

## Farnsfield Parish Council Funding Fact Sheet

### Where does the money come from for grants?

There are various different sources of funding available to Farnsfield Parish Council (the Council) and there are differing rules as to how each funding source can be spent. The Council must ensure it uses the various funding sources in line with the legislation and rules governing each source.

### Funding Sources available to the Council

The key funding sources available to the Council are:

- The precept
- Village Centre hire charges
- Section 106 Funds
- The Community Infrastructure Levy (CIL)

### The Precept

The precept is the portion of your council tax that is given to the Council each year by Newark and Sherwood District Council (NSDC) to fund the Council's activities. It's the responsibility of the Council to request an amount of precept which is sufficient to fund its activities but does not result in excess funds. The Council requests the precept from NSDC each year, and when NSDC has agreed it, it is included in your next council tax bill. Everyone's council tax bill shows the percentage change in the precept from the previous year.

### Village Centre Hire Charges

The village centre provides a number of rooms for hire suitable for a broad range of activities by groups and individuals. The part of the village centre that houses the library is hired by Nottinghamshire County Council from the Council on an annual basis. The cost of hiring these rooms generates income for the Council.

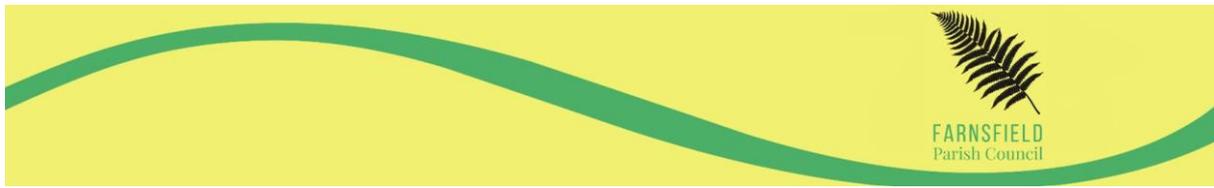
### Section 106 (s106) Funds

(Section 106 of the Town and Country Planning Act 1990 refers)

The above Act allows a Local Planning Authority (LPA) to enter into a legal agreement with a landowner (usually the developer) as part of the granting of planning permission. Developers may be charged a contribution depending on the size and number of houses being built. This is called a 'section 106 agreement'. S106 money is used to develop facilities to support the additional residents living in the community and can be used by the Council to provide services and infrastructure, such as highways, recreational facilities, health and affordable housing.

### Community Infrastructure Levy (CIL)

The CIL is another pot of money that developers have to pay NSDC when they build new housing within the village. NSDC then apportion some of it to the Council. This spreads the cost of funding infrastructure over more developers and provides certainty as to how much developers will have to pay. The amount is set according to national planning guidelines. NSDC collects and distributes the CIL, which the Council can then use to pay towards increasing and maintaining the village



infrastructure as demands increase as a result of the housing developments. As the Council has registered a Neighbourhood Plan with NSDC it is entitled to receive 25% of the CIL monies collected by NSDC on any new developments within its boundaries. NSDC distributes the remainder of the CIL monies collected according to its plans.

### **How the council can spend the above sources of funding**

Parish councils have to comply with a range of complex financial regulations to ensure correct governance (i.e. that money is spent correctly and lawfully) in financial matters. Parish councils the size of the Council are expected to maintain a financial reserve for contingencies roughly equal in size to their annual precept income. Larger reserves can be kept to support the appropriate use of CIL and s.106 projects, or if funds are earmarked for future capital investments.

### **General funds**

The spending of general funds is controlled by the Council. The Council is only allowed to spend funds where it has the power in law to do so. These powers typically cover the operation and maintenance of the village centre and the general upkeep of the village area and its environment. Responsibilities for the village area and its environment are shared with a number of other agencies responsible for issues such as road maintenance and refuse collection. Where funds are needed for issues not controlled by the Council it will try to work with other agencies to ensure they are spent appropriately.

### **Section 106 Funds**

The law around the spending of s106 funds is complex. The essence is that s106 funds can only be used for projects that the developers agreed with NSDC at the time of the developments. **The projects that were agreed at that time are: the village centre (including the building and the adjacent land) and some sports clubs, including the tennis, cricket, football and bowls clubs.** Because the developments were completed at different times, these funds therefore came to the Council at different times. S106 funds must be used within 5 years of when the Council received them, or they can be clawed back by the developers. As such the Council has to check carefully that each batch of s106 funds have been spent within their 5-year period.

The Council has to keep a careful track (known as an audit trail) of how the s106 funds from each development are spent.

### **CIL Funds**

CIL funds can only be used for projects that develop the village's infrastructure, and to address the increased demands that a development places on the village. Examples of what CIL funding has been used for in recent years include a grant to the playgroup and repairs to the village centre.