

Committee(s): Finance Grants Oversight and Performance Sub-Committee	Date: 22/09/2020
Subject: City of London Community Infrastructure Levy –Launch of Neighbourhood Fund	Public
Report of: Chief Grants Officer and Director of the City Bridge Trust	For Information
Report author: Jack Joslin, Head of Central Grants Unit	

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. CIL policy is the responsibility of the Policy & Resources Committee.

Public consultation on draft proposals for a City of London CIL Neighbourhood Fund took place in December 2018 and January 2019. Responses were received from 17 organisations and individuals, making 95 separate comments. These comments variously support the proposed approach to the Neighbourhood Fund, sought clarification on how the Fund would operate, and suggested amendments to the design and operation of the Fund.

An amended policy for the CIL Neighbourhood Fund was agreed by the Policy and Resources Committee in May 2019, with agreement that a proportion of funding applications by officers under delegation, whilst retaining the role of the Resource Allocation Sub-Committee to determine applications in excess of £50,000; a normal upper limit on funds for any one project of 15% of outstanding funds at the time of application; clarification of the reporting requirements for the Fund; clarification on those organisations that would be eligible to apply for funding, but allowing applications from constituted resident and business organisations in the City of London; and amendments to make the Fund more responsive to community-led projects and to allow for use of the Fund to cover robustly justified, time limited applications for revenue funding and maintenance.

The Neighbourhood Fund application process will be managed by the City Corporation's Central Grants Unit, with officers assessing applications and providing support to the Resource Allocation Sub-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 amended opening date of the CIL Neighbourhood Fund as 1 September 2020.

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. A local authority adopting a CIL must set out the infrastructure it will fund through the CIL in a document known as a Regulation 123 List. 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.
2. 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.
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. CIL Regulation 59F allows a wider scope of projects to be funded through the CIL neighbourhood fund 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).

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

Process

6. Proposals for the City CIL Neighbourhood Fund were considered and approved by the Policy & Resources Committee on 2 May 2019.
7. Management of the City CIL Neighbourhood Fund process will be aligned with the City's existing grant allocation process, through the Central Grants Unit (CGU).
8. The CGU is co-located with the City Bridge Trust (CBT) team in the Town Clerk's Department in order to facilitate consistency of approach and harmonise service standards across grant-making activities by the City Corporation (acting in its various legal 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 Charities Finance Team (Chamberlain's Department), with the work being delivered by the Head of Central Grants Unit.
9. The CGU has prepared the back-office functions for the CIL Neighbourhood Fund and recruited the CIL Neighbourhood Fund Programme Manager who started in post at the beginning of March. The proposed launch of the Fund was on 1 April 2020 with applications accepted on a rolling basis.
10. In March 2020, the lockdown commenced, and it was decided that the CIL Neighbourhood Fund launch should postponed to 1 September 2020. It was felt that the Fund would be better suited to dealing with the re-build stages of City Communities post lockdown, than be utilised to make emergency funding. The CIL Programme Manager has worked with Officers across the City Corporation to ensure that that the programme will be ready to respond effectively to emerging need once launched.
11. A website has been launched on the City Corporation website, a flyer and communications have been circulated to Members, Officers and key stakeholders. The CGU has experienced a significant increase in enquiries about the Fund and the website has one of the highest hit rates in its first week of opening.
12. 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 organisation's applying for funding will be undertaken where required. A comprehensive monitoring and evaluation process will be implemented to track the progress of successful proposals.

13. 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.
14. 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 to any one application, to ensure that funding is not exhausted on a small number of 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.
15. It was agreed at the Policy and Resources Committee in May 2019 that provision for delegated authority would determine a proportion of applications, whilst retaining the requirement for the Resource Allocation Sub-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.
16. Delegated funding decisions and advice to Committee will be made by an officer panel, chaired by a Chief Officer and drawn from the CGU, the Department of the Built Environment and other Departments as required. Applications over £50,000 will be brought to the Resource Allocation Sub-Committee for decision on a quarterly basis.
17. When proposals are submitted that take place in a specific Ward, it is proposed that the CGU will contact the Alderman 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.
18. 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

19. 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.

20. Security Implications: The proposal to create a Neighbourhood Fund fulfils a statutory requirement for the spending of CIL. There are no direct security implications, though future funded projects may bring security benefits.
21. 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 will be met through the 5% of CIL funds set aside by statute to cover CIL administration.
22. 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.
23. Staff resource requirements will be met through allocation of some of the City CIL funds set aside by statute to cover administration costs.

Conclusion

24. 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. This is the case for the City of London.
25. The Neighbourhood Fund application process will be managed by the City Corporation's CGU, with officers assessing applications and providing support to the Resource Allocation Sub-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. The programme launched on 1 September 2020.

Appendices

- Appendix 1 – CIL Neighbourhood Fund Advert

Background Papers

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

Jack Joslin

Head of Central Grants Unit

E: jack.joslin@cityoflondon.gov.uk