

REDACTED



INTERNAL AUDIT FINAL REPORT
HOUSING, PLANNING AND REGENERATION

REVIEW OF PLANNING APPLICATIONS (PRE-APPLICATION ADVICE SERVICE)

Issued to: Head of Development Management
Assistant Director, Planning and Building Control

Cc (Final only) Director of Housing, Planning and Regeneration
Head of Finance, ECS and Corporate

Prepared by: Principal Auditor

Reviewed by: Head of Audit and Assurance

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Report No.: PLA/01/2022

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INTRODUCTION

1. This report sets out the results of our audit of the Planning Pre-application advice service. The audit was carried out as part of the work specified in the 2022-23 Internal Audit Plan. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The Department for Levelling Up, Housing and Communities (DLUHC) acknowledges that the approach to pre-application engagement should be tailored to the nature of the proposed development and the issues to be addressed. Local planning authorities are encouraged to take a flexible, tailored and timely approach to the pre-application services they offer, which should be appropriate to the nature and scale of a proposed development. The National Planning Policy Framework recognises that the local planning authority has a key role to play in encouraging other parties to take maximum advantage of the pre-application stage.
3. The Pre-application advice service is demand led, with departmental statistics recording 337 requests received during the 2021-22 Financial Year. Of these, 60% were for 'Non-Major' schemes and 21% for 'Major' schemes. The remaining 14% were Householder Telephone Advice service requests, the purpose of which is to advise on revisions following determination of applications.
4. All Planning Pre-application advice services are chargeable, with each local authority setting its own fee scale. All fees are subject to VAT.
5. We would like to thank everyone contacted during this review for their help and co-operation.

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AUDIT SCOPE

The original scope of the audit was outlined in the Terms of Reference issued in April 2022 and the key risks reviewed were:-

- Pre-application advice service applications are not administered in a fair, consistent, timely and correct manner. Inappropriate advice may be given and incorrect decisions made.
- The Council may be exposed to reputational risk if conflicts of interest, such as self-review threats, are not identified and resolved, adequate steps are not taken to prevent bribery or, if there is insufficient segregation of duties.
- Pre-application advice service fees are not collected at all or in a timely manner.

AUDIT OPINION

6. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Reasonable Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	3	1

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SUMMARY OF FINDINGS

7. Our fieldwork highlighted a number of key strengths. Internal procedures are well documented and information on the website www.bromley.gov.uk is wide ranging. There is clear segregation of duties with three officers involved in all Non-Major and Major Pre-application advice requests sampled. The approval process is robust, advice letters are comprehensive and reflect the requirements of the National Planning Policy Framework and the London and Bromley Local Plans. Consultation with other departments and organisations is evidenced.
8. We would, however, wish to bring the following four areas to Management's attention.

9. **Online Information**

The current online application process does not include the facility for requests for the service and supporting documentation to be submitted via a portal. The application forms, available to download, are in PDF format and therefore cumbersome for the applicant, do not address accessibility issues and the information contained within the form will require re-keying into the Planning Case Management System, creating additional resource requirements.

10. **Key Performance Indicators/Timeliness**

Outturn is currently reported against a Key Performance Indicator of 'Applications decided in/out of time' parameter of 56 days, being the eight week target from validation to advice letter for the Non-Major applications. The statistics and underlying data for the time period 1st April 2021 to 31st March 2022 reflect an average performance for the year of 17.4% of applications decided within time.

During the course of the testing, we identified that:-

- (i) the 'start' of the parameter has been incorrectly attributed to the 'Received' data as opposed to the 'Validated' data and,
- (ii) the calculation includes the Major and the Householder Telephone Advice service applications, which are subject to separate parameters and should, therefore, be excluded.

The parameters for the Major and Householder Telephone Advice service applications, whilst aligned to service objectives, are not currently either measured, or measurable, through fields in the Planning case management system.

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During the testing, we identified delays in validating applications. Whilst Major cases can be complex, we viewed examples of advice letters being issued four and five months after the meeting. None of the Non-Major cases sampled were concluded in less than 56 days.

11. **Anti-bribery arrangements**

Whilst there is clear segregation of duties with a minimum of three officers involved in all Non-Major and Major Pre-application advice requests sampled, and the approval process is robust, an anti-bribery risk assessment has not been completed and Planning specific anti-bribery awareness training has not been provided to departmental staff. The Council may not, therefore, be able to demonstrate that it has taken steps to prevent bribery, resulting in non-compliance with the Bribery Act 2010.

Members of the Royal Town Planning Institute are bound by their Code of Conduct, which includes competence, honesty and integrity as key principles. Whilst planning officers may flag potential conflicts of interest on an ad-hoc basis, there is currently no requirement/process in place to make a formal written declaration for each application.

12. **Reconciliation of Income on the Case Management to the Financial system and underlying discrepancies**

The case management system does not have a direct interface with the financial system and therefore there is no automatic reconciliation of the data (income) recorded on the systems or the compensating control of a manual reconciliation.

During the course of the audit, we identified the following discrepancies:-

- (i) One Telephone advice service request fee was recorded on the case management system as £50 whilst both the receipt and ledger posting stated £100.
- (ii) One Non-Major Pre-application advice service request had not been accompanied by the fee. This had correctly been identified at the validation stage and the applicant advised accordingly. The correspondence issued had incorrectly directed the applicant to the online portal for the income Code for Planning applications, to which fees are credited Gross, and not to the correct portal for the income code for Pre-application advice services, to which fees are credited Net.
- (iii) Two Major Pre-application advice service request fees, which had been paid by BACS, had been credited to the Pre-application advice services income code Gross. For one of these schemes, a subsequent payment of the Net amount had been received two days' later but with a journal date of some two months' later.

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At the time of reporting, it could not be established whether, in two instances, overpayments had been made and whether, in three instances, VAT had been correctly accounted for.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

13. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

1. Online information www.bromley.gov.uk	
<p><u>Finding</u></p> <p>The current online application process does not include the facility for requests for any of the three elements of the Pre-application advice service (Major, Non-Major or Householder Telephone Advice) and supporting documentation to be submitted via a portal. The application forms, available to download, are in PDF format and therefore cumbersome for the applicant, do not address accessibility issues and the information contained within the form will require re-keying into the Planning Case Management Software System, creating additional resource requirements.</p> <p><u>Risk</u></p> <ul style="list-style-type: none"> (i) The current process is not customer focused or compliant with the Council’s website’s usability and accessibility standards, meaning that applicants may be discouraged from, or not be able to, access services readily in some instances. (ii) Inability to submit forms via an online portal creates additional resource requirements to re-enter data into systems and may encourage postal/physical drop off at reception areas. 	
<p><u>Recommendation</u></p> <p>Review the application forms on www.bromley.gov.uk for the Pre-application advice service to ensure that all elements meet the Council’s website and accessibility standards and are customer focused.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #90ee90; padding: 5px; display: inline-block;"> Priority 3 </div>

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<u>Management Response and Accountable Manager</u>	<u>Agreed timescale</u>
<p>(i) The service will review the pre-application forms to ensure that the Council's website usability and accessibility standards are adhered to. Accountable Manager – Head of Development Management</p> <p>(ii) There is currently no option to submit pre-application enquiries via the Planning Portal. This is a national service and whilst basic planning application forms and submission requirements are consistent across all planning authorities, pre-application processes are not. A bespoke web-form for LBB pre-application enquiries on the Council website would not add any value as it would not directly populate the back-office system and would still require data to be manually entered. However, this will be considered as part of the requirements and specification for the Planning Case Management system replacement software which is on-going. Accountable Manager – Head of Development Management</p>	<p>September 2022</p> <p>In line with software replacement project</p>

2. Key Performance Indicators/Timeliness

Finding

Outturn is currently reported against a Key Performance Indicator of 'Applications decided in/out of time' parameter of 56 days, being the eight week target from validation to advice letter for the Non-Major applications. The statistics and underlying data for the time period 1st April 2021 to 31st March 2022 reflect an average performance for the year of 17.4% of applications decided within time.

During the course of the testing, we identified that:-

- (i) the 'start' of the parameter has been incorrectly attributed to the 'Received' data as opposed to the 'Validated' data and,
- (ii) the calculation includes the Major and the Householder Telephone advice service applications, which are subject to separate parameters and should, therefore, be excluded.

The parameters for the Major and Telephone advice service applications, whilst aligned to service objectives, are not currently either measured, or measurable, through fields in the Planning case management system.

Sample testing of 20 cases identified delays in validating applications. Whilst Major cases can be complex, some advice letters, together with an apology, were issued four and five months after the meeting. None of the Non-Major cases sampled were concluded in less than 56 days.

We reviewed ten additional Non-Major applications which had exceeded the timescale by at least a further 56 days. Whilst five of the cases required consultation with other areas (e.g. conservation/trees) and in three cases an apology had been issued for the delay, citing backlog, no other mitigating circumstances/contributory factors were identified for the delay.

We acknowledge that:-

- (i) the May 2022 Service update confirms the establishment of a Special Case Management team address turnaround timescales to enabling the remainder of the planning officers to focus on determining new applications (which will include the Pre-application advice service) as efficiently as possible and,

(ii) the key performance indicator control is 'in development' as opposed to 'in place'.

However, the current suite of management information (performance standards and milestones) requires further refinement to yield meaningful output which can be used to drive service improvement.

For completeness, to provide further Quality Assurance and to confirm that the relevant action has been taken, the acknowledgement of receipt letters and the Team Leader approval (E mail) of the Pre-application advice to be given for Major and Non-Major cases should be stored within the Case Management system.

Risk

Without a robust information suite, the service is not able to accurately identify areas of weakness in performance, inhibiting the strategic planning and operational control required to drive up performance.

Recommendation

- (i) The dataset for the Pre-application advice service key performance indicator should be reviewed and amended to ensure the correct date parameters and that it captures only the Non-Major Pre application advice service applications subject to the 56 day target.
- (ii) Consideration should be given to the reasonableness of the current Non-Major Pre-application advice service target, how it adds value and whether qualitative measures could be used to drive performance improvement.
- (iii) Consideration should be given to the reasonableness and measurability of the current Major and Householder Telephone Pre-application advice service targets and how they add value. Additionally, the benefits of the Planning Performance Agreement model as a performance tool, as identified by the Head of Development Management, should be considered for the Major Pre-application advice service.
- (iv) Acknowledgement of receipt letters and Team Leader approval of the written Pre-application advice provided should be retained within the Case Management system.

Priority 2

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<u>Management Response and Accountable Manager</u>	<u>Agreed timescale</u>
<p>(i) The dataset for the Pre-application advice service key performance indicator will be reviewed and amended to ensure the correct date parameters and that it captures only the Non-Major Pre application advice service applications subject to the 56-day target. It should also be noted that as part of the implementation of a replacement Planning case management system, integrated reporting tools will be required as part of the specification which will allow much better management and monitoring of KPIs.</p> <p>Accountable Manager – Head of Development Management</p>	September 2022
<p>(ii) The current Non-Major Pre-Application service performance target of issuing a response within 8 weeks is consistent with the statutory timescale for the determination of a planning application. The target does add value insofar as managing the expectations of customers, and giving planning officers a manageable target that is consistent with rest of their workflow. It is acknowledged that performance in the issuing of pre-application advice has largely not met this target during the audit period. Pre-application advice is a non-statutory function of the planning authority and is not performance monitored by the DLUHC and the determination of planning applications has been prioritised over pre-applications in an effort to improve performance in that area following a backlog and delays at validation stage.</p> <p>It is an aspiration of the DM service to review the pre-application offer later in 2022 and this will include the quality of service offered including response timescales.</p> <p>Accountable Manager – Head of Development Management</p>	December 2022
<p>(iii) Due to the nature of the Major and Householder Telephone Pre-application advice, the timeliness of their delivery is dependent on outside factors including the availability of the customer for the telephone discussion and meeting. Current targets are in place for certain stages of the process, which are considered to add value in ensuring that contact is made with the applicant in a timely manner and, in the case of the Major Pre-Application advice service that the enquiry is concluded with the issuing of the formal written response in a</p>	December 2022

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<p>reasonable timescale once the meeting has been held. The Planning Performance Agreement model as a performance tool is already being trialled for the Major Pre-application advice service. This will be reviewed as part of the wider review of the pre-application service mentioned above.</p> <p>Accountable Manager – Head of Development Management</p> <p>(iv) Acknowledgement of receipt letters and Team Leader approval of the written Pre-application advice provided will be retained within the Case Management system. The relevant procedure manuals will be updated to reflect this.</p> <p>Accountable Manager – Head of Development Management (and Planning Support Team Leader)</p>	<p>August 2022</p>
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<p>3. Anti-bribery arrangements</p>	
<p><u>Finding</u></p> <p>An anti-bribery risk assessment has not been completed or Planning specific anti-bribery awareness training provided to departmental staff. The Council may not, therefore, be able to demonstrate that it has taken steps to prevent bribery, resulting in non-compliance with the Bribery Act 2010 which could result in reputational damage and prosecution under this legislation.</p> <p>Whilst members of the Royal Town Planning Institute are bound by their Code of Conduct, which includes competence, honesty and integrity as key principles and they may flag potential conflicts of interest on an ad-hoc basis, there is currently no requirement or process in place to make a formal written declaration for each application to confirm that there are no conflicts of interest or potential impairments to independence and objectivity.</p> <p><u>Risk</u></p> <p>(i) The Council is not able to demonstrate that it has taken steps to prevent bribery, resulting in non-compliance with the Bribery Act 2010. This could lead to reputational damage and prosecution under this legislation.</p> <p>(ii) Inappropriate decisions are made regarding proposed planning applications due to conflicts of interest and undue influence.</p>	
<p><u>Recommendation</u></p> <p>(i) A bribery risk assessment should be completed to ensure adequate and proportionate procedures are in place to prevent bribery.</p> <p>(ii) Planning specific anti-bribery training should be provided, to ensure planning officers are aware of their responsibilities under the Bribery Act 2010.</p> <p>(iii) A process should be put in place to ensure that, for each application, any potential or actual conflicts of interest are identified.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #ffc107; padding: 5px; display: inline-block;"> <p>Priority 2</p> </div>

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<p>(iv) Consideration should be given to including the risk of bribery, the cause, effect and the action taken within the departmental risk of 'Planning Service, Failure to deliver statutory requirements related to planning' (Risk 16).</p>	
<p><u>Management Response and Accountable Manager</u></p> <p>(i) A bribery risk assessment will be completed to ensure adequate and proportionate procedures are in place to prevent bribery. Accountable Manager – Head of Development Management</p> <p>(ii) Planning specific anti-bribery training will be provided, to ensure planning officers are aware of their responsibilities under the Bribery Act 2010. Accountable Manager – Assistant Director (Planning and Building Control)</p> <p>(iii) It is considered that the current process, whereby officers are required to complete the Register of Officers Interests (with the AD Planning and Building Control to send annual reminders to the department), and any declarations of interest being declared by the individual officer on a case-by-case basis, is sufficiently robust. All Officers will be reminded of these requirements by the Head of Development Management. Additionally Planning Officers with membership of the Royal Town Planning Institute are bound to follow the Code of Conduct which includes competence, honesty and integrity as key principles. Given the above, having regard to the volume of pre-application enquiries received by the Council the requirement to identify potential conflicts of interest would be disproportionate to the scale of risk to the service and Council as a whole. Accountable Manager – Head of Development Management</p> <p>(iv) Consideration will be given to including the risk of bribery, the cause, effect and the action taken within the departmental risk of 'Planning Service, Failure to deliver statutory requirements related to planning' (Risk 16) Accountable Manager – Head of Development Management.</p>	<p><u>Agreed timescale</u></p> <p>December 2022</p> <p>December 2022</p> <p>N/A</p> <p>December 2022</p>

4. Reconciliation of Income on the Planning Case Management system to the Financial system and underlying discrepancies.

Finding

The case management system does not have a direct interface with the financial system and therefore there is no automatic reconciliation of the data (income) recorded on the systems or the compensating control of a manual reconciliation.

During the course of the audit, we identified the following discrepancies:-

- (i) One Telephone advice service request fee was recorded on the case management as £50, whilst both the receipt and ledger posting stated £100.
- (ii) One Non-Major Pre-application advice service request had not been accompanied by the fee. This had correctly been identified at the validation stage and the applicant advised accordingly. The correspondence issued had incorrectly directed the applicant to the online portal for the income code for Planning applications, to which fees are credited Gross, and not to the correct portal for the income code for Pre-application advice services, to which fees are credited Net.
- (iii) Two Major Pre-application advice service fees, which had been paid by BACS, had been credited to the Pre-application advice services income code Gross. For the latter scheme, a subsequent payment of the Net amount had been received two days later but was showing a journal date of some two months later.

At the time of reporting, it could not be established whether, in two instances, overpayments had been made and whether, in three instances, VAT had been correctly accounted for.

Risk

- (i) Fee income due may not be identified in a timely manner and therefore not collected within the relevant financial year or at all.
- (ii) Duplicate payments and payments to the incorrect account within the Planning Services suite of codes may not be identified
- (iii) VAT may be incorrectly accounted for to HM Revenue and Customs.

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<p><u>Recommendation</u></p> <p>(i) All discrepancies identified in Finding 4 above should be investigated and remedial action taken as appropriate.</p> <p>(ii) To ensure that all income is accounted for, a periodic reconciliation of the income recorded on both systems should be undertaken with any discrepancies investigated. Should an IT solution not be viable, a periodic manual reconciliation should be undertaken.</p> <p>(iii) At the stage of procuring a replacement Planning service case management system, consideration should be given to the ability to interface with financial systems to automate the reconciliation process.</p>	<p><u>Rating</u></p> <p>Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>(i) All discrepancies identified in Finding 4 above will be investigated and remedial action taken as appropriate.</p> <p>(ii) An IT solution to the reconciliation issue has been previously investigated and found not to be viable. Regular manual reconciliation would be a disproportionate response given the significant time resourcing implications. As a proportionate measure pending the replacement Planning case management software, a periodic (suggest quarterly) random sample will be checked and reconciled between the financial and case management systems.</p> <p>(iii) The Council is in the early stages of procuring a replacement Planning case management system and this may provide an opportunity for integration between planning and finance databases. At the stage of procuring a replacement Planning service case management system, consideration will be given to the ability to interface with financial systems to automate the reconciliation process.</p>	<p><u>Agreed timescale</u></p> <p>August 2022</p> <p>From July 2022 onwards (quarterly)</p> <p>In line with software replacement project</p>

OPINION DEFINITIONS

Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.