

MEETING AC.10:1112
DATE 26.04.12

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 26th April 2012**.

(10.00 a.m. – 11.10 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

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| John Calvert | Ian Martin |
| John Dyke | John Richardson |
| Tony Lock | Colin Winder |

Also Present:

Tim Carroll

Officers:

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| Donna Parham | Assistant Director (Finance and Corporate Services) |
| Martin Woods | Assistant Director (Economy) |
| Jean Marshall | CIL Co-ordinator |
| Andrew Blackburn | Committee Administrator |

90. Minutes (Agenda item 1)

The minutes of the meeting held on the 22nd March 2012, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

91. Apologies for Absence (Agenda item 2)

An apology for absence was received from Cllr. Roy Mills.

92. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

93. Public Question Time (Agenda item 4)

No questions or comments were raised by members of the public.

94. Update on Proposed Introduction of Community Infrastructure Levy (Agenda item 5)

The Assistant Director (Economy) and CIL Co-ordinator summarised the agenda report, which provided a general overview of the proposed introduction within South Somerset of the Community Infrastructure Levy (CIL) including the proposed methodology, which members were asked to endorse. Reference was also made to a number of initial risks associated with CIL having been identified, details of which were included in the agenda report.

During the ensuing discussion, the Assistant Director (Economy) and CIL Co-ordinator noted the comments of members and responded to questions on points of detail. Points raised included the following:-

- a member referred to the description of the levy and commented that the community would not have been involved so far and would not be aware of the proposed new system or of what infrastructure needed to be paid for. The Assistant Director (Economy) commented that the description of the levy had been determined by the Government under legislation and he referred to the benefit to the community of new infrastructure, which could be provided as part of future developments. The Assistant Director (Economy) further reported that the Council still had work to do to enable a decision to be taken about the level of the charge and how and on what it should be spent, including what was essential infrastructure and what was not. It was noted that some form of updating of the infrastructure database would be needed. There was also a need for an understanding by town and parish councils of the new process and of how they would need to identify infrastructure in their area. It was noted that all these discussions needed to take place, which would include the role of town and parish councils, Area Committees and District Executive;
- it was confirmed that Section 106 Obligations would remain for specific on-site requirements whilst CIL would be used for strategic infrastructure by pooling resources from various developments to provide projects such as off site roads, education and leisure/sports facilities;
- reference was made by a member to the provisional timetable for the work leading to the adoption of CIL and the CIL Co-ordinator clarified that it took into account leave commitments. She referred to the authority's provisional deadline for the adoption of the CIL charging schedule being April 2013 whilst the legislation required commencement by April 2014, which meant that some slippage time was available if necessary;
- a member referred to it being important to ensure that the level of the charge was right and that there would be a transparent process with regard to establishing a governance and decision making mechanism for this spend. It was noted that a member working group would be looking at this aspect. Reference was also made to the need for updating of the infrastructure database and comment expressed that local members could have an input into what may be required locally;
- reference was made by members to it being important for the Section 106 Co-ordinator to be involved with the process;
- a member commented that he hoped a multi-disciplined team could be sustained and the Assistant Director (Economy) informed members of the project management arrangements including those staff who were involved. He further mentioned that if the risk of any slippage in the timescale became too high there

may be a need to consider additional resources but at present the work was being carried out using those existing. He also reported that the legislation enabled a charge of up to 5% of CIL funds to be made to assist with the collection of the levy;

- a member referred to whether there would be a continuing dialogue with developers. The CIL Co-ordinator reported that once set, the charging schedule had to be reviewed annually and if the authority wanted to change the charges it would be necessary to go through the consultation process and examination by an inspector to consider the proposed charging schedule;
- the Assistant Director (Finance and Corporate Services) commented that the Council's Capital Strategy would need to be reviewed in the light of CIL. She also indicated that the infrastructure database would be key;
- although CIL was capital funding, the Assistant Director (Economy) mentioned that there was a link to revenue in that if a lot of new houses were provided, the Council would receive a higher New Homes Bonus from the Government. He commented that funding for infrastructure was not entirely CIL based but was a blend of funding sources including Government grants;
- reference was made by a member to the extension of time that had been allowed for a consortium of developers to submit further evidence regarding the preliminary charging schedule and the CIL Co-ordinator reported that the response had now been received. The consortium had not objected to the preliminary schedule but had asked for more analysis of its viability and raised concerns about some of the assumptions. The CIL Co-ordinator also reported that a number of smaller builders and agents and town and parish councils had submitted responses on the preliminary draft charging schedule. It was noted that consultation responses would need to be considered further prior to a second consultation on the draft charging schedule, which would follow in the summer;
- reference was made to the need to ensure that town and parish councils were up to speed with the implications of CIL. The CIL Co-ordinator reported that a key part of the work was to produce a communications strategy for all those who would be affected by CIL, which included town and parish councils as well as developers, builders and agents from the development industry, stakeholders and infrastructure providers;
- members noted that the provision of affordable housing was exempt from CIL at present as were buildings used for charitable services. Affordable housing, being site specific, would need to be provided by way of a Section 106 planning obligation. The Government was, however, consulting on whether affordable housing should be brought into CIL;
- reference was made to the Government's proposals for neighbourhood planning and members were informed that the Strategic Director (Place and Performance) was looking at an overall scheme to forward this initiative.

Members indicated that they were content to note the report and endorse the proposed methodology. It was asked, however, that bearing in mind the importance of CIL, updates on progress with its adoption should be made on a regular basis. The Assistant Director (Finance and Corporate Services) advised that this Committee's focus should be around the governance and risk aspects rather than the process itself.

Reference was made to the three main strands of work that needed to be progressed to adopt CIL being the publication of a charging schedule, administrative process and

governance. It was suggested that an update on progress could be made to the Committee using those strands of work as trigger points.

- RESOLVED:** (1) that the Committee note the report giving an update on the proposed introduction within South Somerset of the Community Infrastructure Levy and the proposed methodology be endorsed;
- (2) that further update reports be submitted to the Committee using the following three main strands of work as trigger points:-
- publication of a charging schedule
 - administrative process
 - governance

*(Jean Marshall, CIL Co-ordinator – 01935 462589)
(jean.marshall@southsomerset.gov.uk)*

95. Accounting Policies for 2011/12 Statement of Accounts (Agenda item 6)

The Assistant Director (Finance and Corporate Services) summarised the agenda report and asked the Committee to approve the Accounting Policies for 2011/12, which would form the basis for the preparation of the 2011/12 Statement of Accounts. The Committee was informed that the Accounting Policies were similar to those approved in the previous year with the only key accounting policy change relating to heritage assets, details of which were set out in the agenda report.

During the ensuing discussion, reference was made by the Chairman to the Accounting Policies document being written using technical accounting terminology, which he felt may not be understood by the public. The Assistant Director (Finance and Corporate Services) indicated that the Accounting Policies were written with a view to the requirements of the Audit Commission. As members were aware, however, the work of the Audit Commission was being outsourced to external auditors. Once Grant Thornton, who had been awarded the contract for the South West, became the Council's auditors the style of the Accounting Policies may be able to be slimmed down and some of the technical points removed.

The Assistant Director (Finance and Corporate Services) noted the comments of the Chairman who, in noting that there were references to borrowing within the document, was of the view that it may be pertinent to make a reference in the Accounting Policies that the Council was currently free of borrowing.

The Committee indicated that it was otherwise content to approve the Accounting Policies 2011/12.

RESOLVED: that, having noted the key accounting policy change relating to heritage assets, the Accounting Policies relating to the 2011/12 Statement of Accounts be approved.

*(Amanda Card, Finance Manager – 01935 462542)
(amanda.card@southsomerset.gov.uk)*

96. Date of Next Meeting (Agenda item 7)

Members noted that the next meeting of the Committee would be held on Thursday, 24th May 2012 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

NOTED

(Andrew Blackburn, Committee Administrator – 01460 260441)
(andrew.blackburn@southsomerset.gov.uk)

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Chairman