

CABINET

16 October 2018

Title: Neighbourhood Community Infrastructure Levy Policy	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Strategic Leadership Director: Tom Hook – Director of Policy and Participation	
Summary <p>On 12 December 2017, the Cabinet agreed that the entire borough be defined as the 'neighbourhood' for the purposes of allocating the Neighbourhood Community Infrastructure Levy (NCIL). It argued that the process should strike a balance between ensuring a significant proportion of Neighbourhood CIL is spent in those areas where the impact of growth is greatest but also that other parts of the Borough are not left behind and benefit from the proceeds of growth.</p> <p>There is currently £327,000 of NCIL available for spend and approximate predicted income figures of between £150,000 to £800,000 per annum until 2020. Conversations with Be First suggest that these may be conservative estimations.</p> <p>This paper sets out draft criteria, options and proposals for a NCIL funding and allocation process, and details how this might fit with a wider local giving model in Barking and Dagenham.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Agree the proposal for the establishment of a grants programme for the distribution of the NCIL and the draft NCIL scoring criteria;(ii) Agree to the establishment of a Residents Panel to input into decisions on the allocation of NCIL;(iii) Delegate authority to the Director of Policy and Participation, in consultation with the Director of Inclusive Growth, the Cabinet Member for Community Leadership and Engagement, the Cabinet Member for Regeneration and Social Housing and the Cabinet Member Finance, Performance and Core Services, to approve NCIL bids of up to £200,000 in any one bid submission period and to take the necessary steps to adjust the process, as appropriate, as NCIL embeds in the Borough;	

- (iv) Agree to use NCIL to create an endowment, which would fund community projects long term; and
- (v) Note that the NCIL decisions which are being sought are relevant to the emerging resident and community led Local Giving model.

Reason(s)

The Cabinet should agree these recommendations to develop the council's approach to local giving and to increase the role of civil society and residents in shaping the borough's future. This is in line with the council's priorities of growing together and maximising wider benefit to the community to ensure that no-one is left behind.

1. Introduction and Background

- 1.1 The Council has been on a journey over the last few years, one that has seen us transform the way we deliver services. At the heart of this transformation is our community and the establishment of a new relationship founded upon building resilience and enabling residents to fulfil their potential by providing them with opportunities to prosper.
- 1.2 Our aim is to harness the collective financial and nonfinancial resources of the public, private and voluntary sectors together with the hope, determination and aspiration of individuals, families and communities to live better lives, in a better place.
- 1.3 With ever increasing pressures on Local Authorities to deal with community funding budgets, the council has looked to innovative ways to help Civil Society groups gain access to new funding streams that are self-sustaining through an emerging Local Giving model. Elements already in place include a crowdfunding platform with an attached small grants fund and BD Lottery. NCIL should be seen as an element within this wider model.
- 1.4 By Minute 71 (12 December 2017), the Cabinet agreed that the entire borough be defined as the neighbourhood for the purposes of allocating the Neighbourhood CIL so that a balance could be struck between ensuring a significant proportion of Neighbourhood CIL is spent in those areas where the impact of growth is greatest, but also that other parts of the Borough are not left behind and benefit from the proceeds of growth.
- 1.5 The government does not prescribe a specific process for agreeing how the neighbourhood portion should be spent but suggests that charging authorities should use existing community consultation and engagement processes. The consultation should be proportionate to the level of levy receipts and the scale of the proposed development to which the funding relates.
- 1.6 The Cabinet agreed that, as for the Strategic CIL, the process of allocating Neighbourhood CIL would involve a review by the Local Plan Steering Group (LPSG) before being submitted to Cabinet for approval, as part of the annual capital projects budget setting cycle. However, in consultation with Cabinet members in preparation of this report, various alternative options have been discussed.

Current and predicted NCIL income:

- 1.7 Based on the borough's housing trajectory Be First estimate that NCIL of £150k-£250k per annum would not be unreasonable, with estimates varying from £100k-£800k. It is unlikely that receipts would arrive smoothly with some bumper and lean years to negotiate. Since CIL was introduced in 2015/16 £327,658 of NCIL has been collected. None of this has been spent.

Year	NCIL Amount
2015/16	£281
2016/17	£202,676
2017/18	£124,413
2018/19	£288
Total	£327,658

- 1.8 Whilst collection is expected to increase in the coming years, our process of allocation will need to take costs and variations into account and be careful not to set unrealistic expectations.
- 1.9 Similarly, CIL funding is entirely dependent on development in the borough. The housing trajectory in Barking and Dagenham has programmed development up until 2044/45, but it is nevertheless important to note that the collection of CIL will eventually slow down as development projects reach completion. It is a complex task to estimate how much NCIL would be collected over the trajectory period, given that there are different rates for different areas, and exemptions that apply to social housing. Similarly, the long-term future of CIL is not clear.
- 1.10 Barking and Dagenham has been recently commended on its efforts to develop civic society. The process for allocating Neighbourhood CIL spending reflects this commitment by creating the conditions for involving residents and VCS organisations to increase civic participation. This equally meets the vision of the Borough Manifesto and corporate priorities.

2. Proposal and Issues

Increasing the role of Civic Society

- 2.1 NCIL, along with the BD Lottery and Crowdfunding seeks to empower residents by giving them the tools to access income and raise awareness for specific priorities in their local community, in a direct way. It also builds capacity in the civil society for groups to acquire the skills necessary to write bids or proposals, and to see the process through from beginning to end.
- 2.2 Arguably, local priorities being supported by residents in a particular area via an NCIL application will provide opportunities to bring communities together in support of a common goal or shared vision. Being able to make positive changes in their local areas through mechanisms like NCIL will make a real difference to communities by achieving outcomes that are so important to them.
- 2.3 It is proposed to establish a demographically representative Residents Panel whose role would be fundamental in the NCIL screening and decision-making process.

This would help with taking a broader perspective on where, and on what NCIL money is spent, as well as supporting civic participation by involving local people in the decision-making process. It also creates the potential for those involved to start to generate their own ideas for NCIL funded projects.

- 2.4 It is anticipated that ward members will take an active role in their local areas to effectively promote and encourage local community groups to apply for NCIL funding and support local organisations. Members will be actively informed of funding that is allocated to projects in their ward.

Links to a wider local giving model

- 2.5 The potential of a resident and community led local giving model in Barking and Dagenham seeking to harness the collective financial and nonfinancial resources is beginning to be developed. As it evolves it currently includes BD Lottery and Crowdfunding, alongside work taking place in the Voluntary and Community sector, and that which potentially can be explored with other private and public sector partners. The NCIL grant funding allocation forms another element of this model and could potentially support other elements of the programme such as the Crowdfunding match funding pot. The NCIL allocation forms another element of this model. The possibilities for linking NCIL with a resident and community led local giving model is built into some of the recommendations for the approach including the resident's panel. These initiatives are being used to influence the culture of community funding in Barking and Dagenham within a challenging fiscal environment.
- 2.6 In linking the opportunity created by the NCIL over the next few years to No One Left Behind in the next 50 years the possibility of creating an endowment from the NCIL grant funding pot in "bonus" years is being considered. Legal advice is that it should be possible to use NCIL money to create an endowment which funds projects. This is on the basis that clear definitions on the funding and application criteria exist, and that funding is compliant with the definitions set out in Regulation 59C of the CIL funding legislation. The creation of an endowment would be dependent on the overall amount of NCIL generated year on year, to enable an adequate level of income which could be used to fund projects. Therefore, Cabinet is asked to agree to the creation of an endowment using NCIL to fund community projects in the longer term. This would ensure a greater legacy from this pot of funding for Barking and Dagenham.
- 2.7 The possibility of a local civil society infrastructure group or charity in the borough with grant giving powers administering NCIL grant funding in the same way as it might administer income generated by the BD lottery as small grants funds, or match-funding for crowdfunding projects should also be considered. The decision-making board of any such organisation controlling local giving funding should have representation from the largest borough based charities.

NCIL funding eligibility and scoring criteria

- 2.8 It is proposed that funding will be open to registered charities, Community/VCS groups, as well as social enterprises and other models from Barking and Dagenham that benefit the local community. It is proposed that in the first year of NCIL grant funding being operational, the opportunity for the community to apply for funding will

be available every six months and that any one group can only apply for NCIL funding once per year, although additional applications for the same project each year would be considered. This arrangement will be reviewed after the first year, and Cabinet are asked to delegate authority to the Director of Policy and Participation to make necessary adjustments to this criteria in order to make it more fit for purpose.

- 2.9 Guidance defining criteria of what types of projects can be funded is broad. This flexibility gives local areas the opportunity to choose what community infrastructure they need to deliver their relevant projects provided they meet the scoring criteria.
- 2.10 Qualifying projects could include small-scale new ideas as well as supporting the scaling of larger ideas. It will be important to ensure that small physical infrastructure projects are put forward and that applications are not skewed towards funding 'social projects' only. In this regard, a weighting will be used to strike an acceptable balance between social and infrastructure projects).
- 2.11 If the community aspires for NCIL grant funding to be allocated towards community related events funding, then this is something that could be reviewed after year one and would require further consultation, and legal advice on if this was fully compliant with the legislation.
- 2.12 Part of the Officers' due diligence role when screening and scoring applications, and the role of a Residents Panel (if Cabinet agree as a mechanism) will be to look across the totality of NCIL investment on issues and areas. This is to make sure that there isn't a disproportionate amount of spend in some areas over others, or on some Borough Manifesto priorities more than others in addition to making sure that there is sufficient joining up across the piece. A process map is attached as appendix 3 of this report.
- 2.13 Below is a suggested list of scoring criteria which Cabinet are asked to agree to be used to prioritise agreed projects.

Item	Score
Proposed impact of project on the Residents Survey indicators and delivering Borough Manifesto priorities and targets	1-10 pts
Level of engagement of the community in project and proportionality to the level of levy receipts and the scale of the proposed development	1-10pts
Proposed impact on community cohesion and equalities	1-10 pts
The robustness of the delivery strategy including the long-term sustainability of the project: how will the project be delivered, what is the timetable, with regard to the impacts the project is meant to be having, are there revenue, operational or maintenance costs and how will they be covered.	1-10 pts
Risks and constraints	1-10 pts
History of spend in the local area. Has there been NCIL funding allocated to the respective ward in the last six months?	1-10 pts
External funding, match funding or other resources the NCIL is helping to attract	1-30 pts
The measurement of the impact throughout the life cycle of the project	1-10 pts

At least 60% of the respondents in the public consultation either strongly agreed or agreed that NCIL funded projects should support the above priorities, with only small numbers in disagreement. Of these, over half of people wanted to see a priority around keeping the borough clean and tidy.

Funding cap

- 2.14 It is proposed that the maximum individual project amount that can be applied for should relate to how much overall NCIL funding is available in a particular year, which is likely to range between the thresholds of £10k and £50k. Over 70% of respondents agreed with this criteria when answering the public consultation. This will enable the council to better manage the unknown possibility of how many projects will be put forward by the community, and this will be reviewed after 6 months to 1 year of the process being operational. This will also allow for the accrual of more NCIL funds from development in the borough.
- 2.15 It is also proposed that groups should have the ability to apply for NCIL grant funding over more than one year to be able to scale up projects where appropriate, and 79% of respondents to the public consultation supported this proposal. During periods where bid submissions are few, or where there are identified gaps in provision, the council could offer community groups the opportunity to bid for funding to support projects around a particular Borough Manifesto priority or initiative.
- 2.16 The responsibility for capital elements of a project, or where groups use contractors to do the work will be done in accordance of their own internal governance process where this is appropriate. Where projects propose the installation of small scale infrastructure like street furniture for example, Be First could be involved to ensure that appropriate contractors are used.

Resourcing the NCIL funding process

- 2.17 It is proposed that the resourcing of the NCIL shortlisting and grant funding process will sit with the Participation and Engagement Team.
- 2.18 Currently Be First take a proportion of the CIL funding to administer the CIL process. It is proposed that some of this money is made available to the Participation and Engagement Team to assist with the detailed design, project management and consultation costs associated with some NCIL grant funded projects.

Monitoring

- 2.19 It will be the role of Officers, Members and the Residents Panel (if agreed as a mechanism) to continually look across a series of factors to ensure fairness in the allocation of NCIL funds. An Equalities Impact Assessment has been completed and will be monitored regularly during the process. The public consultation also included a question which asked residents about their thoughts on ensuring fairness in the process, and these answers have been built in to the EIA.
- 2.20 The emphasis on meeting the priorities and targets in the Borough Manifesto,

Residents Survey, and how projects will deliver wider community benefit will form a large part of the application scoring / filtering process as well as then appropriate organisational due diligence. Project outcomes will also be evaluated after the completion of each project to understand how much they have delivered the intended benefits against the scoring criteria, where they have succeeded and failed, and why.

2.21 Government do not stipulate a specific method for reporting on NCIL spend, although currently there are regulations relating to strategic CIL spend which Be First report on. It makes sense to produce a combined report to cover strategic CIL and NCIL, and the council and Be First will work together to put in place a 6 monthly monitoring procedure for projects moving forward.

3. Options Appraisal

3.1 The Government does not prescribe a specific process for agreeing how NCIL should be spent but suggests that charging authorities should use existing community consultation and engagement processes. The consultation should be proportionate to the level of levy receipts and the scale of the proposed development to which the funding relates.

3.2 There are a range of models that have been adopted by other boroughs. However, none of them are deemed viable options for Barking and Dagenham due to the variations in the amounts each borough generates, and Barking and Dagenham's desire to genuinely and innovatively include the community in the NCIL decision making process. For instance, Camden collected over £3.8 million in Neighbourhood CIL by December 2017. By comparison, Barking and Dagenham had collected just over £327k between April 2015 and March 2018.

3.3 The potential models for consideration are listed in the table below.

Option	Benefits		
	Short Term	Medium Term	Long Term
A - Implement with a £10k funding cap per project and aim to spend all NCIL income generated per year	- Funding available for multiple projects.	- Large amount of money being spent in borough each year. - Opportunity to scale up projects with funding spread over more than one year.	
B - Implement with a funding cap relative to the NCIL income generated per year and aim to spend all NCIL income generated per year	- Funding available for multiple projects.	- Large amounts of money being spent in borough each year. - Opportunity to scale up projects with funding spread over more than one year.	
Option C (Preferred option) – Make available £150k in each 6 month bidding round and use remaining NCIL fund to create an endowment which funds projects. Cap for individual bids based in NCIL income	- Funding available for multiple projects.	- Large amount of money being spent in borough each year. - Opportunity to scale up projects with funding spread over more than one year.	- Creates a longer-term legacy for NCIL funding. - If NCIL funding becomes uncertain, opportunities to fund community projects will still

available each year.			exist. - Supports council ethos of 'no one left behind'.
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3.4 In all options the following principles will remain consistent:

- NCIL grant funding bidding rounds will open every six months.
- The amount of any one single bid for NCIL grant funding will be capped in relation to how much NCIL income is generated in that year.
- For the first year of NCIL being operational, Community organisations will be able to bid for grants only once per 12 month period. This will be reviewed after year one with delegated authority to the Director of Policy and Participation to adjust if necessary in order to make the process more fit for purpose.
- Grant bids will be submitted online.
- Officers will undertake an initial sense check and organisational due diligence of what has been received.
- Projects applying for NCIL grant funding will be presented to a Residents Panel for screening and discussion, and this panel will make recommendations to the Director of Policy and Participation and the Director of Inclusive Growth in consultation with the Cabinet Member for Community Leadership & Engagement, the Cabinet member for Regeneration and Social Housing, and the Cabinet Member Finance, Performance & Core Services.
- If projects bids recommended for in one six month bid submission period collectively exceed £200k, then a report will be required at Cabinet to agree the expenditure.
- Within all options, there will be the ability for organisations to apply for year on year funding which means they could bid for a higher amount to spend over more than one year, enabling the scaling up of smaller projects.
- If Cabinet agree the preferred endowment model (option C), then £300k will be made available each year for VCS groups to bid for via a grant funding process (£150k every 6 months). Any surplus NCIL will be deposited in to an endowment, as well as any money not spent in each six-month grant funding bidding period. The funds and generated income from this endowment will be used to fund projects over the long term.

4. Consultation

- 4.1 A six-week public consultation was undertaken between July and September 2018 seeking broad comments on the proposed draft approach to allocating the NCIL grant funding process. The results of this consultation are set out in Appendix One of this report.
- 4.2 The proposals in this report were considered and endorsed by the Corporate Strategy Group at its meetings on 19 September 2018, and the Leader's Advisory Board Sub Group on the 25 September 2018. The Leader of the Council, Councillor Ashraf, Councillor Twomey and Councillor Geddes were also consulted in the development of the report. The report was also presented to the Policy Task Group on the 11 September.
- 4.3 Due to the role for Civil Society in the proposed NCIL grant funding allocation

process, Barking and Dagenham CVS have also had the opportunity to share their comments on the report, and publicised the public consultation on the council's behalf to the voluntary and community sector via their weekly newsletter.

5. Timescales

5.1 The projected timescales are as follows:

October 2018	- Report to Cabinet - Subject to Cabinet agreement, commence random sample of Resident Panel
November – December 2018	- Engagement with VCS to communicate widely that NCIL grant funding process is coming - Training offered on how to complete the NCIL application paperwork
January 2019	- End of Jan deadline for NCIL grant funding applications closes
March 2019	- NCIL funding allocated to groups

6. Financial Implications

Implications completed by: Lance Porteous, Finance Business Partner

6.1 The LBBD CIL fund currently looks like this:

Year	Total Payments Received £	Neighbourhood (NCIL) (15%) £	Strategic & Administration (85%) £
2015/16	1,875	281	1,594
2016/17	1,351,173	202,676	1,148,498
2017/18	829,421	124,413	705,008
2018/19	1,917	288	1,631
Totals	2,184,387	327,658	1,856,729

6.2 The £327k mentioned in the summary of the report reflects 15% of all CIL payments since 2015/16 and is currently still available for neighbourhoods.

6.3 The financial endowment, as proposed in paragraph 2.4, will require further detailed discussion around potential models for delivery. In the meantime, NCIL funds would be ringfenced and administered by Treasury simply by monitoring these cashflows and accruing the associated interest for distribution.

6.4 A delegated spending approval limit of £10k, as mentioned in paragraph 3.3, would seem reasonable so as to strike a balance between sign-off of sizeable sums of money but still enabling a broad allocation of the NCIL fund to various projects. This can be reviewed should hundreds of thousands be added to the fund in the future.

7. Legal Implications

Implications completed by: Dr. Paul Field, Senior Lawyer, Standards and Corporate Governance.

- 7.1 The Community Infrastructure Levy was established by the Planning Act 2008. The Government most recently published revised Guidance in March 2018 to be read with Community Infrastructure Regulations made in 2010 as amended in 2012 and 2013. In a nutshell the levy is about addressing the impact of development on the community.
- 7.2 The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. This flexibility gives Authorities the opportunity to choose what infrastructure they need to deliver their relevant Local Plan
- 7.3 15% of the CIL (the Neighbourhood portion) may be spent to address neighbourhood issues which can be borough-wide for an endowment and fund community projects. This should be possible, so long the funding role is clearly defined to be compliant with Reg 59C of the Regulations and that any payments made firstly qualify in that the money will fund “(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”.
- 7.4 In terms of how this should be spent the Government advises that Authorities should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. They should set out clearly and transparently their approach to engaging with neighbourhoods using their regular communication tools e.g. website, newsletters, etc.

8. Other Implications

8.1 Risk Management

Risk	Probability	Impact	Priority	Action
There won't be sufficient uptake from the local community to submit funding bids.	Medium	Medium	High	Ensure that NCIL funding is widely communicated via council and VCS channels.
Funding bids will be heavily dominated by particular geographical areas of the borough where community groups	Medium	Medium	High	Work with community groups across the borough to promote knowledge and understanding of the NCIL bidding process. Work with the less organised groups to

are more active				ensure they have an equal opportunity to apply.
That the turnover of members of the Residents Panel will be high leading to regular training needs at a cost to the council.	Medium	High	High	Ensure a training budget is identified to include new starters. Ensure the selected panel are aware of the importance of their role and encourage long term membership.

8.2 **Staffing Issues** - The proposals will not initially necessitate the need for additional staff. However, it may be necessary to review this in the future depending on how successful the NCIL funding allocation process becomes, and if the process becomes more complex as the amount of NCIL funding grows.

8.3 **Corporate Policy and Equality Impact** – The eligibility and scoring criteria built in to the NCIL grant funding and allocation process is entirely underpinned by the objectives set out in the Borough Manifesto. This is to ensure that improvements can be achieved in line with local priorities which the community voiced as important to them.

An Equalities Impact Assessment has been developed and is attached as appendix 2 of this report. In summary, the presence of an NCIL grant funding process in the borough is generally considered to have a positive impact on the community of Barking and Dagenham overall. This is because it will open up opportunities for local communities to fund priorities in their local areas, and that the money generated will only be spent in the borough thus benefitting the wider community. In addition, the entire borough has been defined as a neighbourhood for the purposes of NCIL allocation, and therefore no areas within the borough are excluded.

As this is a new process, it will be the requirement of those officers involved, and the resident’s panel (if agreed as a mechanism) to constantly review and evaluate the uptake of NCIL funding, and the impact of the process against the protected characteristics set out in the Equalities Act 2010.

8.4 **Safeguarding Adults and Children** - NCIL will help deliver the Council’s objective of creating the conditions for a vibrant and active civic society to prosper in the borough, enabling people to shape their own neighbourhoods and destinies. This will strengthen community cohesion and resilience and deliver safer places for adults and children.

8.5 **Health Issues** - Improving health and wellbeing is central to the borough manifesto and the Health and Wellbeing Strategy (currently being revised). The NCIL provides an opportunity to work with communities to invest in the wider determinants of health that impact upon inequalities in health and support the aim of no one left behind. The approach to NCIL set out in this report will facilitate the ability of communities to participate in civic activities and to shape their environment., which are important factors impacting on health and wellbeing. The EIA and ongoing monitoring of the impact on inequalities is noted and welcomed. In order to impact

on inequalities and the health of the most vulnerable it would be helpful if the Residents Panel could include representation of vulnerable groups.

- 8.6 **Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act 1998 requires local authorities to consider the crime and disorder implications of any proposals. NCIL projects will be assessed against borough manifesto targets which include targets aligned to themes 6 and 8, crime and safety, and community cohesion
- 8.7 **Property / Asset Issues** –The impact of NCIL funding proposals on infrastructure and assets is fundamentally built in to the scoring criteria, ensuring that no projects are funded which have an adverse impact on the council's assets or an attached ongoing maintenance cost.

Public Background Papers Used in the Preparation of the Report:

Cabinet December 2017: Allocation of Community Infrastructure Levy Spend (Minute 71)

<https://modgov.lbbd.gov.uk/Internet/documents/s117895/CIL%20Report.pdf>

List of appendices:

Appendix 1 – NCIL Grant Funding Process Public Consultation Results.

Appendix 2 – NCIL Equality Impact Assessment

Appendix 3 – NCIL Process Map