

# **Neighbourhood CIL – Process Guidance**

## **PURPOSE OF THIS GUIDANCE**

This guide has been produced to explain how Neighborhood CIL (NCIL) will be allocated and spent in Lewisham, providing details of how residents and communities can participate in the NCIL process.

## **OVERVIEW**

### What is the Community Infrastructure Levy (CIL)?

Lewisham has been collecting CIL since 2015. CIL is a levy that local authorities can choose to charge on new development, which may be payable on development that meets certain criteria. CIL must be spent on infrastructure to support the development of an area, such as for schools, hospitals, roads, open space, and leisure facilities.

### What is Neighbourhood CIL (NCIL)?

The CIL Regulations enable the Council to set aside 15% of CIL receipts (25% in areas with an adopted neighbourhood plan) to spend on priorities that should be agreed with the local community in areas where development is taking place. This portion of CIL is known as Neighbourhood CIL.

### Aims of NCIL strategy

The NCIL strategy has been developed to provide a framework for the meaningful participation of local communities to support development by participating in local investment in infrastructure and to address the demands that development places on an area. It provides a framework that aligns to the Corporate Strategy 2018-2022 and supports the delivery of the Local Plan.

### How is Neighbourhood CIL different to Strategic CIL?

Strategic CIL is used to support the development of an area by helping to fund strategic infrastructure projects, and comprises the majority of CIL collected. Priorities are identified by the Council, and allocations made by the Council to these projects where funding exists (the relevant definition is set out below).

Neighbourhood CIL is used to support the development of an area by helping to fund strategic infrastructure or projects that address the demands that development places on an area. Priorities are identified in collaboration with local communities, and allocations made by the Council to these projects where funding exists (the relevant definition of what this means is set out below).

### NCIL Projects

Examples of successfully delivered NCIL projects in London include:

- Restoration works to a listed building
- Refurbishment of a local community centre and a community library
- Redesign of hospital wards to be a dementia friendly space
- Public realm improvements including footpath resurfacing, heritage railings, and lighting
- Comprehensive update to a conservation area statement
- Works to enhance a school outdoor play facilities
- Training for those not in education, employment or training with structured opportunities for voluntary and paid work
- Tree planting and works to public open spaces and parks
- Two year pilot for mental health support scheme and early intervention program

## NCIL FUNDING

The amount of money available varies each year as the NCIL process receives 25% of all CIL collected in Lewisham. Each ward will be assigned a portion of NCIL receipts to be spent in that ward, and a portion assigned to the entire borough, with the figures updated annually through the Annual Monitoring Report (AMR). The Council is legally required to retain all CIL receipts (including NCIL) and to spend these in accordance with the CIL Regs, such that funds are not transferred to third parties to allocate.

Each year the Council may collect additional amounts of CIL and subject to review, 25% of this will be allocated to the NCIL process. As CIL is only payable on commencement of development, the Council cannot forecast how much CIL may become available each year.

## NCIL ALLOCATION PROCESS & COMMUNITY INVOLVMENT

### The NCIL process

The NCIL process is summarised below (the full NCIL process is outlined in the Mayor & Cabinet report 5 June 2019).

<p><b>STAGE 1: Priority Setting (four year cycle)</b> Ward priorities 'themes' set by community through the local assemblies with Members</p> <ul style="list-style-type: none"> <li>- Organised by ward, using local assembly and Member structure</li> <li>- Council published guidance on NCIL process and expectations</li> <li>- Priorities should be informed by the Local Plan, Corporate Strategy 2018-2022, Infrastructure Delivery Plan, and other corporate plans and priorities</li> <li>- Priorities should also be informed by any adopted Neighbourhood Plan (where applicable)</li> </ul>
<p><b>OUTCOME: Ward priorities identified, agreed and published – to cover four year period</b></p>
<p><b>STAGE 2: 'Open call' for projects (biennial or annual process – ward assembly to decide)</b> 'Open call' for projects directly submitted to Council's website</p> <ul style="list-style-type: none"> <li>- Open call for project proposals</li> <li>- Submissions via online NCIL project proposal form to either ward fund or the borough fund</li> <li>- Projects submitted direct to Council via online form</li> <li>- Projects to demonstrate how they meet the NCIL framework criteria</li> </ul>
<p><b>OUTCOME: Potential projects identified by communities, local assemblies and Members</b></p>
<p><b>STAGE 3: Evaluate projects and publish long-list (biennial or annual process – ward assembly to decide)</b> Council officers assess, filter and group projects from the open call into a long-list</p> <ul style="list-style-type: none"> <li>- Evaluate initial project submissions against published framework criteria</li> <li>- Council to publish long-list of projects</li> </ul>
<p><b>OUTCOME: Long-list published by Council</b></p>
<p><b>STAGE 4: Develop 'project bank' (biennial or annual process – ward assembly to decide)</b> Prioritisation of long-list by the community via local assembly with Members</p> <ul style="list-style-type: none"> <li>- Prioritisation of long-list projects for the ward fund via a public vote ratified by the ward assembly with Member involvement at a workshop</li> </ul>

<ul style="list-style-type: none"> <li>- Projects for the borough fund prioritised by the Director of Planning and recommendations prepared for M&amp;C</li> <li>- Where NCIL funds are not sufficient to deliver the top priority projects, ward assemblies to decide if they will fund lower priority projects, part of a project, or wait until further funding becomes available</li> <li>- Council to publish project bank with prioritised project list</li> </ul>
<b>OUTCOME: Project bank published by Council with prioritised projects identified</b>
<b>STAGE 5: Allocate and delivery (annual process)</b>
All projects allocated through PID process through Regeneration and Capital Delivery Board (RCDB) for the ward fund, and M&C for the borough fund
<ul style="list-style-type: none"> <li>- Allocation process to follow existing PID process for finance and legal audit</li> <li>- Allocations set through RCDB PID process to ward fund</li> <li>- Director of Planning makes recommendations to M&amp;C on borough fund</li> <li>- Project delivery to follow existing finance and legal audit process</li> </ul>
<b>OUTCOME: PIDs submitted and allocations made aligned to available CIL receipts</b>
<b>STAGE 6: Monitoring, evaluation and reporting (annual)</b>
<ul style="list-style-type: none"> <li>- Reporting incorporated into existing AMR process</li> <li>- Relevant reporting on NCIL/AMR to Safer Stronger Communities Select Committee and Sustainable Development Select Committee</li> <li>- Project closure and reporting to follow existing PID reporting and audit process</li> </ul>
<b>OUTCOME: Yearly monitoring through AMR</b>

#### Who can apply for NCIL funding?

Applications for NCIL funding are open to residents of Lewisham, including Members, Neighbourhood Forums and other amenity, business and community groups made up of residents. Applications for NCIL ward funding can only be made by people/groups who are residents of a ward, however wards are encouraged to group together to consider funding collaborative projects. Applications for the borough fund can only be made by Lewisham residents. The ward assemblies, Neighbourhood Forums, and Members will be expected to help facilitate this process.

#### **WHAT TYPE OF PROJECTS CAN BE FUNDED THROUGH NCIL?**

Projects funded through the NCIL program need to conform with provisions within the Community Infrastructure Levy Regulations (2010)(as amended). 15% of NCIL (25% where a neighbourhood plan has been adopted) may be spent on strategic infrastructure and other key priorities in accordance with R59F:

“The charging authority may use the CIL to which this regulation applies, or cause it to be used, to support the development of the relevant area by funding—

- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
- (b) anything else that is concerned with addressing the demands that development places on an area.”

The Council is allocating an additional 10% to the NCIL process (where there is no adopted neighbourhood plan). This additional amount may be spent on strategic infrastructure in accordance with R59 (which also governs Strategic CIL spending):

“A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.”

Whilst Regulation 59 and 59F provide the regulatory framework within which CIL spending must occur, the exact projects that will be funded by NCIL will be defined at the priority setting workshops where a set of local infrastructure priorities will be agreed with communities in each ward, with the agreed priorities used to evaluate project proposals.

NCIL funding is open to capital and revenue projects. Applications for revenue project will have to demonstrate how they support the development of the area by addressing the demands that development places on the local area. Application for a capital project will have to demonstrate how they support the development of the area by addressing strategic infrastructure priorities.

#### How the Council will assess projects for the ward fund

The following framework criteria will guide the development of NCIL priorities and project proposals. These criteria are reflected within the application forms, and project proposals for ward funding will have to demonstrate how they address each of these criteria. Projects will be scored against the criteria (assessed as having ‘met’/‘not-met’), and projects must demonstrate how they have ‘met’ each criteria to make it onto the long-list of potential projects. The criteria are set out below, and further details are provided alongside the application form. Using the following NCIL framework criteria, the Council will assess the suitability of project proposals during the open call.

All projects must demonstrate that they:

1. Meet the CIL Regulations (Reg 59 and/or 59F) ‘to support the development’ of an area through:
  - A. the provision, improvement, replacement, operation or maintenance of infrastructure;  
or,
  - B. anything else that is concerned with addressing the demands that development places on an area.
2. Provide evidence of how they address a local priority from the priority setting workshop
3. Provide evidence of a benefit to a Lewisham community
4. Offer value for money

Proposals that are identified in an adopted Neighbourhood Plan will still have to complete a project proposal form, however they will not have to address criteria two on local priorities, as they will have already been subject to a referendum.

To facilitate the process of prioritising projects applications will also have to provide additional information on the items below. These will not be scored, however they will assist communities in better understanding proposals, and in determining priorities for NCIL spending.

All projects must provide additional information to demonstrate how they:

5. Reflect priorities identified in:
  - The Corporate Strategy 2018-2022
  - The Local Plan

- The Infrastructure Delivery Plan (IDP)
  - Capital Programme
  - Other key Council plans
6. Project funding
  7. Project delivery

Allocations will be made from the priority list of projects where funds are available each year (communities will be responsible for voting on priorities), with the Director of Planning taking recommendations to the Regeneration and Capital Delivery Board on project allocations.

To apply for the ward fund you must be able to demonstrate you are a resident of that ward (the application form provides further details).

#### Applications for the 'borough fund'

The borough fund is a fund that the Council will allocate to projects that will benefit two or more wards, or the entire borough. As such all projects must demonstrate that they:

1. Meet the CIL Regulations (Reg 59 and/or 59F) 'to support the development' of an area through:
  - A. the provision, improvement, replacement, operation or maintenance of infrastructure; or,
  - B. anything else that is concerned with addressing the demands that development places on an area.
2. Align with a priority within the Corporate Strategy 2018-2022
3. Will make a significant contribution to two or more wards and/or have significant borough wide value
4. Will make a significant contribution to addressing issues of deprivation (where necessary taking into consideration the Indices of Multiple Deprivation)
5. Offer value for money

Additional information is required for applications to the borough fund that will not be scored. This information will assist the Council in better understanding proposals, and in determining priorities for NCIL spending. All projects must provide additional information to demonstrate:

6. Project funding
7. Project delivery

Project proposal submitted to the Council will need to make clear that they are bidding for the borough fund, and address the above criteria. Projects will be scored against the criteria (met/not-met), and projects must demonstrate how they have 'met' each criteria to be considered for the borough fund.

The Director of Planning will evaluate the project proposals and make recommendations to Mayor & Cabinet for consideration.

To apply for the borough fund you must be able to demonstrate that you are a resident in Lewisham (the application form provides further details).

#### What type of projects cannot be funded by NCIL?

As part of the NCIL framework, projects that will not be eligible for funding include:

- Projects that should be delivered by the Council or its partners as part of their normal functions, such as refuse collection etc.
- Lobbying, political activity or where promotion of private interests is involved
- Projects that will have a significant ongoing financial/revenue implications not covered by the bid, such as long-term maintenance or staff costs
- Projects that have not been identified as a local priority from the priority setting workshop

## **NCIL AND WARD ASSEMBLIES**

Having regard to government guidance (PPG), the Council will be using the ward assemblies to help facilitate the NCIL process. This will allow the NCIL process to take advantage of the existing community consultation and engagement processes, and will build on the existing competencies and local capacities of the ward assemblies. The use of wards is also aligned to the existing political structure of elected Members. Whilst the NCIL process will be facilitated through the 18 existing ward assemblies, the NCIL process will be independent from any other funding process that the assemblies are involved with.

### How ward assemblies will help facilitate the NCIL process

During all stages of the process ward assemblies will need to work proactively with Members and designated Neighbourhood Forums to help facilitate the NCIL process. The full process is outlined above, however ward assemblies will be particularly involved in facilitating the process during Stage 1 in the priority setting process, during Stage 2 through the 'open call' for projects, and during Stage 4 where the project bank is developed. Ward assemblies will not be involved in making NCIL allocations, as this is the sole responsibility of the Council.

## **NCIL AND NEIGHBOURHOOD FORUMS / NEIGHBOURHOOD PLANS**

Neighbourhood Forums have a key role to play in the process. Adopted Neighbourhood Plans will inform the process of identifying priorities in each ward, and Neighbourhood Forums will help develop project proposals and to prioritise projects. Projects identified within an adopted Neighbourhood Plan will still need to submit a project proposal form during the open call for projects, however they will only need to address the relevant criteria, since the projects have already been subject to a referendum. It is expected that the Neighbourhood Forum would submit all projects identified within the Neighbourhood Plan for NCIL funding, however these will still be subject to the prioritisation process as funding through NCIL is limited.

Where a Neighbourhood Plan is not yet adopted, it will be included in the process for information. Where a Neighbourhood Plans exists that cover two or more wards, the Neighbourhood Plan will be included in the NCIL process for each ward. In wards with multiple Neighbourhood Plans, priorities and projects will need to be informed by all relevant Neighbourhood Plans. Each designated Forum will be formally invited to participate in the NCIL process via the ward assemblies, and all emerging Forums will be made aware of the process and invited to participate.

## **CAN WE USE MATCH FUNDING TO SUPPORT A PROJECT?**

Match funding can be used to financially support a project that is being funded through NCIL. When applying during the open call it will be necessary to declare if you have received any funding or are in the process of applying for any additional funding. NCIL projects will not be eligible for match

funding from other Council sources, however NCIL projects may be aligned to an approved capital projects being delivered by the Council.

## **MEMBER INVOLVEMENT**

As elected ward representatives Members are central to the NCIL process and are involved at all stages. In addition to existing work, the NCIL process provides opportunity for Member involvement:

- Working with communities and ward assemblies to identify priorities
- Leading on the development of cross-ward priorities (where relevant)
- Working with communities and ward assemblies to developing project proposals
- Directly submitting project proposals during the open call for projects
- Liaising with Neighbourhood Forums on NCIL priorities and projects
- Working with communities and assemblies to prioritise projects and develop project banks
- Engaging with the project delivery in each ward and across the borough
- Leading on the coordination between wards where joint projects are proposed
- Evaluating the effectiveness of delivered projects and reviewing annual monitoring