

# Chichester District Council

## CORPORATE GOVERNANCE & AUDIT COMMITTEE

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### Accounting Policies

#### 1. Contacts

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#### 2. Recommendation

- 2.1. That the amendments to the Accounting Policies shown in Appendix 1 be formally adopted for the financial year ended 31 March 2016.**

#### 3. Background

- 3.1. It is good practice for the accounting policies to be followed for the preparation of the end of year accounts be laid before the committee in advance of the accounts preparation.
- 3.2. Accounting Policies are a framework of specific principles, bases, conventions, rules and practices consistently applied by the council, and in the opinion of the responsible financial officer, best suited to present a true and fair view of the council's financial position in its financial statements.
- 3.3. The Accounting Policies adopted by this committee are contained within its Statements of Accounts 2014-15 document and are included on the council's website at <http://www.chichester.gov.uk/statementofaccounts>.
- 3.4. The accounting policies are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015-16 Practitioners Guide. This document specifies the principles and practices of accounting required. The majority of the wording used is contained within this guidance and is a standard for all local authorities to follow.
- 3.5. Apart from minor changes to wording and dates, a review of the Accounting Policies has identified that one amendment is required for the closedown of accounts for 2015-16. The most significant changes relate to:

##### **I. Accounting for the Community Infrastructure Levy**

From 1 February 2016 the Council has elected to charge a Community Infrastructure Levy (CIL) on new development within the district. CIL is a planning charge available to local authorities in order to provide the infrastructure needed to support the development of the local planning authority's area.

The levy is intended to focus on the provision of new or improved infrastructure such as roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces.

The amount of levy to be received from each development will be calculated based on a charging schedule published by the council. The receipt of CIL is due on the date the development commences and is deemed to be received without outstanding conditions. As such the full receipt must be accounted for in the year, with any instalments outstanding accrued for at year end. The accounting treatment of these payments is similar to that of other capital grant transactions that the Council receives.

- 3.6. The proposed wording to be inserted into the Council's accounting policies relating to the introduction of CIL is detailed in Appendix 1.
- 3.7. It is common that during the course of an audit further guidance and technical clarification becomes available that may impact on the policies applied to prepare the accounts. Officers are currently awaiting the publication of an accounts closedown bulletin by the Chartered Institute of Public Finance and Accountancy (CIPFA) that will provide guidance on accounting issues for the production of the 2015-16 financial statements. If it is found that officers consider that amendments to the accounting policies are necessary, the changes will be submitted to this Committee in June 2016.

#### **4. Appendices**

Appendix 1 - Accounting Policy Amendments

#### **5. Background Papers**

- 5.1. Accounting Policies (within the Statement of Accounts 2014-15) on <http://www.chichester.gov.uk/statementofaccounts>

**Accounting Policy changes for 2015-16**

**New policy to insert Community Infrastructure Levy (required as a result of the Council adoption of a scheme for the Community Infrastructure Levy)**

From 1<sup>st</sup> February 2016 the Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Account in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.