COMMUNITY INFRASTRUCTURE LEVY (CIL)
Neighbourhood Fund: Notification of Requirements

1.0 Introduction

1.1 To help communities to accommodate the impact of new development, National Government has determined that a proportion of total Community Infrastructure Levy (CIL) monies should be provided directly to Town and Parish Councils as a Neighbourhood Fund.

1.2 This is consistent with the Shropshire Council approach of ensuring that the majority of the CIL is used to deliver local infrastructure priorities where development takes place.

1.3 The Neighbourhood Fund is:
- 25% within Parishes with a Neighbourhood Plan or within a Neighbourhood Development Order;
- 15% within Parishes without a Neighbourhood Plan (capped at a maximum of £100 per council tax dwelling).

1.4 *However, the Neighbourhood Fund only applies to development where the CIL Liability Notice has been issued since the 25th April 2013.*

1.5 Payment of the Neighbourhood Fund will be made on an annual basis in April, coinciding with precept payments, unless requested otherwise in order to facilitate delivery of a project.

1.6 *Any projects funded through use of the Neighbourhood Fund must be retained for community benefit for the infrastructure's useful economic life.*

2.0 Neighbourhood Fund Agreement

2.1 This Neighbourhood Fund agreement is between:

(1): Shropshire Council   of Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND (The Council); and

(2):   of   (Town or Parish Council)

2.2 On behalf of the Town or Parish Council, please signify that you have received a copy of the Shropshire Council CIL: Project Management Guide and have read and acknowledge the terms and conditions within this Neighbourhood Fund Agreement, by ticking the relevant boxes and signing below.

2.3 Please return the signed and completed Neighbourhood Fund Agreement to 'The Council' at your earliest convenience. A copy of this letter has been included for your records.

☐ We acknowledge that we have received a copy of the Shropshire Council CIL: Project Management Guide.

☐ We acknowledge that we have read and understood the content of this Neighbourhood Fund Agreement.

Name:	Date:
Signed:	Position:

(Clerk signing on behalf of the Town or Parish Council)

Name:	Date:
Signed:	Position:

(Chair signing on behalf of the Town or Parish Council)

3.0 Regulatory Requirements for the use of the Neighbourhood Fund

3.1 Any Neighbourhood Fund monies received, must be used to support development by funding:

(a) The provision, improvement, replacement, operation or maintenance of infrastructure; or

(b) Anything else concerned with addressing the demands that development place on an area.

3.2 If these funds are not used to support development as specified, or within five years of receipt, Shropshire Council can require the repayment of these monies in line with the Regulations, however Shropshire Council has no intention of doing so if it is not spent within five years.

3.3 If the community's infrastructure priorities are consistent with Shropshire Council infrastructure priorities for the area, to maximise efficiency and minimise project management complexity, it can be agreed that Shropshire Council retains the Neighbourhood Fund to spend on these infrastructure priorities.

3.4 To ensure transparency, following receipt of Neighbourhood Fund payments, Town and Parish Councils must for each following financial year (irrespective of whether any CIL is received or spent in that year), publish a list of their:

- Total Neighbourhood Fund receipts;
- Total Neighbourhood Fund expenditure;
- A summary of Neighbourhood Fund expenditure, including those things to which the Neighbourhood Fund has been applied, and the Neighbourhood Fund expenditure on each; and
- The total amount of Neighbourhood Fund receipts retained at the end of the reported year.

3.5 To ensure consistency, a reporting template has been provided by Shropshire Council within the CIL: Project Management Guide. A copy of this report should be provided to Shropshire Council by 30th September of each year, and made available on the Town or Parish Council website and/or Shropshire Council website by no later than the 31st December of the following financial year.

3.6 *Please Note: This report is only required following receipt of CIL monies, however Town and Parish Councils' may wish to publish some information on their website about Neighbourhood Fund prior to this, e.g. no CIL received, in the interest of transparency.*

4.0 Shropshire Council Recommendations for the use of the Neighbourhood Fund

4.1 Use of the Neighbourhood Fund should be informed by discussions about infrastructure priorities with the local community, Shropshire Council and any neighbouring Town or Parish Councils. The Place Plan documents are the ideal mechanism for this process as they:

- List and prioritise community infrastructure needs;
- Identify infrastructures links to development;
- Identify infrastructure (local and strategic) that could be delivered cumulatively; and
- Specify forms of infrastructure most suited for delivery through the Neighbourhood Fund.

4.2 Information about Neighbourhood Fund receipts and spend should be provided as and when requested by Shropshire Council.

5.0 Project Development

5.1 During development of a project, it is strongly recommended that a Business Plan and Technical Check Form are completed in order to summarise a project and its objectives. This form is available within the CIL: Project Management Guide. Further guidance on project development can be found within the CIL: Project Management Guide.

6.0 Project Implementation

6.1 Where projects are to be fully or partially funded by the Neighbourhood Fund, it is the Town or Parish Council and not Shropshire Council that is responsible for all project management.

6.2 Project management responsibilities can be transferred to another delivery party/project manager, but the Town or Parish Council is responsible for establishing this transfer of responsibilities. A template of an agreement that can be used when appointing an alternative delivery party has been provided within the CIL: Project Management Guide. However, ultimately the Town or Parish Council remains responsible for ensuring the appropriate use of the Neighbourhood Fund in accordance with the National CIL Regulations.

6.3 In order to ensure effective project management, it is suggested that Town and Parish Councils or any alternative delivery party, use the **Exacom: Project Management System** to record project data and store related documentation. Further information on this system is available within the CIL: Project Management Guide.

7.0 Communication and Publicity

7.1 The Town or Parish Council should produce regular updates on project identification and implementation. These updates should be provided to:
* The local community;
* The Shropshire Council Members for the area;
* Community Action Officers for the area; and
* The Shropshire Council CIL Team.

7.2 Projects to be fully or partially funded by the Neighbourhood Fund should carry the 'My Community' logo (provided by Shropshire Council alongside CIL funding) and it should be clear that CIL has contributed to project delivery.

8.0 State Aid and Procurement

8.1 Where a public body provides financial support to an undertaking, it is necessary to consider whether such support constitutes state aid. It is the responsibility of the Town or Parish Council to ensure that their use of the Neighbourhood Fund is not a form of 'state aid'.

8.2 A template State Aid assessment is available as an appendix within the CIL: Project Management Guide. Further Guidance on State Aid is available from the Department for Business, Innovation & Skills (BIS) at: www.gov.uk/state-aid

8.3 In order to ensure compliance with EU Regulations on procurement, the services (design of infrastructure) or work (construction of infrastructure) cannot exceed EU procurement thresholds without meeting the requirements of the Regulations and the likely requirement for a competitive tendering process to be undertaken. These thresholds are £172,514.00 for goods and services and £4,322,012.00 for works.

8.4 Procurement of any project to be fully or partially funded through use of the Neighbourhood Fund must occur in accordance with the Town or Parish Councils Contract Rules as specified within its Constitution. Where the Town or Parish Council does not have contract rules, these should be developed. Development of a procurement policy could be informed by the Shropshire Council Contract Rules, available to view at:
http://shropshire.gov.uk/doing-business-with-shropshire-council/

9.0 Financial Administration

9.1 Section 151 of the Local Government Act 1972 requires Parish and Community Councils to make arrangements for the proper administration of their financial affairs and the Accounts and Audit (England) Regulations 2011 require systems for effective financial control. These requirements also apply when dealing with Neighbourhood Fund payments.

10.0 Maintenance and disposal of any assets

10.1 It is the responsibility of the Town/Parish Council to ensure the continued maintenance and operation of projects funded by the Neighbourhood Fund. Future Neighbourhood Fund can be used for this purpose; however it is strongly recommended that these costs are considered during project development.

10.2 *Any projects funded through use of the Neighbourhood Fund should be retained for community benefit during its useful economic life. The useful economic life of a project is taken to be 20 years, unless otherwise agreed in writing by Shropshire Council.*

10.3 Where a project results in the formation of an asset, if this asset is subsequently sold, any monies raised should be considered Neighbourhood Fund and used in accordance with these requirements.

11.0 Project sign off

11.1 The Town or Parish Council is responsible for project sign off. It is recommended that project sign off occurs within 30 days of completion. A template project sign off form is available within the CIL: Project Management Guide.