

Committee(s): Policy & Resources	Date(s): 19/03/2020
Subject: City of London Community Infrastructure Levy Neighbourhood Fund Commencement	
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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. A public consultation on draft proposals took place between December 2018 and January 2019. An amended the CIL Neighbourhood Fund was agreed by this Committee in May 2019.

Since May 2019, further work has been undertaken to prepare the back-office functions for the Neighbourhood Fund. The Fund's application process will be managed by the City Corporation's Central Grants Unit (CGU) which is co-located with City Bridge Trust (CBT) to ensure consistency of quality in grant-making practice. Officers will assess applications and provide 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.

Recommendation

Members are recommended to:

1. To note the opening date of the CIL Neighbourhood Fund as 1st April 2020.
2. To note the process for the CIL Neighbourhood Fund.

Main Report

Background

1. Under the 2008 Planning Act and the Community Infrastructure Levy Regulations 2010 (as amended), a local authority may adopt a CIL setting out how it will require contributions from development towards the cost of providing new infrastructure. A local authority adopting a CIL must set out the infrastructure it will fund through the CIL through an annual Infrastructure Funding Statement, the first one of which must be published by the end of 2020. CIL regulations allow for up to 5% of CIL receipts to be used to fund the administrative costs incurred in operating a CIL. Regulations 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.

2. 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 CIL neighbourhood monies 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.

3. 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

4. The City of London CIL came into effect on 1 July 2014. At January 2020, the neighbourhood portion of the City CIL stood at £5.6 million.

Process

5. Proposals for managing the City CIL Neighbourhood Fund were considered and approved by the Policy & Resources Committee on 2 May 2019. Management of the City CIL Neighbourhood Fund process will be aligned with the City's existing grant allocation process, through the CGU.
6. The CGU is co-located with the 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 form part of the Central Grant Programme). The Chief Grants Officer, responsible for the grant-making activities of CBT is also responsible for maintaining an overview of the CGU (and broader charity matters), with relevant input from the Charity Finance Team (Chamberlain's Department), with the work being delivered by the Head of Central Grants Unit.
7. Since the May 2019 meeting of this Committee the CGU has prepared the back-office functions for the CIL Neighbourhood Fund and recruited a CIL Neighbourhood Fund Programme Manager who started in post at the beginning of March. It is proposed that the CIL Neighbourhood Fund will launch on 1 April 2020 with applications accepted on a rolling basis.
8. Applications for funding will be made using an online application form on the CIL page of the City Corporation's website. The CGU will assess applications for

funding and carry out the necessary due diligence checks, in line with best practice. Visits to organisations applying for funding will be undertaken where required. A comprehensive monitoring and evaluation process will be implemented to track the progress of successful proposals.

9. The CGU will provide information and advice to potential applicants to the Fund. The CIL Neighbourhood Fund Programme Manager will deliver workshops and a programme of outreach to let City communities know about the programme and how to apply for funding.
10. The CIL Neighbourhood Fund will have a normal minimum level of funding for which applications can be made, of £1,000, to ensure that very small applications do not lead to disproportionate administrative cost. A normal upper limit of 15% of CIL Neighbourhood Funds available at the time of application will be applied to ensure that this funding source is not exhausted on a small number of large schemes. Applications in excess of 15% can be considered in exceptional circumstances where there is demonstrable benefit to more than one of the City's communities and the proposal aligns with published City Corporation strategies.
11. The agreed Neighbourhood Fund provides for delegated authority to determine a proportion of applications, whilst retaining the requirement for Committee approval for larger value applications. Delegated provision is outlined as follows:
 - i. Applications under £25,000 – to be determined by officer delegation
 - ii. Applications between £25,000 and £50,000 – to be delegated to officers, in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee.
 - iii. Applications over £50,000 – determined by the Resource Allocation Sub-Committee, with advice from the officer Priorities Board.
12. Delegated funding decisions and advice to Committee will be made by an officer panel, chaired by a Director level officer and drawn from the CGU and Corporation Departments as required. Applications over £50,000 will be brought to the Resource Allocation Sub-Committee for decision on a quarterly basis.
13. When proposals are submitted that take place in a specific Ward, it is proposed that the CGU will contact the Alderman/Alderswoman and Ward Members to consult on proposals. An email will be sent outlining the intended proposal and giving a two-week timescale to provide comments. Comments will be consolidated and taken into consideration as part of the assessment and decision-making process.
14. Payment of funds and management of financial procedures will be handled by the CGU. Costs incurred by the CGU in fulfilling this function and by service Departments will be recovered from the 5% of all CIL funds that are available to fund the administrative costs of delivering CIL.

Corporate & Strategic Implications

15. Corporate Plan Implications: Adoption of a mechanism enabling City communities to bid for funding from the City CIL Neighbourhood Fund will enable 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.

16. Security Implications: There are no direct security implications, though future funded projects may bring security benefits.
17. Financial Implications: The proposed City CIL Neighbourhood Fund would make 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 and delivery of the Fund will be met through the 5% of CIL funds set aside by statute to cover CIL administration and through existing staff resources.
18. Equalities and resourcing implications: The proposed City CIL Neighbourhood Fund 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.

Conclusion

19. 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.
20. The Neighbourhood Fund application process will be managed by the City Corporation's CGU, 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. An opening date for the fund will be 1 April 2020.

Background Papers

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

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