Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	**Audit Committee**	
MEETING DATE:	**26th November 2025**	**E 9999**
TITLE:	**Section 106 – Update report on Audit Findings**	
WARD:	All WARDS	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Please list all the appendices here, clearly indicating any which are exempt and the reasons for exemption		

1   THE ISSUE

1.1 An internal audit in 2022 reviewed S106 funding and the use of secured funds, resulting in a 'Limited Assurance' rating. This was reported to the Audit Committee in November 2022.

1.2 The 2022 report identified three high-risk areas, two medium-risk areas, and two opportunities. Whilst the medium-risk areas were mitigated and one opportunity delivered, the high-risk areas remained unresolved, principally due to lack of consistency in the use of the Council's S106 data management system ("Exacom"), a lack of capacity within teams, and the absence of a robust governance framework. This led to the assurance rating remaining 'limited', as reported in May 2024.

1.3 This report updates on progress including delivery of the project, the changes implemented, and the outstanding actions required.

2   RECOMMENDATION

2.1 The Audit Committee is asked to note the report, specifically:

   a) The work undertaken to address the issues identified in the 2022 audit report

   b) The implementation of the project and proposed governance arrangements

c) The outstanding matters requiring action and the timescale for delivery.

3 THE REPORT

3.1 In response to risks identified by the Audit Committee, a collaborative council service project was initiated to address governance and operational issues related to S106 and CIL funds. The project aimed to centralize data, improve processes, and implement new systems to ensure transparency and accountability.

3.2 The project aims were :-

   a) To ensure all S106 funding information is centralised on one system.

   b) To implement a new way of working and bring in an additional resource into the Planning team to support the management, monitoring and reporting of S106 (and CIL).

   c) To ensure there is a link between the Council's financial system and Development Obligations system (Agresso and Exacom)

   d) To implement Exacom's Public Facing Module

3.3 A fundamental part of the project was to update Exacom (the Councils IT platform) with all historic and current S106 information providing the council with accurate management information relating to its S106 position. Having all information centralised sets the foundations for the successful implementation of new ways of working. This work is well advanced but ongoing at the time of this report. The project team officer has indicated that it will be completed by 21st November.

3.4 Aligned with this it was important to ensure a culture shift in the way services manage S106 funds. A S106 App was developed to integrate with Exacom and the way in which S106 funds is requested managed and monitored was changed.

3.5 Under the new ways of working, Planning receives and holds all developer contributions into a single account and services request money from this account for specific projects. Money is requested on a newly created app. Once a request is approved the funds are transferred to finance who oversee the spend by the relevant service.

3.6 The new approach provides central oversight of fund collection, allocation, and spending and enables Planning to effectively monitor the use of S106. Services remain responsible for the spend of funds and delivery of projects however by centralising the reporting process it significantly reduces the risk of funds becoming time barred and needing to be repaid to developers and ensures all information is transparent.

3.7 Using the Public Facing Module (PFM currently configured as an internal-only access system) services can monitor their own S106 balance sheets in real-time, and can see where money has been allocated and identify when money is due to be spent by.

3.8 Critical to the success of the new way of working and critical to ensuring Exacom and the PFM are maintained and up to date is the requirement for Planning to be sufficiently resourced and skilled with sufficient support provided to the CIL/S106 Monitoring Officer. The Planning Service have recruited an additional resource to support the new processes currently on a 1 year fixed term basis. A review will be undertaken in March 2026 to assess staffing requirements going forward.

3.9 The Exacom module and its data is currently available as an internal resource whilst testing and any necessary refinement is undertaken. A further decision will be made as to the launch of the module externally in 2026 after it has been operated and tested. This decision will be with Senior officials input.

3.10 In addition to the new operating processes, there are new governance arrangements in place that clearly set out the roles and responsibilities for Planning, Services, and Finance to ensure clarity and maintain accountability. This clarifies roles and responsibilities for Planning, other Council Services and Finance.

- Steering groups oversee allocation of S106 funds to projects.
- Capital Strategy Group receives quarterly reports on overall Section 106 position.
- Escalation route for issues Placeshaping Group.
- Quarterly report to Cabinet; Audit committee to track progress

3.11 There are some ongoing risks from historic funds that are approaching deadlines and these are being managed and mitigated. As can be seen below the risk profile is reducing and funds are being allocated.

S106 Trends 2024-25
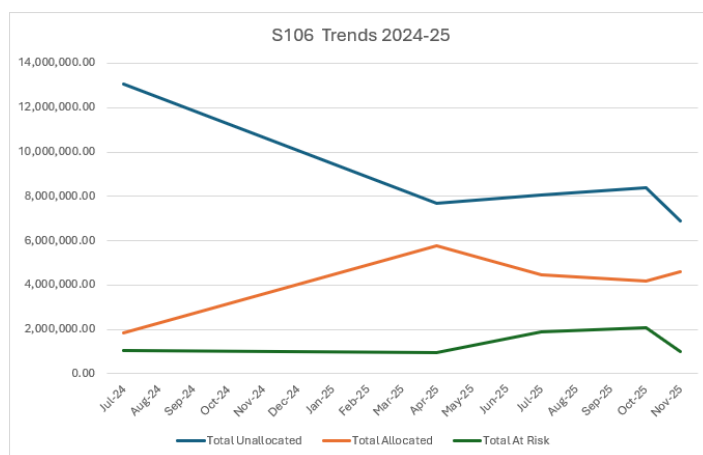
3.12 There is in addition a recognised and ongoing need to interrogate how CIL is requested and spent and how and what S106 funds are secured providing as much flexibility as possible. This has to be considered within statutory and legal frameworks and that is now being looked into within the planning service as a separate workstream.

3.13 There has been significant progress made to implement a new better and more transparent process for spending funds secured. The new improvements will significantly reduce the risk of money being refunded. Work is ongoing to test and refine the new process and there is an ongoing intent to improve and enable access to this information externally.

4 STATUTORY CONSIDERATIONS

4.1 S106 agreements are required to comply with three legal tests: they must be necessary to make a development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind to the development. Unlike the Community Infrastructure Levy, S106 is ringfenced to what is specified in the legal agreement accompanying the relevant planning application and as such these funds cannot be used as a general pool of funding. The Council is accountable for how it uses its S106 funds and is required to publish an annual report (the Infrastructure Funding Statement) detailing the collection and expenditure of its S106 funds.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 Adopting the new ways of working requires staff resource to ensure the system is maintained and to enable accurate and transparent reporting through the Public Facing Module.

5.2 The Planning Service have recruited an additional resource to support the new processes however this is on a 1 year fixed term basis. A review will be undertaken in March 2026 to assess staffing requirements against any increase in workload and the ability to maintain the relevant systems up to date.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

7.1 EqIA not completed as this is an update to Audit Committee to provide information about the work undertaken to mitigate risks identified in a 2022 audit report.

8 CLIMATE CHANGE

8.1 Developer contributions are sought to mitigate the impact of development on its immediate area, this precise mitigation will be dependent on the specifics of the planning application however can include initiatives to support retrofitting/ installation of solar on affordable housing, delivery of green infrastructure, supporting sustainable travel, or supporting nature conservation projects.

8.2 Ensuring the council has oversight of its secured funds enables the timely delivery of relevant projects that can support the council's climate and ecological emergency commitments, reduces the risk of repaying funds to developers, and improves transparency and accountability.

9 OTHER OPTIONS CONSIDERED

9.1 This is an update report on the completion of the project responding to the audit recommendations.

10 CONSULTATION

N/A

Contact person	Louise Morris (Head of Planning and Building Control)
Background papers	*List here any background papers not included with this report, and where/how they are available for inspection.*
Please contact the report author if you need to access this report in an alternative format	