

Committee(s): Resource Allocation Sub (Policy and Resources) Committee – For decision	Dated: 17/09/2021
Subject: Community Infrastructure Levy Neighbourhood Fund – Applications for Approval	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 2, 3, 4, 7, 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Grants Officer and Director of City Bridge Trust	For Decision
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.

An amended policy for the Community Infrastructure Levy Neighbourhood Fund (CILNF) was agreed by this committee in May 2019, with agreement that a proportion of funding applications by officers under delegation, whilst retaining the role of the Committee to determine applications 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 grant recommended for their consideration at a meeting of the CILNF Officer Panel in July 2021 and to note the proposals regarding the upcoming reporting and consultation on the function of the CILNF

Recommendation

Members are recommended to:

1. To note the approved and rejected grants under delegated authority at a meeting of the CILNF Officer Panel in July 2021 (**Appendix 1**).
2. To approve the grant recommended to the City Property Association at a meeting of the CILNF Officer Panel in July 2021 (**Appendix 2**).
3. To note the current position of the CILNF with respect to funds available and upcoming reporting.
4. To note the proposals regarding the upcoming reporting and consultation on the function of the CILNF and to approve the pause to larger applications from the end of October, for this work to be carried out.

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 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).

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.
5. Management of the City CILNF process is aligned with the City's existing grant allocation process, through the Central Grants Unit (CGU). A full policy document can be found at Appendix 3.
6. 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 form part of the Central Grant Programme). The Managing Director of the 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 Charity Finance Team (Chamberlain's Department), with the work being delivered by the Head of Central Grants Unit.
7. 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

8. The City CILNF launched on 1 September 2020. In August 2021, the neighbourhood portion of the City CIL stood at £5.4 million in available funds.
9. Since the launch of the City CILNF, Members and Officers have worked together to provide £1,743,832 in funding to City communities.
10. The City CILNF is currently processing an application pipeline of £3,240,234 and estimates there could be an additional £500,000 - £1m in potential applications due to be submitted.

Funds committed to date	Funds available	Current pipeline	Estimated additional pipeline
£1,743,832	£5,400,000	£3,240,234	£500,000 - £1,000,000

11. Statutory annual reporting for the CILNF is due to be published by December 2021 and a public consultation on the first 18 months of the CIL is due by March 2022.

Proposals

12. It is proposed that the City CILNF be paused to new applications in excess of £50,000 from the end of October 2020 to preserve funds for future years and allow your officers sufficient time to properly manage the process of statutory reporting and community consultation.
13. As part of the community consultation, it is proposed that your officers explore the following aspects of the management of the CILNF:
 - a) Look at options to deliver the CILNF on a grant round basis for larger applications
 - b) Revising and providing clearer guidance on the maximum permitted application amount
 - c) Reviewing the guidance on re-applying for a grant
14. Once a public consultation has been completed, recommendations will be brought to the Policy and Resources Committee in March for approval. Applications for larger bids will then re-open.
15. Applications for £50,000 or less will remain open throughout the period ensuring that community led initiatives can be supported during this time.

Corporate & Strategic Implications

16. 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.
17. 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.
18. 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.
19. 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.
20. 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.

21. 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

22. 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.

23. The Neighbourhood Fund 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. The programme launched on 1 September 2020.

Appendices

Appendix 1 – Applications Approved and Rejected Under Delegated Authority

Appendix 2 – City Property Association Limited Assessment Report

Appendix 3 – CIL Neighbourhood Fund 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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