

APPENDIX 1

Committee(s): Summit Group Policy & Resources Committee	Date(s): 26/09/2018 15/11/2018
Subject: City of London Community Infrastructure Levy – Neighbourhood Portion Proposed Governance Arrangements, Grant Application Process and Assessment Criteria	
Report of: Carolyn Dwyer, Director of the Built Environment	For Decision
Report author: Peter Shadbolt, Department of the Built Environment	

Summary

The City Corporation adopted a Community Infrastructure Levy (CIL) in 2014 and the funds received have gradually built up as developments have proceeded. 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.

This report sets out the proposed governance arrangements, grant application process and assessment criteria for how the City CIL neighbourhood fund should be used. It proposes that City communities will be able to submit bids to the City Corporation for grant funding for projects which meet the legislative requirements for the use of CIL and which deliver community benefits for the City. The proposed City CIL neighbourhood fund grant application process and assessment criteria have been designed to complement those used by the City Bridge Trust and could be managed by the Central Grants Unit to ensure value for money and consistency with established grant procedures.

Bids for City CIL neighbourhood funds could be submitted online by eligible community organisations (defined in Appendix 1), by ward Members with community support or by Corporation service departments who can also demonstrate community support. Bids could be managed by the Central Grants Units, with funding allocations assessed initially by the officer Priorities Board, which would make recommendations to Resource Allocation Sub-Committee.

Before these proposed arrangements are adopted, it is recommended that public consultation on them takes place with City communities. Following this consultation, the proposed arrangements will be brought back to this Committee.

Recommendation

Members are recommended to:

- Authorise public consultation to identify priorities for the use of the City CIL Neighbourhood Fund, and
- Approve the draft governance arrangements, grant application process and assessment criteria for the City CIL neighbourhood fund as set out in Appendix 1, for consultation with City communities.

Main Report

Background

1. Under the 2008 Planning Act and the Community Infrastructure Levy Regulations 2010 (as amended), 15% of Community Infrastructure Levy (CIL) receipts are reserved for neighbourhood funding, or 25% where there is a neighbourhood plan. Regulations require neighbourhood funding to be passed to a neighbourhood forum, parish or town council, where they exist. Where they do not exist (as in the case of 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.
2. In accordance with national Planning Practice Guidance, local authorities are required to 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. There is no prescribed method for consultation, but guidance suggests that existing community consultation processes should be used, including working with local businesses, neighbourhood groups and networks and local elected member networks.
3. 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. The scope of projects that can be funded through the CIL neighbourhood fund is wider than that allowed for other CIL funding, and can be used for:
 - 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) and can be spent on a much wider range of projects.

4. 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.

Current Position

5. The City of London CIL has operated since 1 July 2014. At August 2018, total CIL funds received stood at £31.1m, of which £4.7m will be reserved for neighbourhood funding.
6. Projections of future income between the rest of 2018 and 2021 indicate total CIL income of approximately £20.7m, of which £3.1m would be set aside for neighbourhood funding.

Proposals

7. To meet legislative requirements the City Corporation needs to put in place governance arrangements for the use of City CIL neighbourhood funds, which explain how the funds will be used and how the Corporation will take account of community priorities. The funds have gradually built up as development has proceeded and it is now an appropriate time to set out how they will be used.
8. CIL Regulations define neighbourhoods in terms of parish council, town councils, or a formally constituted neighbourhood forum. As there are no such constituted bodies currently in the City, it is for the City Corporation to define what it means by neighbourhood. Given that the City is little more than a square mile in extent, it is proposed that the entire City be considered a single neighbourhood for consideration of City CIL neighbourhood funds.
9. National Planning Practice Guidance indicates that the City Corporation should consult with communities within the defined neighbourhood on priorities for how the neighbourhood fund should be used. It is proposed that public consultation be undertaken with the City's communities to identify broad overarching priorities for the use of CIL neighbourhood funds. Communities will be asked to identify priorities, and suggest potential projects, within the framework of the types of infrastructure identified as suitable for CIL funding set out in the City Corporation's statutory Regulation 123 List:
 - Community facilities
 - Decentralised energy facilities
 - Education facilities
 - Emergency services facilities
 - Flood defence and flood risk alleviation
 - Pipe subways
 - Play space facilities
 - Publicly accessible open space, sports and recreation facilities
 - Public health care facilities
 - Public realm enhancement
 - Transport improvements
10. Communities will, however, be free to suggest alternative priorities through the consultation and these would need to be considered by the Corporation in responding to the consultation and the final design of the Neighbourhood Fund.

11. The consultation will make clear that identifying a particular project does not guarantee that CIL neighbourhood funding will be allocated to that project. Funding allocations will be subject to the wider governance arrangements and assessment criteria, which will also be published for consultation.
12. Subject to the consultation outcome, it is proposed that use of City CIL neighbourhood funds will be subject to an application process with qualifying community organisations submitting bids online which will be assessed against published criteria. The proposed governance arrangements, the grant application process and the assessment criteria are set out in Appendix 1.
13. Grant applications should take account of the CIL Regulations regarding the scope of projects that can be funded by CIL as set out in paragraph 3 above.
14. Grant applications should be aligned with the City Corporation's Corporate Plan, the City Local Plan, the City's Transport Strategy or other adopted and published service delivery plans and strategies. These strategies have undergone significant public consultation within the City and with City communities and therefore are directly relevant to spending decisions. Where applications diverge from adopted priorities, the City Corporation will need to consider whether the benefits of the proposed scheme justify funding outside of existing priorities.
15. Grant applications should include the submission of feasibility and deliverability plans for proposed projects and should demonstrate value for money, including identifying match or contributory funding from other sources. Applications should not be submitted for projects that are being delivered through other City CIL funding allocations.
16. City Corporation Departments will also be able to bid for neighbourhood funds but will need to demonstrate community support to be successful.
17. All City CIL neighbourhood grant applications would be assessed by the officer Priorities Board, which would then recommend bids for approval by Resource Allocation Sub-Committee.
18. In March 2016, the Resource Allocation Sub-Committee and the Policy and Resources Committee received a report outlining the work that had been undertaken to date to implement the recommendations of the Effectiveness of Grants Service Based Review. The aim of the review was to increase the strategic impact of grant-making, ensure that the grants are managed more efficiently and effectively, improve the consistency and quality of the customer experience and so bring consequential reputational benefits. It was agreed that a consolidated Central Grants Programme (CGP) be implemented.
19. In order to manage the CGP effectively a new Central Grants Unit (CGU) was established. The CGU manages all grant applications, monitoring and evaluation processes and committee reporting procedures.
20. The CGU is co-located within City Bridge Trust in order to facilitate consistency of approach and harmonise service standards. The Chief Grants Officer,

responsible for the grant-making activities of CBT maintains an overview of the CGU, with relevant input from the Head of Charity and Social Investment Finance.

21. The proposed City CIL neighbourhood grant funding criteria take account of grant funding criteria adopted by the City Corporation's CGP. The CGU could manage the application process, undertaking due diligence of applicants and managing the payment of funds to ensure a consistent approach across all Corporation grant funding mechanisms, and value for money. The cost of management would be met from the 5% of CIL funds set aside by statute to cover CIL administration. The potential scale of applications for funding and the administrative cost is currently unknown, but it is likely there will be efficiencies arising from management through the CGU compared with managing the process through service departments. Information about CIL neighbourhood funds would be posted on the City Corporation's website, inviting qualifying community organisations to submit bids for funding using a standard application form. This could be supplemented on an ongoing basis by inviting City CIL funding bids via consultation processes on other Corporation plans and strategies and through other consultation meetings.
22. The grant application process will include guidance on the completion and submission of applications. It may be necessary to supplement this published guidance with practical support to community groups on how to bid to ensure that all sections of the community have the opportunity to make use of CIL funds in an appropriate way. Mechanisms for delivering this support will need to be considered prior to the bid process coming into effect.
23. It is proposed that consultation is undertaken on the proposed governance arrangements, grant application process and assessment criteria. The consultation would be carried out in line with the statutory requirements for consultation on the Community Infrastructure Levy, using the City Corporation's planning policy database and information posted on the City's website.

Corporate & Strategic Implications

24. Adoption of a mechanism enabling City communities to bid for funding from the City CIL neighbourhood fund will contribute towards meeting the 3 aims of the Corporate Plan 2018-23, particularly contributing to a flourishing society and shaping an outstanding environment.

Implications

25. The proposed grant funding would make use of City CIL neighbourhood funds which are required by statute to be used to assist in the delivery of new infrastructure to meet community needs. 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.

26. The proposed governance criteria have been subject to an Equalities Impact Assessment which *(to be completed once principle is approved by Summit Group)*.

Conclusion

27. Community Infrastructure Levy legislation requires local authorities to reserve between 15% and 25% of CIL receipts for neighbourhood funding. Where there is no recognised parish or town council or neighbourhood forum, the local authority will retain the neighbourhood fund but must spend it on infrastructure which meets community needs. The local authority must consult the community on how these funds will be used.

28. It is proposed that City communities be invited to bid for grant funding from the City CIL neighbourhood fund. The grant funding process could be managed by the Corporation's Central Grants Unit, with funding decisions taken by the Resource Allocation Sub-Committee after consideration of recommendations from the officer Priorities Board. The City CIL neighbourhood fund grant application process and assessment criteria set out in Appendix 1 will be issued for consultation with local communities prior to their review and adoption.

Appendices

Appendix 1 – City CIL Neighbourhood Fund Proposed Governance Arrangements, Grant Application Process and Assessment Criteria

Peter Shadbolt

Assistant Director (Planning Policy)

T: 020 7332 1038

E: peter.shadbolt@cityoflondon.gov.uk

City CIL Neighbourhood Fund: Proposed Governance Arrangements, Grant Application Process and Assessment Criteria

Governance Arrangements

1. City CIL neighbourhood funds will be allocated on submission of valid bids (i.e. those that meet the adopted assessment criteria for the Neighbourhood Fund) from communities within the City of London. The determination of these bids will rest with the City Corporation. The City Corporation's funding determinations will be clearly communicated to applicants and published on the City Corporation website.
2. Bids will be managed by the City Corporation's Central Grants Unit, with scheme specific assessment undertaken by the officer Priorities Board and recommendations for funding made to Resource Allocation Sub-Committee for their determination.

Grant Application Process

3. Applications for City CIL neighbourhood grant funding will be invited two times a year to complement the meetings calendars of Priorities Board and Resource Allocation Sub-Committee. Application deadlines will be posted on the City Corporation's website.
4. Applications for City CIL neighbourhood grant funding should be submitted via an online application form.
5. An upper ceiling or minimum level of funding may be placed on the value of applications – this level will be informed by response to the consultation process. The City Corporation's Resource Allocation Sub-Committee will have the authority to exceed any limit where supported by robust evidence.
6. Applications should provide details of the group or organisation bidding for funding. Applications will be accepted from:
 - o Constituted voluntary organisations and resident associations
 - o Constituted business organisations and associations
 - o Registered charities
 - o Registered community interest companies
 - o Charitable companies (incorporated as not for profit)
 - o Registered charitable incorporated organisations
 - o Exempt or excepted charities
 - o Registered charitable industrial and provide society or charitable cooperative.

Applications from individuals should be made via a City-based constituted organisation or group falling into the above definitions.

Applications will also be considered from City Corporation service departments, where they demonstrate community support.

7. Applications should be supported by a Ward Member or be submitted by a Ward Member on behalf of a community group falling into one of the above definitions.

Assessment Criteria

8. Applications for City CIL neighbourhood grant funding will be managed by the City's Central Grants Unit, who will also ensure that grant spending is undertaken in accordance with the terms of any grant allocation.
9. Applications should demonstrate that funding will be used to meet the Regulatory requirements for CIL funding set out in Community Infrastructure Levy Regulation 59c:

*“a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
(b) anything else that is concerned with addressing the demands that development places on an area.”*
10. Applications should demonstrate how the proposed project aligns with the City Corporation's adopted priorities for the use of CIL neighbourhood funds, the City's Corporate Plan, Local Plan, Transport Strategy or other adopted and published service delivery plans/strategies. Where projects do not align with these priorities, applicants will need to demonstrate that the benefits of the project justify funding outside of published priorities.
11. Applications should include evidence of the feasibility and deliverability of the project, including a delivery plan or business plan where possible.
12. Applications should identify any ongoing revenue costs as a result of the project, such as future maintenance costs, and identify how these costs will be met and by whom. Additional bids for City CIL Neighbourhood Funding to meet future revenue costs will not normally be accepted.
13. Applications should demonstrate how the project will deliver value for money, including through the identification of contributory or match funding from other organisations, and the amounts of any such funding.
14. Applications to fund projects which are already in receipt of other City CIL funding will not normally be accepted.