

<b>Committee(s):</b> Policy and Resources Committee – For decision	<b>Dated:</b> 07/07/2022
<b>Subject:</b> Community Infrastructure Levy Neighbourhood Fund – Approval of policy changes	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	1, 2, 3, 4, 7, 10
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Managing Director of the Bridge House Estate and Chief Charities Officer	<b>For Decision</b>
<b>Report author:</b> James Lee, Community Infrastructure Levy Neighbourhood Fund Programme Manager	

### Summary

The City Corporation adopted a Community Infrastructure Levy (CIL) in 2014. National CIL Regulations require that 15% of CIL receipts be reserved for neighbourhood funding. Local authorities are required to engage with communities on how this neighbourhood funding should be used to support development of the area. Local authorities are required to report annually on the collection and use of CIL funds, identifying separately the amount of funds allocated to neighbourhood funding.

An amended policy for the Community Infrastructure Levy Neighbourhood Fund (CILNF) was agreed by this committee in May 2019, with agreement that funding applications for under £25,000 are to be determined by City Corporation officers under delegated authority and funding applications for between £25,000 and £50,000 are to be determined by City Corporation officers under delegated authority in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. The Resource Allocation Sub-Committee are to determine applications for funding in excess of £50,000.

The CILNF application process is managed by the City Corporation’s Central Grants Unit, with officers assessing applications and providing support to Committee in the consideration of larger applications. The administrative cost incurred in operating the Fund is recoverable from the 5% of City CIL funds allowed to cover such costs in Regulations.

Members are asked to approve the policy changes supported by feedback from a public consultation carried out in May 2022. Members are asked to note the performance of the CILNF to date.

## Recommendation

Members are recommended to:

1. Note the response to the consultation on the CILNF (**Appendix 1**).
2. Note the grants awarded to date (**Appendix 2**) and current position of the CILNF.
3. Approve the two publicly supported proposed changes to the CILNF, set out in the proposal of this paper.
  - a. To amend the funding limit on any one project from 15% of total available funds at the time to a new upper limit £500k, with authority for the City Corporation's Resource Allocation Sub-Committee to exceed this limit for applications that demonstrate exceptional community benefit.
  - b. To clarify that organisations are permitted to reapply to the CILNF following previous successful applications.

## Main Report

### Background

1. Under the 2008 Planning Act and the Community Infrastructure Levy Regulations 2010 (as amended), a local authority may adopt a Community Infrastructure Levy (CIL) setting out how it will require contributions from development towards the cost of providing new infrastructure. Historically a local authority adopting a CIL set out the infrastructure it will fund through the CIL in a document known as a Regulation 123 List and the City Corporation previously adopted such a list. Whilst Regulation 123 Lists will be replaced with Infrastructure Lists in the future, the adopted Regulation 123 List still reflects the infrastructure that the City Corporation intends to wholly or partly fund through CIL.
2. CIL regulations allow for up to 5% of CIL receipts to be used to fund the administrative costs incurred in operating a CIL. Regulations also require that 15% of CIL receipts shall be reserved for neighbourhood funding, or 25% where there is a neighbourhood plan. Neighbourhood funding must be passed to a neighbourhood forum, parish or town council, where they exist. Where they do not exist (as in the City of London), the local authority will retain CIL neighbourhood funds but should engage with communities where development has taken place and agree with them how best to spend this element of CIL.
3. In accordance with national Planning Practice Guidance, local authorities should set out clearly and transparently how they will engage with communities and the use of the neighbourhood fund should match the priorities expressed by these local communities.

4. Regulations require that the neighbourhood fund must be used to support the development of the local council's area, or any part of that area. CIL Regulation 59F allows a wider scope of projects to be funded through the CILNF than that allowed for other CIL funding, including:
  - a) the provision, improvement, replacement, operation or maintenance of infrastructure; (the same criteria as for other CIL funds) or
  - b) anything else that is concerned with addressing the demands that development places on an area (additional flexibility for neighbourhood fund).

In delivering against (b) above, the neighbourhood fund does not have to be spent in accordance with the local authority's CIL spending priorities (set out in its Regulation 123 List).

5. Local authorities are required to report annually on the collection and use of CIL funds, identifying separately the amount of CIL Neighbourhood Funds and how they have been used.
6. Management of the CILNF process is aligned with the City's existing grant allocation process, through the CGU. A full policy document can be found at Appendix 3.
7. The CGU is co-located with the City Bridge Trust (CBT) team in order to facilitate consistency of approach and harmonise service standards across grant-making activities by the City Corporation (in its various capacities, including as Trustee of a number of charities which make grants as well as delivery of the Central Grant Programme). The Managing Director of Bridge House Estate and Chief Charities Officer is responsible for maintaining an overview of the CGU (and broader charity matters), with relevant input from the BHE & Charities Finance Team, with the work being delivered by the Head of CGU.
8. Where an application will have an impact on a specific ward, your Officers will consult with Members of that ward as part of the assessment process.

### **Current Position**

9. The CILNF launched on 1 September 2020. In June 2022, the neighbourhood portion of the City CIL stood at £5,205,356.

<b>Amount held as at 01/09/2020</b>	£6,222,994
<b>Further amounts added to fund</b>	£2,428,887
<b>Funds committed</b>	£3,446,526
<b>Balance remaining as at 01/05/2022</b>	£5,205,356

10. Since the launch of the CILNF, Members and Officers have worked together to commit £3,446,526 in funding to City communities.

Financial year	Funds committed
2020/21	£544,327
2021/22	£2,050,344
2022/23	£851,855 <sup>1</sup>

11. At present, the CILNF is temporarily paused to new applications in excess of £50,000 in order to carry out its statutory reporting and public consultation obligations.
12. The CILNF is currently processing an application pipeline of £2,147,335. It is not anticipated that this entire pipeline will be fully funded.
13. The CILNF application process is managed by the City Corporation's CGU, with officers assessing applications and providing support in the process of decision making by drawing on knowledge from across the Corporation and City communities to ensure that the CILNF is funding work that meets community priorities. Applications for £50,000 or less are assessed by the CGU who draw on local knowledge and a wider knowledge of the sector. The CGU's resulting recommendation is then considered by the CILNF Officer Panel which is composed of senior officers representing different departments of the Corporation. Where an application has an impact on a specific ward, members of that ward are consulted in advance of the deliberations of officers. Delegated authority allows for decisions on funding for £25,000 or less to be made by the Town Clerk in consultation with the CILNF Officer panel, decisions on funding for £25,001 up to £50,000 are made by the Town Clerk in consultation with the Chairman and Deputy Chairman of the Resource Allocations Sub-Committee.
14. Applications in excess of £50,000 go through a similar process, albeit with added scrutiny given the sums of money being applied for. In addition to the financial assessment of the CGU, the BHE & Charities Finance Team will complete a financial due diligence review before signing off the recommendation made by officers in the CGU. The application must then pass through the scrutiny of both the CILNF Officer Panel and relevant individual ward members before being referred to the Resource Allocations Sub-Committee which holds the ultimate decision-making power in this process.
15. Feedback from the public consultation noted an overall satisfaction with the design and delivery of the CILNF. The combined input of officers, members and wider city communities are perceived to be helping the CILNF to make good decisions on the allocation of CILNF.
16. The CILNF has two current policy positions that should be noted by members as they relate to the proposal within this paper. The first of these policy positions is the normal upper limit on funds for any one project of 15% of total funds available through the CILNF at the time of application. The second is that the Corporation's published CILNF policy is unclear as to whether organisations can reapply for funding at the end of their grant.

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<sup>1</sup> A portion of this sum has been agreed in principle but is pending final confirmation by RASC.

## **Proposal**

17. Public consultation on the CILNF took place in May 2022. Responses were received from 32 organisations and individuals; whilst limited, this is nearly double the number of responses that the original consultation on the establishment of the CILNF received (17). These comments variously supported the current operation of the CILNF, suggested areas of priority for the distribution of funds, and overwhelmingly agreed with the proposed amendments to the design and operation of the Fund.
18. Two key changes are proposed to the CILNF in response to the comments. The first of these changes is to revise the normal upper limit on funds for any one project from 15% of available funds at the time of application to a fixed figure of £500,000 with authority for the City Corporation's Resource Allocation Sub-Committee to exceed this limit for applications that demonstrate exceptional community benefit. This proposal was supported by 92% of the responses to the public consultation.
19. The second proposed change would make it clear that the CILNF will allow organisations to reapply for funding at the end of a grant: there are a limited number of organisations who are working in the Square Mile and allowing organisations to reapply to the CILNF will maximise the range of opportunities for potential support for the City's communities. Any organisation seeking to reapply to the CILNF will have to demonstrate a successful track record of delivering positive outcomes for City communities in their previously funded work. The CIL Neighbourhood Fund will need to balance a portfolio of existing organisations and new applicants to the CIL Neighbourhood Fund to ensure that the funds available are not concentrated in a small number of returning organisations. This proposal was supported by 90% of the responses to the public consultation.
20. Subject to the approval of members regarding the proposed changes to CILNF policy, the CILNF will immediately re-open to large applications (over £50,000).

## **Corporate & Strategic Implications**

21. Corporate Plan Implications: the CILNF can resource community-led infrastructure improvements across the City and contribute towards meeting the 3 aims of the Corporate Plan 2018-23, particularly Contribute to a Flourishing Society and Shaping an Outstanding Environment.
22. Security Implications: the CILNF fulfils a statutory requirement for the spending of CIL. There are no direct security implications, though future funded projects may bring security benefits.
23. Financial Implications: the CILNF makes use of that proportion of City CIL monies which are required by statute to be used to assist in the delivery of new infrastructure to meet community needs (15% of CIL funds). The costs of management of the grant application process will be met through the 5% of CIL funds set aside by statute to cover CIL administration.

24. Equalities and resourcing implications: the CILNF has been subject to an Equality Analysis Test of Relevance. This has concluded that there are no impacts arising from these proposals for protected groups and that a full Equality Analysis is not required.
25. Volunteering programme: Projects funded by the CILNF may provide volunteering opportunities which can be offered to Officers via the Corporate Volunteering programme if and when appropriate.
26. Delivery of the Fund will be through existing staff resources in Departments. Staff resource requirements will be met through allocation of some of the City CIL funds set aside by statute to cover administration costs.

## **Conclusion**

27. Since its launch in September 2020, the CILNF has committed £3,446,526 in support of City Communities. The CILNF funds a diverse portfolio of activities that includes support for some of the City's most important heritage spaces whilst also improving the health & wellbeing of City communities.
28. This report summarises the recent public consultation on how the CILNF is operating and proposes two amendments to CILNF policy to be agreed by this committee.

## **Appendices**

- Appendix 1 – Consultation Key Themes 2022-07-07
- Appendix 2 – Applications approved to date 2020-07-07
- Appendix 3 – CILNF Policy

## **Background Papers**

Report to Policy & Resources Committee 02/05/2019: City of London Community Infrastructure Levy – Approval of Neighbourhood Fund

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