

| | |
|---|---|
| Committee(s): Resource Allocation Sub (Policy and Resources) Committee – For decision Policy and Resources Committee – For Decision | Date(s): 30/11/2023 14/12/2023 |
| Subject: Community Infrastructure Levy Neighbourhood Fund – Approval of updated Community Infrastructure Levy Neighbourhood Fund Policy | 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? | No |
| If so, how much? | N/A |
| What is the source of Funding? | N/A |
| Report of: Managing Director of City Bridge Foundation | For Decision |
| Report author: Jack Joslin, Head of the 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. The process and nature of this engagement is outlined in the City Corporation’s Statement of Community Involvement (May 2023).

A consultation with City communities took place for seven weeks from 6 September to 25 October 2023 to: identify community priorities; assess support for the introduction of three cross-cutting criteria to differentiate between equally strong applications; to consider the introduction of a fallow period of 12 months for applicants who have received five year’s funding; to identify areas for improvement in the processes and management of the CILNF. 207 completed surveys were received. Members are asked to approve several proposed changes to the CILNF Policy in response to comments from City communities and for the programme to adopt this new policy from January 2024.

Recommendation

Members are recommended to:

1. Note the response and key findings of the consultation on the City CIL Neighbourhood Fund, set out in **Appendix 1**;
2. Approve the proposed community priorities and revised policy for the City CIL Neighbourhood Fund, set out in **Appendix 2**;
3. Subject to the approval of recommendation 2, delegate the approval of funding applications below £100,000 from the City CIL Neighbourhood Fund to the CIL

Neighbourhood Fund Officers Panel and delegate the approval of funding applications for £100,000 and above from the CIL Neighbourhood Fund to the Resource Allocation Sub-Committee, and

4. Approve the proposed terms of reference for the City CIL Neighbourhood Fund Officers Panel, set out in **Appendix 4**.

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. 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. Where a neighbourhood plan or neighbourhood development order has been made 25% of CIL receipts from development in the plan area is reserved for the delivery of neighbourhood priorities as identified in the neighbourhood plan.
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 Regulations (59C) and 59(F) 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).
3. Where there is no existing parish, town or community council, neighbourhood plan or development order, then the local authority will retain neighbourhood CIL funds. 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.
4. The City of London's Statement of Community Involvement (May 2023) section 3.30 sets out how the City Corporation will engage with City communities to understand community priorities for the allocation of monies from the CIL Neighbourhood Fund.

Current Position

5. The City of London CIL came into effect on 1 July 2014. Management of the City CIL Neighbourhood Fund (CILNF) process is aligned with the City's existing grant allocation process, through the Central Grants Unit. The current City CILNF

Funding Policy is set out at **Appendix 3**. The current neighbourhood portion of the City CIL funding available for distribution as at October 2023 is just over £5.3 million.

| Financial year | Funds committed |
|-----------------------|------------------------|
| 2020/21 | £544,327 |
| 2021/22 | £2,050,344 |
| 2022/23 | £3,099,542 |

6. The City CILNF has been in operation since September 2020, providing a wide range of funding to support City of London Communities. The grant programme is open access and available to apply to throughout the year.
7. Within the City of London, there are no existing parish, town or community councils. There are no adopted neighbourhood plans or neighbourhood development orders. There is one neighbourhood forum – the Barbican & Golden Lane Neighbourhood Forum. The Barbican & Golden Lane Neighbourhood Forum was designated in July 2023 and is in the process of establishing safe, secure and fit for purpose infrastructure. Given that the City is little over one square mile in area, the City Corporation considers that there are now two neighbourhood areas for the purposes of collection and spending of CIL Neighbourhood Funds. The proposed priorities and policy for the City CIL Neighbourhood Fund will cover all of the square mile whilst the CGU and Planning Teams undertake further work with the Barbican & Golden Lane Neighbourhood Forum in relation to how it applies to the Barbican & Golden Lane Neighbourhood Area.

Proposals

8. At the meeting of the Sub-Committee in October, members were informed of the delay to the consultation on the CILNF to avoid the school summer holidays. Consultation took place for seven weeks between 6 September and 25 October 2023. Responses were received from 207 respondents. **Appendix 1** sets out a summary of the community priorities and key issues arising from these representations and suggested amendments to the CILNF policy.
9. Community priorities and key themes arising from the consultation included:
 - a. Very strong support for the introduction of three cross-cutting criteria to inform decision-making between similarly strong proposals: Prioritising proposals that enable everyone to flourish and reach their full potential regardless of their socio-economic background; Prioritising proposals that create a greener City by addressing climate change and managing our environment for this generation and generations to come; Prioritising proposals that ensure community engagement and empowerment in decision making about activities and services offered. These cross-cutting criteria reflect key themes within the City of London’s emerging Corporate Plan and EDI objectives.
 - b. Identification of eight community priorities for the distribution of CIL Neighbourhood funding that closely align with the challenges that City communities are currently facing: Preserve existing and create more green

space in the City including estate gardens and gardening clubs; Prioritise proposals that address the needs of people from disadvantaged backgrounds, minoritised communities, older people, disabled people, LGBTQIA+ people and those living in poverty; Sport, exercise and health activities including promoting walking and cycling; Activities and services for children, young people and families; Making public spaces and services fully accessible for disabled people and the elderly; Projects and activities that have been co-designed by engaging the community in the development of the proposal and/or proposals that demonstrate community support; Mitigate climate change & enhance biodiversity & wildlife; Improve street cleanliness.

- c. Support from City communities for the introduction of a 12-month fallow period before organisations who have received funding for five years can reapply to CILNF to enable new applicants to access to funding.

10. Community suggestions for the improvement of CILNF processes and management identified through consultation included:

- a. Central Grants Unit to actively identify and reach out to potential applicants including grassroot community groups, sole traders, independents and businesses to make sure their needs are met.
- b. Improve awareness of the CILNF through better communications and promotion of successful funded projects.
- c. Ensure greater transparency in relation to decision making and the criteria used to inform decisions.

11. The Central Grants Unit will respond to these suggestions through:

- a. Development and roll-out of a comprehensive communications plan to be implemented in early 2024 to raise awareness of the CILNF and the projects it has funded. This will include encouraging funded applicants to credit and support the wider promotion of their CIL Neighbourhood funded work.
- b. Working through the audience owners who supported the community consultation to map and engage community groups, independent businesses and other potential applicant organisations with the aim of encouraging the development of suitable proposals for CILNF funding.
- c. Updating the CILNF website to provide easy to access information on CILNF criteria and funded projects.

12. Considering the feedback from the consultation Officers have refined the CILNF Policy, to ensure it outlines key community priorities is more accessible for applicants. Members are asked to review the amended policy at **Appendix 2** and approve for it to be implemented from January 2024. **Appendix 3** sets out the current CIL Neighbourhood Fund policy for reference.

13. To ensure that the CILNF can adapt to community needs in a timely matter, Officers are requesting a change in the scheme of delegation for the Neighbourhood Fund.

Members are asked to delegate the approval of funding applications below £100,000 from the City CIL Neighbourhood Fund to the CIL Neighbourhood Fund Officers Panel. All applications between £100,000 and £500,000 will continue to be presented to RASC for decision. An enhanced Terms of Reference for the CILNF Officer Panel is at **Appendix 4** for Approval.

Corporate & Strategic Implications

14. **Corporate Plan Implications:** the CILNF can resource community-led infrastructure improvements and activities across the City and contribute towards meeting the 3 aims of the Corporate Plan 2018-23. The cross-cutting criteria agreed during the consultation reflect key themes within the City of London's emerging Corporate Plan 2024 and EDI objectives.
15. **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.
16. **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.
17. **Equalities and resourcing implications:** the CIL Neighbourhood Fund and proposed revised policy have been subject to a full Equality Analysis. The Equality Analysis has concluded that there are no adverse impacts arising from these proposals for equality groups and social mobility. The CGU has developed an Equalities Action Plan outlining the actions it will take to improve the positive equalities impact of the CILNF.

Conclusion

18. 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. A Public Consultation has taken place to identify key community priorities between 6 September and 25 October 2023. Members are asked to review the findings of the consultation and agree the new CILNF Policy and scheme of delegations.

Appendices

Appendix 1 – CILNF 2023 Consultation Key Findings

Appendix 2 – Proposed City of London Community Infrastructure Levy Neighbourhood Fund Policy (Nov 2023)

Appendix 3 – Current City of London Community Infrastructure Levy Neighbourhood Fund Policy (Jul 2022)

Appendix 4 – CILNF Officers Panel Terms of Reference (Nov 2023)

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