

Neighbourhood CIL – Member Guidance

Strategic Planning Team

April 2019

PURPOSE OF THIS MEMBER GUIDANCE

This guide provides information to Members on Lewisham's Neighbourhood CIL (NCIL) process. It supports Members in working with residents and communities to identify NCIL priorities and deliver NCIL projects.

OVERVIEW

What is the Community Infrastructure Levy (CIL)?

CIL is a levy that local authorities can choose to charge on new development. CIL may be payable on development of 100sqm or more (net additional floor space) or which creates a new dwelling. CIL must be spent on infrastructure to support the development of an area, such as for schools, hospitals, roads, open space, and leisure facilities. Lewisham has been collecting CIL since 2015.

The Council also collects Mayoral CIL (MCIL) on behalf of the Mayor of London. MCIL is passed directly onto the Mayor to help fund Crossrail and other strategic transport infrastructure.

What is Neighbourhood CIL (NCIL)?

Regulation 59(F) of the CIL Regulations enables 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 (NCIL).

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.

Legislation governing CIL and NCIL

The collecting and spending of CIL including NCIL is governed by the CIL Regulations (2010)(as amended). The Regs set out how the CIL process will operate in England and Wales, and govern such things as the circumstances in which CIL can be collected, and how CIL and NCIL can be spent. The government has further guidance on CIL and NCIL in the form of Planning Practice Guidance (PPG). This can be accessed at <https://www.gov.uk/guidance/community-infrastructure-levy>.

How is NCIL different to Strategic CIL?

There is a significant overlap between Strategic CIL and Neighbourhood CIL.

The collection, allocation, and spending of both Strategic CIL and NCIL are governed by the CIL Regs. The PPG that accompanies these Regs states that Councils should think strategically about the use of the levy to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area. This relates to both Strategic CIL and Neighbourhood CIL.

CIL is intended to deliver strategic infrastructure priorities including social and environmental infrastructure to facilitate the delivery of planned development. As such communities engaging in the NCIL process should consider the strategic and long-term impact when developing NCIL priorities and project proposals. Since CIL amounts available are finite, priorities should reflect the most pressing infrastructure needs. It is envisaged that the new Local Plan and the accompanying

Infrastructure Delivery Plan (IDP), the Corporate Strategy 2018-2022, Capital Programme, and other key Council plans will inform allocations of Strategic CIL made by the Council.

The Council is proposing to allocate 25% of CIL to the NCIL process. In line with the CIL Regs this means that (where no neighbourhood plan is adopted) a minimum of 10% of NCIL may be spent on strategic infrastructure to support development (see definitions below), whilst the remaining 15% may be spent on a mixture of strategic infrastructure and other projects that address the demands that development places on an area, to support development (see definitions below).

Since both Strategic CIL and NCIL will be funding strategic infrastructure projects, there will be considerable overlap on projects. With assistance from Members communities will need to consider how NCIL projects could support the wider work of the Council in delivering on key priorities.

NCIL FUNDING

What can NCIL be spent on?

Projects funded through the NCIL program need to conform with provision 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.”

It is critical to note that in both provisions CIL must be spent in accordance with the regulation ‘to support the development’ of the area.

NCIL applications and funding criteria

As part of the NCIL framework all projects will be assessed for regulatory compliance. This will assist communities in thinking strategically about allocations, and ensure that NCIL priorities and projects facilitate growth, planned development, and the economic benefit of the wider area. Members will be involved in setting priorities and developing projects that will need to sit within this framework.

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.

Applications can seek funding from either the ward fund for a particular ward, or for the borough fund, if they are concerned with two or more wards or the entire borough.

Applications for ward funding

The following framework criteria will guide the development of NCIL priorities and projects. 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.

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).

Projects that 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

The Council is legally required to retain all CIL receipts (including NCIL) and to spend these in accordance with the CIL Regs. As the accountable body for CIL it is the responsibility of the Council to process and audit all funding applications, and to allocate CIL amounts. As such, allocations can only be made by the Council, and funds cannot be allocated by a third party such as a ward assembly, community group, or Neighbourhood Forum.

CIL collected so far

The Council has so far collected the following amounts of CIL:

- 2015/16: £1,440,463.66

- 2016/17: £4,487,774.86
- 2017/18: £3,359,091.04

The CIL amounts collected are reported after the end of each financial year in the Annual Monitoring Report (AMR). The AMR is published every year, and includes any new CIL amounts collected.

How much money is available for NCIL?

As 25% of CIL is allocated to the NCIL process, this means that over £2.3 million will be allocated to the NCIL process for the three-year period 2015-2018. 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. Once the AMR is published the Council will publish the additional NCIL that will be available, and Members will be notified of the available funds in each ward.

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

OUTCOME: Long-list published by Council
STAGE 4: Develop 'project bank' (biennial or annual process – ward assembly to decide)
Prioritisation of long-list by the community via local assembly with Members
<ul style="list-style-type: none"> - Prioritisation of long-list projects for the ward fund via a public vote ratified by the ward assembly with Member involvement at a workshop - Projects for the borough fund prioritised by the Director of Planning and recommendations prepared for M&C - 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 - Council to publish project bank with prioritised project list
OUTCOME: Project bank published by Council with prioritised projects identified
STAGE 5: Allocate and delivery (annual process)
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"> - Allocation process to follow existing PID process for finance and legal audit - Allocations set through RCDB PID process to ward fund - Director of Planning makes recommendations to M&C on borough fund - Project delivery to follow existing finance and legal audit process
OUTCOME: PIDs submitted and allocations made aligned to available CIL receipts
STAGE 6: Monitoring, evaluation and reporting (annual)
<ul style="list-style-type: none"> - Reporting incorporated into existing AMR process - Relevant reporting on NCIL/AMR to Safer Stronger Communities Select Committee and Sustainable Development Select Committee - Project closure and reporting to follow existing PID reporting and audit process
OUTCOME: Yearly monitoring through AMR

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.

How are the community, including Neighbourhood Forums involved?

Communities will be involved in the NCIL process from its inception. Ward assemblies are being used as the forum to discuss NCIL priorities and allocations, however communities, groups, and individuals can get involved in the process by directly submitting priorities and projects to the Council at each relevant stage. Information will be published at each stage on how to get involved.

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.

How do wards assemblies facilitate the NCIL process?

The Council is using ward assemblies to help facilitate the NCIL process since the structure of wards aligns to the system of elected Members and relates to existing political and administrative structures of the Council. The governments PPG states that Councils should:

- Set out clearly and transparently an approach to engaging with neighbourhoods using their regular communication tools
- Using existing community consultation and engagement processes
- Be proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates
- Ensure that the use of neighbourhood funds should match priorities expressed by local communities, including priorities set out formally in neighbourhood plans

By developing the role of the ward assemblies to include working to facilitate the NCIL process with the Council, the Council will build on the existing competencies and local capacities of assemblies, as well as leveraging the political representation that exists through the elected Members.

What is the application process and how are decisions made?

Project proposals will need to be submitted on a standard form that can be downloaded from the Lewisham NCIL page or via the ward assemblies. This will form part of the 'open call' for projects.

Any project can be submitted through the open call every one to two years (each assembly will decide if it is annual or biannual). The project proposal forms contain standard questions that allow the Council to assess how project proposals meet the CIL Regs and NCIL framework. Sufficient lead-in times will be provided to allow projects to be developed, and projects will not be accepted after the advertised deadline. Late applications will not be considered, however they will be included in the next round of the 'open call'.

Once the open call for projects closes and the project proposals are evaluated, the Council will publish the long-list of projects on the internet and inform the ward assemblies. These projects will be voted on through an online portal, with the results presented to the ward assembly for ratification, to establish a priority list of projects known as the 'project bank'.

The Council has an existing project management process for the approval of capital and revenue projects that requires the production of Project Initiation Documents (PIDs) to approve allocations, and Project Highlight Reports and Project Closure Reports to report and manage spending. The NCIL process will need to follow this project management process to comply with existing audit and financial reporting procedures.

Project from the project bank will, in turn, be required to submit a PID form to be approved by the Council. Whilst a ward could have an unlimited number of projects in the 'project bank', the Council can only approve PIDs where sufficient NCIL funds are available, so PIDs can only be submitted up to the level of available NCIL funds in each ward. Once the Council has approved a PID, the project will be assigned a PID number, and funds will be allocated and work can begin on delivery.

When are decisions made?

Dates for each stage will be published in good time to allow meaningful participation in the NCIL process. In general the NCIL process runs on the following cycle:

- Ward priorities developed: every four years
- Open call for projects: every one to two years
- Project bank updated: every one to two years, after the long list of projects is published
- Project allocations (PIDs submitted and approved): yearly where NCIL funds are available

To ensure effective project management allocations will not occur outside of this timetable.

How do projects link to the new Local Plan and adopted Corporate Strategy?

The Council has adopted a new Corporate Strategy 2018-2022. It sets out how the Council plans to deliver for our residents, to make a difference and change lives, and provides a clear priority on delivery. The NCIL process has been developed to align to this strategy, and provides opportunities for open, transparent and meaningful engagement on local infrastructure investments.

The Council is in the process of developing a new Local Plan including an Infrastructure Delivery Plan (IDP). This plan will provide a spatial strategy for Lewisham identifying where development will occur, and will identify the necessary strategic infrastructure to deliver the plan. Priorities and projects developed by communities will need to be informed by these plans as they emerge, to ensure that development and communities are supported by the necessary infrastructure.

THE NCIL PROCESS AND MEMBER INVOLVEMENT

How can Members get involved?

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 long-term strategic 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 delivery of project in their 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

How can wards/ward Members work together on projects?

The ward assemblies and Members will be provided with opportunities at each stage of the process to work collaboratively with other wards to develop shared projects. Members will be expected to facilitate cross-ward coordination during the priority setting workshop and when developing project proposals. The work of Members to facilitate wider discussions will be critical in this process.

NCIL PROJECT DELIVERY

Who delivers NCIL projects?

To align with the existing project management process and to comply with existing audit and financial reporting procedures, projects will need to identify a project lead and delivery partner when submitting a PID. The delivery partner may be a Council officer/Council department, or a third party where that party is an incorporated body with a constitution, such as a registered charity or incorporated community group or CIC.

How are NCIL projects managed/audited?

NCIL projects management and auditing will align with existing Council procedure, including the use of PIDs and Project Highlight Reports and Project Closure Reports. For a PID to be formally approved by the Council it must identify a Project Lead and Senior Responsible Officer (SRO). The SRO must be a current Council officer who is authorised and has agreed to manage the project. Project management occurs through the Project Highlight Reports during delivery, and funds will only be paid upon receipt of a Project Closure Report. All projects may be audited by the Council through existing audit and financial reporting procedures at any time, and it is mandatory to complete the process for successful delivery of any NCIL project.

How is NCIL spending monitored and reported?

NCIL monitoring will occur for each approved project through the existing project management process outlined above. In addition summary information will be reported on the NCIL process annually in the AMR.