

Committee(s): Community and Children's Services Committee	Date(s): 01/05/2024
Subject: Community Infrastructure Levy Neighbourhood Fund – Update	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 the City Bridge Foundation	For Information
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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 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. A new policy was agreed by the Policy and Resources Committee at its meeting in December 2023.

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. Note the new CIL Neighbourhood Fund Policy at **Appendix 2**

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 neighbourhood portion of the City CIL funding available for distribution as at April 2024 is just over £7 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.
8. At the meeting of Policy and Resources on 14th December 2023, members received a report outlining that a consultation took place for seven weeks between 6 September and 25 October 2023 on the Neighbourhood Fund Policy. 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. At the same meeting members approved the new Policy for the CIL Neighbourhood Fund going forward, this can be found at **Appendix 2**. Officers at the Central Grants Unit have been working on advertising these new priorities and seeking applications to the fund with a steady pipeline of applicants developing.
10. At the meeting of the Policy and Resources Committee on 14 December 2023, members approved a minimum CILNF grant of £10,000 to provide a progression between Central Grants Unit's smaller grant programmes and CLINF. In line with the CILNF's Equalities Impact Assessment, Members also approved that CILNF could specifically fund access audits. However, further research has indicated that the average cost for an access audit is £3,500 which is substantially less than the CILNF minimum grant. A further decision was taken at Policy & Resources Committee in February 2024 to remove a minimum level of grant for applications towards the costs of access audits
11. The assessment and grant management process of the Neighbourhood Fund is delivered by the Central Grants Unit, with recommendations on grants being made to the CIL Neighbourhood Fund Officer Panel. All applications undergo rigorous due diligence in line with good practice. During the Panel a multi-disciplinary group of officers look at each application on its merit, ensuring that value for money has been considered amongst other things. The Panel also needs to make judgements on applications to ensure the process is equitable to all, so will at times look to recommend applications to Committee where an organisation does not have the same infrastructure and influence as others. The Panel is committed to breaking down barriers to public funds for organisations from a diversity of backgrounds.

The Panel can award grants under £100,000, with all grants above going to RASC for decision.

Corporate & Strategic Implications

12. **Corporate Plan Implications:** the CILNF can resource community-led infrastructure improvements and activities across the City. The cross-cutting criteria agreed during the consultation reflect key themes within the City of London's Corporate Plan 2024 and EDI objectives.
13. **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.
14. **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.
15. **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

16. 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.

Appendices

Appendix 1 – CILNF 2023 Consultation Key Findings

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

Background Papers

Report of the Policy & Resources Committee 14/12/2023: City of London Community Infrastructure Levy – Approval of Neighbourhood Fund

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

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