



<u>Portfolio Holder Decision</u> <u>Making Session and date/time</u>		
Portfolio	Holder	Decision
Making Session		
10am		
14 th February 2014		

<u>Item</u>
1
<u>Public</u>

COMMUNITY INFRASTRUCTURE LEVY (CIL) GOVERNANCE ARRANGEMENTS FOR SPEND

Responsible Officer Andrew Evans, Head of Economic Growth and Prosperity
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1. Summary

- 1.1 This report seeks endorsement for the governance arrangements to manage the use of CIL monies. It sets out the process for implementing CIL, following formal agreement of CIL priorities by Cabinet each April, bringing together the prioritised infrastructure needs identified through the annual review of the Place Plans together with the prioritised use of developer contributions, set out in Core Strategy Policy CS9. The CIL Regulations 2010 make Shropshire Council, as the Charging Authority, responsible for applying CIL to infrastructure to support the development of its area. As such, Shropshire Council is the accountable body, responsible for managing CIL finances, including accounting and auditing their use. The governance arrangements, set out in this paper, will be applied to ensure that CIL monies are used in accordance with the CIL Regulations and that the requirements placed on Shropshire Council as the CIL Charging Authority are adhered to.
- 1.2 Shropshire's development strategy aims to enable the delivery of both development and the infrastructure needed to support it, incorporating strongly the principle of localism. The CIL forms an important part of delivering the development strategy, providing a mechanism by which to fund prioritised local infrastructure needs. Whilst the CIL Regulations support this localised approach, requiring a proportion (15-25%) of CIL monies to be transferred directly to Town and Parish Councils as a Neighbourhood Fund, Shropshire's commitment to local delivery goes much further and 90% of remaining CIL monies (following the allocation of both the 5% administrative fee and 15-25% Neighbourhood Fund), will be used to deliver local infrastructure priorities within the area in which the development has taken place. A further 10% of remaining funds will be combined across Shropshire to help meet strategic infrastructure needs.
- 1.2 As the CIL Regulations set out different requirements for the use of Neighbourhood Fund monies and the wider CIL pot, different governance arrangements are required. This paper and associated documentation sets out the specific arrangements for the Neighbourhood Fund, Strategic Infrastructure Fund and Local Infrastructure Fund, taking account of the likely delivery partners, potential project costs and associated risks to Shropshire Council as the accountable body.

2. Recommendations

- 2.1 The Portfolio Holder agrees the adoption of these arrangements as the formal process to be adhered to when using CIL monies.

Reasons for decision:

To ensure that the use of CIL monies is appropriately managed in accordance with the requirements placed on Shropshire Council as the CIL Charging Authority through the CIL Regulations and to support delivery of Shropshire's development strategy.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Whilst Shropshire is nationally advanced in terms of introducing and implementing CIL, it is a new mechanism for funding infrastructure. The Planning Act 2008 identifies that the Local Planning Authority is the CIL Charging Authority for their area. As such, the CIL Regulations (2010) require the Charging Authority to apply CIL to funding infrastructure to support the development of the area. Effective governance for the use of CIL monies is therefore important to ensure that the legal duties placed on Shropshire Council, as the CIL Charging Authority, are adhered to. However, it is recognised that these governance arrangements need to be carefully balanced with the strong focus on commissioning, which is being established in Shropshire and reflected in Shropshire's development strategy, whereby partners have a key role in local delivery.
- 3.2 Shropshire's localised approach to development means that a strong and direct link has been made between development and its contribution to the local community's infrastructure needs. The Community Infrastructure Levy is a key part of this approach, facilitating the delivery of local infrastructure priorities to make places more sustainable. The identification of local infrastructure priorities is driven by the annual Place Plan Review Cycle which places significant onus on Town and Parish Councils to prioritise their own infrastructure needs and priorities. The outcome of these annual review cycles directly influences how Shropshire Council prioritises the use of CIL revenue, in addition to the use of other developer contributions. There is therefore a need for consistent and ongoing engagement from Town and Parish Councils, with Officer and Member support which will have ongoing resource implications.
- 3.3 It has always been recognised that the cost of meeting all of Shropshire's infrastructure needs far exceeds CIL revenue. The annual Place Plan review process was therefore established to provide a framework for prioritising local infrastructure requirements with infrastructure providers and local communities. Whilst there has always been widespread recognition of the need to prioritise the use of CIL, it has become apparent that actual CIL income is significantly less than initial forecasts suggested. There are many contributing factors to this disparity between projected and actual CIL income, including current market conditions which are having an impact on the development sector and the implications of applying the CIL Regulations including deducting floorspace for buildings 'in use'. In addition, the majority of CIL liable developments to date have been small scale, with the vast majority being for schemes of 5 dwellings or less. Whilst this to some extent reflects the character of the area, it is envisaged that larger scale schemes will start to come forward in the near future, following the completion and subsequent adoption of the Site Allocations and Management of Development DPD, which in turn will have a positive effect on CIL income.
- 3.4 A further factor in terms of the ability of CIL revenue to meet Shropshire's infrastructure needs is the Government's decision to set the Neighbourhood Fund element of CIL at 15-25%, which has the effect of significantly reducing the proceeds available to address the direct impacts of development. Furthermore, the Government has proposed a series of additional amendments to the CIL Regulations 2010 which are due to come into effect by the end of January 2014. These current proposed amendments are likely to further reduce the level of funds generated through CIL by granting CIL relief for self build schemes. In addition, there is likely to be greater uncertainty in both the level and timing of CIL income

generated as a result of these proposed amendments which include allowing each phase of a development to be a separate chargeable development and extending the criteria for Exceptional Circumstances Relief. This means that clear and difficult decisions will need to be made on the use of CIL funds, to ensure that there are no implications for the deliverability of Shropshire's development strategy, development is sustainable and does not result in unacceptable infrastructure impacts on local communities in terms of pressure on facilities and services. In some instances, the Charging Authority may need to prioritise use of CIL funds for infrastructure which is not recognised by the local community as a priority through their Place Plan. It should also be recognised that there will be a time lag between new development and the delivery of infrastructure, given that CIL will be paid in instalments. There may, therefore, be a need to accept some capacity constraints in infrastructure until such time as there are sufficient monies available to address the problem. The annual reprioritisation of infrastructure requirements, through the Place Plans, will assist in providing a risk based approach whereby those items needing to be addressed first can be identified along with the best delivery mechanism for achieving it. In addition, SAMDev Policy MD8 (Infrastructure Provision) seeks to ensure that development only takes place where there is sufficient existing infrastructure capacity or where the development includes measures to address a specific capacity shortfall which it has created or which is identified in the LDF Implementation Plan or Place Plans. Where a critical infrastructure shortfall is identified, appropriate phasing will be considered in order to make development acceptable.

- 3.5 To maximise delivery as much as possible, a careful balance will need to be achieved between all developer contributions, including S106 agreements and on site design elements as well as CIL, in addition to other sources of funding such as New Homes Bonus and monies distributed via the LEP. This will need careful management to ensure that the Charging Authority accords with the CIL Regulations and does not apply S106 to something included on the CIL list. The annual CIL list will need careful consideration so as not to restrict the Council's ability to seek appropriate contributions from developers. In addition, financial contributions through S106 agreements can not be pooled from more than five Planning Obligations to deliver a specific infrastructure project or type of infrastructure. The use of S106 agreement monies will therefore need robust monitoring so as to keep an accurate record of use against particular infrastructure items.
- 3.6 In introducing CIL, Shropshire Council committed to keeping the Charging Schedule under review. Following work to complete the SAMDev DPD, it is likely that Shropshire Council will need to look again at the Charging Schedule, taking into account current viability and the implications of the proposed CIL regulatory amendments.

4. Financial Implications

- 4.1 The CIL is a charge imposed on new development to help pay for infrastructure to help support the development of the area. In Shropshire developments involving the creation of a new dwelling (unless it is an 'affordable dwelling') and residential extensions of 100sqm or more new build floorspace have been required to pay CIL. The levy rates for development within Shropshire are set out within the Shropshire CIL Charging Schedule, which came into effect on 1 January 2012. These are as follows:
- £40 per sqm of new residential development in Shrewsbury, the market towns and key centres;
 - £80 per sqm of new residential development elsewhere;
 - Nil levy rate for affordable housing;
 - Nil levy rate for employment related and other non residential types of development.

Please Note: In accordance with the National CIL Regulations and the locally agreed protocol, these rates are subject to annual indexation using the BCIS All-In Tender Price Index.

4.2 Payments are made following the commencement of development, in accordance with Shropshire's Instalment Policy.

5. Background

5.1 Shropshire has taken a localised approach to the use of CIL, supporting the community led focus within Shropshire's development strategy and recognising the important link between new development and local infrastructure provision. This approach has been further supported by Government who require that a 'meaningful proportion' of CIL income be passed as a Neighbourhood Fund to the Town or Parish Council in whose area the development has taken place.

5.2 The following table provides an overview of how CIL income will be distributed in Shropshire:

CIL Fund	Proportion of Total CIL Funds	Responsible Party	Geographical area for spend
Administrative fee	<ul style="list-style-type: none"> 5% of total 	Shropshire Council	To cover administrative expenses incurred with implementing and enforcing CIL
Neighbourhood Fund	<ul style="list-style-type: none"> 25% where there is a Neighbourhood Plan or Neighbourhood Development Order 15% where there is not a Neighbourhood Plan (capped at £100 per council tax dwelling) 	Town and Parish Councils	To use within the Town/Parish Council administrative area
And of the remainder			
Strategic Infrastructure	<ul style="list-style-type: none"> 10% of remaining amount (after deducting the admin fee and Neighbourhood Fund) 	Shropshire Council with input from infrastructure providers	To use on strategic infrastructure priorities across Shropshire
Local Infrastructure	<ul style="list-style-type: none"> 90% of remaining amount (after deducting the admin fee and Neighbourhood Fund) 	Shropshire Council with input from Town and Parish Councils and infrastructure providers	To use on local infrastructure priorities to meet the needs of the area where the development has taken place, as identified within the Place Plans.

5.3 As set out in the above table, each funding pot has a slightly different geographical focus with likely variations in both the scale of infrastructure projects delivered and the delivery partners leading on implementation. The level of risk to Shropshire Council, as the Charging Authority, will therefore vary across the different funding pots and reflected in the different governance arrangements summarised below and set out in detail in Appendix 1.

Neighbourhood Fund		
Stage	Summary and Required Documentation	Sign off
Step 1 - Place Plan Annual Discussion	Town and Parish Councils: <ul style="list-style-type: none"> Identify their communities' priorities for Neighbourhood Fund spend through the Annual Place Plan Review. Shropshire Council: <ul style="list-style-type: none"> Incorporates priorities into relevant Place Plan documents. 	Place Plan Annual Review submission signed off by Local Member and Town and Parish Council.
Step 2 - Priorities Developed into Deliverable Projects	Town and Parish Councils: <ul style="list-style-type: none"> Develop priorities into fully costed and deliverable projects. <ul style="list-style-type: none"> The CIL Project Management Resource Pack provides a Technical Check Form that can be used as a framework for project development. 	N/A

Step 3 - Neighbourhood Fund Monies Transferred to Town and Parish Councils	<p>Shropshire Council:</p> <ul style="list-style-type: none"> Transfers Neighbourhood Fund to Town and Parish Councils each April, with precepts. <p>Town and Parish Councils:</p> <ul style="list-style-type: none"> Must complete Notification of Requirements Form acknowledging their understanding of the regulatory requirements for use of Neighbourhood Fund monies. 	Town and Parish Councils sign Notification of Requirements Form to confirm understanding of the regulatory requirements for Neighbourhood Fund spend.
Step 4 – Project Implementation	<p>Town and Parish Council:</p> <ul style="list-style-type: none"> Refine and subsequently implement the infrastructure project. 	Town and Parish Councils responsible for project management.
Step 5 - Annual Monitoring	<p>Town and Parish Council:</p> <ul style="list-style-type: none"> Must complete an annual report of CIL receipts, spend (total and by project), and monies banked and submit to Shropshire Council by 30th September. A template Annual Monitoring Form is included within the CIL Project Management Resource Pack. 	Town and Parish Councils agree and submit Annual Monitoring Form

Strategic Fund		
Stage	Summary and Required Documentation	Sign-Off
Step 1 - Agreeing Strategic Infrastructure Priorities	<ul style="list-style-type: none"> Strategic Infrastructure Forum, chaired by the Head of Economic Growth and Prosperity, identifies and prioritises strategic infrastructure needs. These priorities are incorporated into the relevant Place Plan and, where priorities are agreed for CIL and funding is available they are included on the annual CIL List. 	<p>Strategic priorities agreed by Strategic Infrastructure Forum.</p> <p>CIL List signed off by Cabinet each April as part of the LDF Implementation Plan.</p>
Step 2 - Priorities Developed into Deliverable Projects	<ul style="list-style-type: none"> A lead delivery partner is identified for the project. The lead delivery partner is tasked with developing a fully costed and deliverable project using the Technical Check Form contained within the CIL Project Management Resource Pack. 	Technical Check Form signed off by the chair of the Strategic Infrastructure Forum with support from Portfolio Holder for Planning, Housing and Commissioning (Central)
Step 3 – Project Agreement Signed	<ul style="list-style-type: none"> Project Agreement, is signed by the lead delivery partner and Shropshire Council. Template Project Agreement is included within the CIL Project Management Resource Pack and will include signed Technical Check Form and set out responsibilities for project delivery. 	Project Agreement signed off by delivery partner and the chair of the Strategic Infrastructure Forum.
Step 4 – Project Implementation	<ul style="list-style-type: none"> Lead delivery partner implements the project. Shropshire Council provides CIL funding in instalments based on evidence of achieving agreed project milestones. 	N/A
Step 5 - Annual Monitoring and Sign off	<ul style="list-style-type: none"> Lead delivery partner must complete annual report, using the template Annual Monitoring Form in the CIL Project Management Resource Pack and submit to Shropshire Council by 30th September. 	N/A

	<ul style="list-style-type: none"> Upon completion, the lead delivery partner must complete the Project Sign off Form including providing written endorsement of project for use in publicity. 	
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Local Fund		
Stage	Summary and Required Documentation	Sign-Off
Step 1 - Place Plan Annual Discussion	<ul style="list-style-type: none"> Town and Parish Councils in partnership with their communities and Shropshire Council Members identify priorities for CIL funding. Shropshire Council incorporates priorities into relevant Place Plan documents. 	Place Plan Annual Review submission signed off by Local Member and Town and Parish Council.
Step 2 – CIL List Prepared	<ul style="list-style-type: none"> Shropshire Council reviews identified local priorities (in conjunction with the policy requirements in the Development Plan), and prepares the Annual CIL list. 	CIL List signed off by Cabinet as part of the LDF Implementation Plan.
Step 3 - Priorities Developed into Deliverable Projects	<ul style="list-style-type: none"> A lead delivery partner is identified for the project. The lead delivery partner is tasked with developing a fully costed and deliverable project using the Technical Check Form contained within the CIL Project Management Resource Pack. 	Technical Check Form signed off by Portfolio Holder for Planning, Housing and Commissioning with support from Policy and Community Action Officers when there are sufficient funds available for delivery
Step 4 – Project Agreement Signed	<ul style="list-style-type: none"> Project Agreement, is signed by the lead delivery partner and Shropshire Council. Template Project Agreement is included within the CIL Project Management Resource Pack and will include signed Technical Check Form and set out responsibilities for project delivery. 	Project Agreement signed by lead delivery partner and the Head of Economic Growth and Prosperity
Step 5 – Project Implementation	<ul style="list-style-type: none"> Lead delivery partner implements the project. Shropshire Council provides CIL funding in instalments based on evidence of achieving agreed project milestones. 	N/A
Step 6 - Annual Monitoring and Project Sign Off	<ul style="list-style-type: none"> Lead delivery partner must complete annual report, using the template Annual Monitoring Form in the CIL Project Management Resource Pack and submit to Shropshire Council by 30th September. Upon completion, the lead delivery partner must complete the Project Sign off Form including providing written endorsement of project for use in publicity. 	N/A

4. Governance arrangements for projects not included on the CIL list

4.1 Whilst the above processes are aimed at gaining widespread consensus on the use of CIL monies, it is important that some flexibility is maintained by Shropshire Council to ensure

that we can react to any critical infrastructure requirements emerging through the development management process. The CIL regulations do allow for this flexibility by providing Charging Authorities the opportunity to use CIL for items not identified on the CIL list. This is only likely to occur on major developments (50 dwellings or more) where the scheme generates specific infrastructure requirements which, whilst not identified on the annual CIL list, will be agreed as part of determining the relevant planning application through Planning Committee. The need has become clear through early work on major housing sites in Shrewsbury, whereby specific infrastructure items have been identified as essential to the sustainable delivery of a particular development scheme. In such instances, the Planning Policy Officers will complete a proforma outlining the infrastructure requirement and justification for its delivery which will be based on engagement with strategic infrastructure providers, Town and Parish Councils and relevant service departments in Shropshire Council. In preparing the proforma, dialogue with the relevant Town and Parish Councils will be undertaken to ensure there is local understanding of the specific infrastructure requirements generated by a development scheme and, wherever possible, to reach agreement that CIL monies will be directed to these development specific requirements in advance of those priorities identified on the annual CIL list. The proforma will be signed by the Portfolio Holder for Planning, Housing and Commissioning (Central) and recorded on the CIL project management system to ensure the relevant funds are committed. Once sufficient funds are available in the relevant CIL funding pot, the lead delivery partner will complete the Technical Check Form and Project Agreement in line with the above procedures.

5.0 Additional Information

5.4 Following the commitment of funds to a project through the above processes, any projects to be delivered by Shropshire Council will need to accord with the Council's procedures. As such, any Project Managers seeking to use CIL monies will need to ensure they have the necessary approval to deliver the project prior to submitting the CIL Technical Check Form. Project Managers will also need to follow the Council's Finance and Contractual rules and procedures for delivering a capital project as part of project implementation. Any distribution of CIL funds to the Voluntary or Community Sector for delivery of a particular infrastructure item must involve the Grant Funding Guardian, in accordance with the Council's Contract Rules.

5.5 Whilst the above governance arrangements will be applied to the use of CIL funds, it should be noted that the Regulations do allow for a CIL liability to be paid through in kind contributions, either through the provision of land to an equivalent value or through the provision of infrastructure. It is for Shropshire Council to agree in kind payments and it is intended that it will only be applied in cases where the infrastructure requirement has been identified as a priority on the CIL list as suitable for in kind payments. Only in exceptional circumstances will in kind payments be agreed for items not included on the CIL list and in such cases it will normally only apply to major developments (50 or more dwellings) and it must be agreed that the in kind contribution provides the most efficient means of delivering the prioritised community benefit which has been agreed locally and is in accordance with Policy CS9. It is important that strict controls on the use of in kind payments are applied particularly since the administrative fee and Neighbourhood Fund will need to be covered by the Charging Authority regardless of any in kind payments. In addition, in kind payments must not be seen as a means of meeting wider policy requirements, such as open space standards or any other elements of on site design which are needed to make the development suitable in planning terms. Some infrastructure items may also be promoted to the local community and Shropshire Council as part of the scheme development and may represent one of the reasons that a development gains local support through the site allocation or planning application process. Such items will not normally be accepted as in kind payments. Applications for in kind payments through land and or infrastructure will be made to Shropshire Council through completion of the 'Payment in Kind' application form.

These will be assessed and signed off by the Portfolio Holder for Planning, Housing and Commissioning (Central) to align with the governance arrangements set out above for CIL financial payments.

- 5.6 All CIL project management will be administered through the EXACOM project management system. Lead delivery partners will be required to provide information for recording on this system to ensure a robust record is maintained for the implementation of CIL.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information):</p> <p>Report to Cabinet 19th October 2011: Community Infrastructure Levy (CIL) Charging Schedule</p> <p>Report to Council 24th November 2011: Community Infrastructure Levy Charging Schedule Report</p> <p>Report to Cabinet 24th July 2013: Place Plan 2013/14 Update and LDF Implementation Plan</p>
<p>Key Decision: Yes</p> <p>Included within Forward Plan: Yes If a Key Decision and not included in the Forward Plan have the General Exception or Special Urgency Procedures been complied with: Yes/No</p>
<p>Name and Portfolio of Executive Member responsible for this area of responsibility:</p> <p>Mal Price, Portfolio Holder Planning, Housing and Commissioning (Central)</p>
<p>Local Member:</p>
<p>Appendices: CIL Project Management Resource Pack Application Forms for Payment in Kind</p>

Declaration of Interest

- I have no interest to declare in respect of this report

Signed Date

NAME:

PORTFOLIO HOLDER FOR:

- I have to declare an interest in respect of this report

Signed Date

NAME:

PORTFOLIO HOLDER FOR:

(Note: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter.)

For the reasons set out in the report, I agree the recommendation(s) in the report entitled

Signed

Portfolio Holder for

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and pro-forma is returned to Democratic Services for processing.

Additional comment :

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Note: If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, Head of Legal and Democratic Services, Chief Executive and the Head of Finance, Governance and Assurance (S151 Officer) and, if there are staffing implications the Head of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Portfolio Holder: Your decision will now be published and communicated to all Members of Council. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication.

APPENDIX 1- Community Infrastructure Levy Governance Arrangements

1. Neighbourhood Fund

CIL Regulatory Requirements

- 1.1 The Regulations allow for Shropshire Council to agree with Town and Parish Councils the timing for Neighbourhood Fund payments. In an email to all Town and Parish Councils on 2 October 2013, Shropshire Council recommended that payments be made in April to coincide with precept payments, unless requested otherwise by a Town or Parish Council. As no alternative requests have been made, it is envisaged that the Neighbourhood Fund payments will be made annually each April with the first payments being made in April 2014.
- 1.2 The Neighbourhood Fund can be used more widely than the general CIL funds on *'the provision, improvement, replacement, operation or maintenance of infrastructure or anything else which is concerned with the addressing the demands that development places on an area.'* Where money is not used to support development of the area within five years of receipt, or is used for other purposes, the regulations give charging authorities the power to recover those funds. However, the Charging Authority must then use these monies in accordance with the above criteria within the same Town or Parish Council area.
- 1.3 To ensure transparency, Town and Parish Councils must publish each year their total Levy receipts; total Levy expenditure, a summary of Levy expenditure and the total amount of Levy payments retained at the end of the reported year. Town and Parish Councils must publish this report on their website or on Shropshire Council's website.
- 1.4 Before monies are distributed, the Regulations do allow Town and Parish Councils to notify Shropshire Council in writing that it does not want to receive all or part of the Neighbourhood Fund. In such an instance, Shropshire Council will reallocate the monies to both the strategic (10%) and local (90%) funding pots. In addition, Town and Parish Councils can agree that SC should retain the Neighbourhood Fund to use on infrastructure priorities where there is agreement on those priorities. In such cases, Shropshire Council will apply the governance arrangements set out for the local infrastructure fund. A small number of parishes are not covered by a Parish Council and in such instances the Regulations state that Shropshire Council will retain the Neighbourhood Fund but must engage with the local communities and agree how best to use the money. The Council will need to explore how the annual Place Plan Annual Review and Local Governance Boards can help to provide a clear and transparent approach to identifying local priorities within these areas.

Governance Arrangements

- 1.5 The CIL Regulations set out the requirements for the Neighbourhood Fund and therefore little is needed in terms of local governance. However, given current financial pressures it is important that Town and Parish Councils are supported to maximise delivery of prioritised local needs.
 - Step 1- Place Plan Annual Discussion
- 1.6 The annual Place Plan review provides an established annual process by which communities agree their prioritised local needs. Whilst the use of the Neighbourhood Fund is ultimately at the discretion of Town and Parish Councils, they are expected to reflect the views of the local community and to consult adjoining Town and Parish Councils and Shropshire Council. Therefore it seems sensible that the Place Plans provide a framework for all parties to use. By taking this approach, local benefits can be maximised by bringing together funding pots, wherever appropriate, to focus delivery around a shared set of

priorities. The Local Governance Boards may have a future role in assisting these local discussions.

- Step 2- Priorities Developed into Deliverable Projects

1.7 Whilst responsibility for delivery lies with the Town and Parish Councils, the CIL Project Management Resource Pack provides guidance on best practice project management. This includes a template Technical Check Form which sets out the main considerations in the development of a project.

- Step 3- Neighbourhood Fund Monies Transferred to Town and Parish Councils

1.8 The monies will be transferred each April to those Town and Parish Councils in whose area development has taken place. Whilst these funds will go out with precepts, the payment will need to be ringfenced for use in accordance with the CIL Regulations. Payments will be accompanied by a Notification of Requirements Form which Town and Parish Councils are required to sign and return, confirming that they have read and understood the requirements of the CIL Regulations.

- Step 4- Annual Monitoring

1.9 The CIL Project Management Resource Pack includes an Annual Monitoring Form which provides a framework for the reporting requirements set out within the CIL Regulations. However, to maximise transparency and to ensure Shropshire Council can provide reports on the use of all CIL receipts, Town and Parish Councils are required to complete and return the monitoring form to Shropshire Council by 30th September, thereby aligning with the commencement of the next Place Plan annual review cycle. The submission of annual monitoring forms will also allow Shropshire Council to monitor the use of Neighbourhood Funds and to apply a claw back of funds where monies have been misused or not used within five years.

2. Strategic Infrastructure Fund

CIL Regulatory Requirements

2.1 The CIL Regulations require that these funds are used to support the development of Shropshire by funding *'the provision, replacement, operation or maintenance of infrastructure.'* This does not include affordable housing, as this provided by an alternative mechanism and does not include remedying existing deficiencies in infrastructure, unless those deficiencies will be made more severe by new development. The funds are primarily for the capital costs of infrastructure provision but include revenue expenditure where these costs are associated with that capital provision.

2.2 As the CIL Charging Authority, Shropshire Council is responsible for these funds, including allocating, managing and annually reporting on their use, in accordance with the CIL Regulations.

Governance Arrangements

2.3 As the CIL Regulations place responsibility for the management of these funds with Shropshire Council, clear and transparent governance arrangements are important.

- Step 1- Agreeing Strategic Infrastructure Priorities

2.4 A Strategic Infrastructure Forum was established in November 2011 as part of early work to identify and agree Shropshire's strategic infrastructure needs. It was tasked with reaching consensus on the use of the Strategic Infrastructure CIL fund alongside identifying the full range of funding and joint working opportunities available to assist in delivery. As limited CIL monies have been collected and many partner organisations, including Shropshire Council, have been undergoing a period of transformation, the group has not met since November 2012. However, it is envisaged that this group will be reinstated with a view to

holding quarterly meetings. The group will be chaired by the Head of Economic Growth and Prosperity and supported by the Portfolio Holder for Planning, Housing and Commissioning (Central). Whilst the original forum included representatives from strategic infrastructure providers, such as the Highways Agency, Environment Agency and Shropshire Council's Education and Transport teams, a review is needed to consider whether the group should include a wider representation including those from the health sector. Once consensus has been reached on the strategic infrastructure priorities which should form the focus of CIL and sufficient funds are available, these will be included on the annual CIL list and put to Cabinet for agreement as part of the LDF Implementation Plan.

- Step 2- Priorities Developed into Deliverable Projects

2.5 The lead partner for delivery of the agreed strategic infrastructure priorities will be required to complete the Technical Check Form, included within the CIL Project Management Resource Pack. This will ensure that the identified priority has been fully developed into a deliverable project. The completed Technical Check form will be signed off by the chair of the Strategic Infrastructure Forum.

- Step 3 Project agreement signed

2.6 Following sign off of the Technical Check Form, a project agreement will be completed, using the template agreement in the CIL Project Management Resource Pack as a starting point. The signed Technical Check Form will form the first part of the project agreement, thereby setting out the agreed project aims, milestones, costs and timescale for delivery. The remainder of the agreement will cover responsibilities, including the regulatory requirements set out in the CIL Regulations. The project agreement will be jointly signed by the lead delivery partner and the chair of the Strategic Infrastructure Forum. The first project payment will be made on receipt of the signed project agreement, with subsequent instalments made following the receipt of adequate evidence confirming achievement of each project milestone set out in the Technical Check Form and following submission of an invoice.

- Step 5- Annual Monitoring and Project Sign Off

2.7 To ensure Shropshire Council can comply with the regulatory reporting requirements, lead delivery partners are required to complete the Annual Monitoring Form, contained within the CIL Project Management Resource Pack and submit it to Shropshire Council by 30th September. On completion of the project, the Project Sign off Form, contained within the Resource Pack, must be completed by the lead delivery partner and submitted to Shropshire Council, This details any underspend, to allow for repayment back to the relevant CIL pot, and provides a written endorsement of the project for use in publicity.

3. Local Infrastructure Fund

CIL Regulatory Requirements

3.1 As it was Shropshire's localised planning approach which led to the division between strategic and local CIL funding, the regulatory requirements for these funding pots are the same. As above, Shropshire Council, in its role as the CIL Charging Authority, is responsible for allocating, managing and annually reporting on the use of the local funds in accordance with the CIL Regulations.

Governance Arrangements

3.2 Whilst Shropshire Council is accountable, it is envisaged that the identification of CIL Local Fund priorities and delivery of projects will be undertaken in close partnership with others, including close engagement with local communities. Given the range of partners that may be involved and variety of projects that could be delivered, effective governance is essential.

- Step 1- Place Plan Annual Discussion
- 3.3 The Place Plan Annual Review cycle provides an established framework for identifying local investment priorities. It is undertaken in partnership with local communities, through consultation with Town and Parish Councils, in addition to local infrastructure and service providers. The Plans therefore provide a good basis for identifying the prioritised infrastructure requirements to form the focus of CIL local funding within each area.
- Step 2- CIL list prepared
- 3.4 In preparing the annual CIL list, Shropshire Council must balance the prioritised infrastructure items identified through the annual Place Plan Review with the requirements of Core Strategy Policy CS9, which states that developer contributions will be used firstly on those items identified as being 'critical' followed by 'priority' and then 'key'. In cases where a number of infrastructure items are categorised in the same way (eg all 'priority') recommendations will be made to Cabinet on which item(s) should be included on the annual CIL list. To inform such decisions, the Cabinet report will clearly set out the benefits of using CIL monies in the recommended way, alongside the risks of not using the monies for any other identified priorities. The CIL list will be signed off by Cabinet each April to guide the use of CIL monies in the forthcoming year.
- Step 3- Priorities Developed into Deliverable Projects
- 3.5 As with the Strategic Infrastructure Fund, identified infrastructure priorities will be developed into deliverable projects, using the Technical Check Form as a guide to project development. This form will be completed by the lead delivery partner with support from Community Action Officers, as appropriate. The Planning Policy Team will continually monitor CIL income against the development of the agreed infrastructure projects. Formal submission of the Technical Check Form for sign off will take place at the point there is sufficient CIL Local Fund monies within the funding pot for the particular area. The Technical Check Form will be signed off by the Portfolio Holder for Planning, Housing and Commissioning (Central) with support from Planning Policy and Community Action Officers. A copy of the signed Technical Check Form will be sent to the relevant Shropshire Council Members to ensure transparency on the delivery of CIL projects within their geographical area.
- Step 4 Project agreement signed
- 3.6 As with the Strategic Infrastructure Fund, the signing of the Technical Check Form will be followed by completion of a Project Agreement, using the template in the CIL Project Management Resource Pack as a starting point. The signed Technical Check Form makes up the first part of the project agreement with the remainder of the agreement setting out responsibilities, including the regulatory requirements in the CIL Regulations. The project agreement will be jointly signed by the lead delivery partner and the Head of Economic Growth and Prosperity. The first project payment will be made on receipt of the signed project agreement, with subsequent instalments made following the receipt of adequate evidence confirming achievement of each project milestone set out in the Technical Check Form and following submission of an invoice.
- Step 5- Annual Monitoring and Project Sign Off
- 3.7 All Local Fund projects are required to complete the Annual Monitoring Form and submit it to Shropshire Council by 30th September. On completion of the project, the Project Sign off Form, contained within the Resource Pack, must be completed by the lead delivery partner and submitted to Shropshire Council.