

<b>Committee(s):</b> Finance Grants Oversight and Performance Sub-Committee	<b>Dated:</b> 14/02/2022
<b>Subject:</b> CIL Neighbourhood Fund – Update Report	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	2,3,4,9, 10, 11, 12
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>£0</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 Bridge House Estates	<b>For Information</b>
<b>Report author:</b> Jack Joslin, Head of the Central Grants Unit James Lee, CIL 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.

Public consultation on draft proposals for a City of London Community Infrastructure Levy Neighbourhood Fund (CILNF) 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 CILNF was agreed by this committee in May 2019, with agreement that a proportion of funding applications would be undertaken by officers under delegation, whilst retaining the role of the 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; 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 CILNF application process will be 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.

### **Recommendation**

Members are recommended to:

1. To note the CILNF Update Report
2. To note the schedule of grants approved, withdrawn and rejected in the first 6 months of the programme at **Appendix 1**.

### **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 CILNF 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 CILNF and how they have been used.

### **Current Position**

5. Proposals for the City CILNF were considered and approved by the Policy & Resources Committee on 2 May 2019. Management of the City CILNF process are aligned with the City's existing grant allocation process, through the Central Grants Unit (CGU).
6. The CGU has prepared the back-office functions for the CILNF and it is delivered by the the CILNF Programme Manager who started in post at the beginning of March 2020. The CILNF was launched in September 2020.
7. The CILNF has a 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. There is an upper limit of 15% of CIL Neighbourhood Funds available at the time of 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.
8. When proposals are submitted that take place in a specific Ward, the CGU contacts the Alderman and Ward Members to consult on proposals. An email is sent outlining the intended proposal and giving a two-week timescale to provide comments. Comments are consolidated and taken into consideration as part of the assessment and decision-making process.
9. 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 are recovered from the 5% of all CIL funds that are available to fund the administrative costs of delivering CIL.
10. The City of London CILNF was opened for applications in September 2020 with £6.2 million available for distribution.
11. Since opening for applications, the CILNF has received 107 separate enquiries about the funding available and processed 46 completed applications.
12. To date, the CILNF has committed £2,509,833 (£544,327 in 19/20 and £1,965,506 in 21/22) to support communities in the City in a variety of ways: from providing non-statutory cancer support specialists at Barts Hospital to improving the accessibility of important cultural assets such as Bevis Marks Synagogue.

13. It is anticipated that the support available through the CILNF will continue to play an important role in the re-opening and recovery of the City.
14. In addition to the £2,509,833 already committed to projects in the City, the CILNF is currently considering over £3,421,692 worth of applications that are intended to provide benefit to City communities.
15. As of January 2022 the CILNF holds £5,373,849 in available funds.
16. As of 22 November 2021, 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. It is anticipated that the fund will resume acceptance of applications over £50,000 in Spring 2022.
17. A public consultation on the first 18 months of the CIL is due to take place by March 2022

### **Corporate & Strategic Implications**

18. Corporate Plan Implications: Adoption of a mechanism enabling City communities to bid for funding from the City CILNF 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.
19. 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.
20. Financial Implications: The proposed City CILNF 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.
21. Equalities and resourcing implications: The proposed City 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.
22. 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**

23. 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.

24. The Neighbourhood Fund application process is managed by the 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. The programme launched on 1 September 2020.

## **Appendices**

Appendix 1 – Applications Approved, Withdrawn and Rejected

## **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](mailto:jack.joslin@cityoflondon.gov.uk)