathan Tully | Head of Shared Internal Audit Service

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by providing risk-based and objective assurance, advice and insight.*

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Management Agreed Actions

As part of the review we have identified opportunities for improvement, which have been shared with Management. These are developed into actions to improve the effectiveness of the governance, risk management arrangements, and the internal control environment.

Management are responsible for implementing their actions and providing assurance when they are completed. Timescales for implementing actions should be proportionate and achievable to the available resources. To help prioritise the actions we have produced guidance below:

Priority	Description	Timescale for action	Monitoring
Critical	Extreme control weakness that jeopardises the complete operation of the service.	To be implemented immediately.	Within 1 month
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	To be implemented as a matter of priority.	Within 6 months
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	To be implemented at the first opportunity.	Within 12 months
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	To be implemented as soon as reasonably practical.	Within 24 months

1 Recording data on the Planning System		Updated status	
Risk ID:	938 - Delay in response to planning applications	Implementation status: In Progress	Comments: The control has been implemented, and the updated procedure identifies actions which need to be taken in order for an EOTA to be used. However, testing at this early stage cannot demonstrate full compliance. Our 96 decisions sampled (where an EOTA was reported to have been used) demonstrated that fields in Uniform are starting to be completed, but there was not full compliance as yet: <ul style="list-style-type: none"> • 61 did not have a Reason for EOTA Code • 42 did not have an EOTA Letter type • 59 did not have an EOTA Letter Print Date It would be good practice to issue refresher training to Case Officers to help embed this control.
Action Required:	Consider making use of optional fields in the Uniform System to record information regarding Extensions of Time.		
Action owner:	Assistant Director Delivery		
Action Priority:	High		

2 Recording supporting evidence on the Planning System		Updated status	
Risk ID:	938 - Delay in response to planning applications	Implementation status: In progress	Comments: The control has been implemented, and a standard template has been introduced during the middle of the quarter being reviewed. Testing at this early stage cannot demonstrate full compliance across the quarter. The test sample has identified applications where EOTAs were used. Of the 96 sampled, 22% used the new template. Further testing on the following quarter could help to validate that the procedure is embedded and actively used by all Case Officers.
Action Required:	Adopt a standardised template for agreeing an Extension of Time with the applicant to help to ensure consistency within the Planning Service, and help maintain an evidence trail to support Planning Performance Statistics.		
Action owner:	Assistant Director Delivery		
Action Priority:	High		

3 Recording supporting evidence on the Planning System		Updated status	
Risk ID:	938 - Delay in response to planning applications	Implementation status: In progress	Comments: The control has been implemented but there is not yet full compliance. A standard code has been added to the system to identify the EOTA. 85 decisions contained supporting evidence in the IDOX system, made up of 21 using the new template and 64 by email. 15 of the 64 emails (23%) were listed on IDOX as a "Sensitive" document instead of "Public". These have been shared with the Planning Service so they can be reclassified.
Action Required:	A single standardised code and approach should be adopted for adding records to the DMS. Records should be redacted and flagged as publicly accessible.		
Action owner:	Assistant Director Delivery		
Action Priority:	Medium		

4 Calculation of planning performance data to MHCLG		Updated status	
Risk ID:	938 - Delay in response to planning applications	Implementation status: Completed	Comments: We previously suggested that the datasets are formally held in a segmented location of the network so that these can be historically retained, and we have seen evidence that this has been implemented. This will help support the Quality Assurance process.
Action Required:	Retain data exports at the point of extract / submission to support quarterly performance calculations.		
Action owner:	Assistant Director Delivery		
Action Priority:	High		

Distribution list

Name	Title
Liz Watts	Chief Executive
Stephen Kelly	Joint Director of Planning and Economic Development
Sharon Brown	Assistant Director Delivery
Rory McKenna	Monitoring Officer
Peter Maddock	S151 Officer and Head of Finance
Bridget Smith	Leader of the Council
Cabinet / Scrutiny & Overview	Members of the Committee
External Audit	

This Internal Audit report is confidential within the service it relates to, and the information contained within it should not be disclosed to third parties without the consent of the appropriate Head of Service or the Head of Internal Audit.

Summary information will be shared with committees and boards that have responsibility for monitoring the governance risk and control arrangements for the Council.

Glossary of terms

Assurance ratings

Internal Audit provides management and Members with a statement of assurance on each area audited. This is also used by the Head of Shared Internal Audit to form an overall opinion on the control environment operating across the Council, including risk management, control and governance, and this informs the Annual Governance Statement (AGS).

Term	Description
Full Assurance	Controls are in place to ensure the achievement of service objectives and good corporate governance, and to protect the Authority against significant foreseeable risks.
Reasonable Assurance	Controls exist to enable the achievement of service objectives and good corporate governance, and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with control process were identified and/or opportunities still exist to mitigate further against potential risks.
Limited Assurance	Controls are in place and to varying degrees are complied with, however, there are gaps in the process which leave the service exposed to risks. Therefore, there is a need to introduce additional controls and/or improve compliance with existing ones, to reduce the risk exposure for the Authority.
No Assurance	Controls are considered to be insufficient, with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Authority exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.

Organisational impact

The overall impact may be reported to help provide some context to the level of residual risk. For example, if no controls have been implemented in a system it would have no assurance, but this may be immaterial to the organisation. Equally a system may be operating effectively and have full assurance, but if a risk materialised it may have a major impact to the organisation.

Term	Description
Major	The risks associated with the system are significant. If the risk materialises it would have a major impact upon the organisation.
Moderate	The risks associated with the system are medium. If the risk materialises it would have a moderate impact upon the organisation.
Minor	The risks associated with the system are low. If the risks materialises it would have a minor impact on the organisation.

Appendices

Glossary of Planning Terms

We have detailed below a number of common planning acronyms used throughout this report:

Term	Description
DLUHC	Department for Levelling Up Housing & Communities (previously MHCLG)
EIA	Environmental Impact Assessment
EOTA	Extension of Time Agreement
IDOX DMS	Documents associated with the planning application are loaded onto Document Management System
LPA	Local Planning Authority
MHCLG	Ministry of Housing, Communities & Local Government
PAs	Performance Agreements – an umbrella term that refers to PPA, EOTEOT, EIAs.
PAS	Planning Advisory Service
PPA	Planning Performance Agreement
PS2	'District' planning matters return- decisions made during the quarter
Uniform	Planning application data is stored online on the Uniform system.

Re-performance of statistical data

The table below shows our re-performed calculation of the PS2 statistics in comparison to the data reported by MHCLG / DLUHC. Our calculation agrees with the total 79% decided in time.

	Total decisions (all)	Total granted (all)	Percentage granted (all)	Total decisions (exc PAs)	Total decided in time (exc PAs)	Percentage decided in time (exc PAs)	Total decisions (PAs only)	Total decided in time (PAs only)	Percentage decided in time (PAs only)	Total decided in time (all)	Percentage decided in time (all)
MHCLG	465	417	90%	162	106	65%	303	262	86%	368	79%
Our calculation	465	417	90%	162	104	64%	303	262	86%	366	79%