

Audit report shows developer contributions ‘unused’ by council

Money paid to the council for roads, schools and other infrastructure improvements by developers have “languished unused” for years and not been spent on public services, although the amounts have reduced since 2014.

An audit report has revealed that the city council’s planning and finance departments were not effectively managing the contracts for contributions from developers – including what agreements were in place for certain work, what payments had been made and what had actually been delivered by the developers or by the council from the funds.

In many cases of planning permission the consent is granted in conjunction with a Section 75 agreement which sets out the contributions the developer has to make for projects like trams, schools, pedestrian crossings.

The amount of money held by the council has reduced from £7.4m in March 2014 to £2.65m as of March 2019. The total value of contributions on deposit is £33m – as well as a further £4m of tram contributions which are being held in a bank account gaining interest for the Newhaven extension for when construction begins.

The audit investigation found that in 2016, £2.3m in contributions from developers, called section 75 agreements, were sitting with the council for more than 10 years. This

funding could need to be reviewed and possibly returned to developers if not used. But the council's head of finance, Hugh Dunn, reassured councillors that he wasn't aware of any money being returned to developers.

The report highlights that the situation has improved three years on – but issues still remain. The amount of historical money held as of March 2019 that is more than 10 years old is £790,000.

Green Cllr Chas Booth said: "In a nutshell it shows that the council has very poor control over how contributions are calculated and agreed, how money is collected and how it is used for the purposes intended. At worst, money which has been collected from some developers years ago has languished unused. Even more damning is that many of these failings were highlighted four years ago, yet not acted upon.

"This matters because developer contributions are essential to building future public services: from school capacity, to community centres, parks, health centres, cycleways and affordable housing. There is already a massive shortfall in the funds needed to deliver that in the future, so every penny needs to be used well."

Conservative Cllr Joanna Mowat, called for regular monitoring of the situation to the planning committee, to ensure that improvements take place. She said: "Let us not fail on our watch and ensure that that improvement is delivered – I don't think we want to fail again on this.

"This money is taken and then we cannot account for all of it and that's actually quite serious."

Fellow Conservative Cllr Jim Campbell, raised concerns that the lack of management of a database, could have led to "fraudulent or inappropriate use of those funds".

He added: "We can't be absolutely certain that somebody with devious intent might not have been able to change figures and perhaps benefit themselves. I'm not suggesting that has

happened, it's just a possibility."

Mr Dunn pointed out that only a select few officials had access to the database.

He added: "That doesn't stop others maybe accessing it illegally. It was controlled by two people who were involved in updating in on a monthly basis."

Cllr Neil Gardiner, planning convener, said: "We've made considerable progress since the audit was carried out but a further phase of work is now required.

"Improvements have been made to the coordination of developer contributions for infrastructure projects that are required through the local development plan action programme. It's important that local communities have confidence in how we are using developer contributions and we'll be publishing this information on an annual basis now."



Edinburgh City Chambers