

Gloucester City Council

Meeting:	Cabinet	Date:	11 November 2020
Subject:	Proposals to Set Up Local Governance Arrangements to Distribute Community Infrastructure Levy (CIL) Neighbourhood Funding in Gloucester		
Report Of:	Cabinet Member for Planning & Housing Strategy		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Summary of CIL Income in Gloucester and JCS-wide 2. The Three Pillars of Sustainability that Underpin the Council's Adopted Social Value Policy		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To secure Cabinet approval to set up a governance body to administer expenditure of the Neighbourhood Fund element of Community Infrastructure Levy receipts and to obtain Cabinet Members' views on the preferred approach to the allocation of the Neighbourhood Fund.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:

- (1) the establishment of a Member led Task and Finish Group be approved to establish the criteria for allocating the Neighbourhood Funding element of Community Infrastructure Levy to be chaired by the Cabinet Member for Planning and Housing Strategy, and
- (2) authority be delegated to the Head of Place in consultation with the Head of Communities and the Cabinet Members for Planning and Housing Strategy, and Communities and Neighbourhoods to approve individual allocations in accordance with the criteria identified at (1) above.

3.0 Background and Key Issues

3.1 The City Council and its Joint Core Strategy (JCS) partner authorities in Tewkesbury and Cheltenham commenced the charging of Community Infrastructure Levy (CIL) in January

2019 and income is now being received in accordance with the approved Charging Schedule.

3.2 Under the CIL Regulations 2010 (as amended) income in Gloucester is divided into:

- Neighbourhood Fund –
 - 15% to parish councils, which, in Gloucester, refers to Quedgeley Parish; or
 - **15% (uncapped) held by the City Council, the Charging Authority, for all areas outside of Quedgeley; and**
- Administration Fund –
 - 5% for management and administration of the programme;
- Infrastructure Fund –
 - The remaining 80% is held as a more strategic ‘Infrastructure Fund’

3.3 Officers forecast that a sum of £71,374.51 will have been received within the Neighbourhood Fund in Gloucester at the end of the current financial year. Income over the following four financial years is forecast as follows:

Year	2021/22	2022/23	2023/24	2024/25
Neighbourhood Fund receipts forecast	£144,504	£178,200	£172,368	£87,480

A summary and forecast of total CIL income across all three JCS authorities is summarised at Appendix 1.

3.4 The CIL programme is administered by two full time members of staff employed on behalf of the partnership by Tewkesbury Borough Council and is overseen by a steering group comprising officers of the three Councils. Other than management and administration no expenditure has been committed to date. A review is currently being undertaken into the cost of the administration of the service, as the income from CIL receipts has proved to be insufficient to cover the set up and ongoing administration costs. The Portfolio holder will be kept informed of any likely deficit and a separate report will be prepared to advise Cabinet of any additional funding required.

3.5 Discussions are being held with the other two Districts to establish a joint governance mechanism to administer the strategic ‘Infrastructure Fund(s)’ but no structure is in place yet. This structure would need to be formally approved by each of the constituent authorities and will be reported to Cabinet prior to implementation. This is not the subject of this paper.

3.6 Each of the three JCS authorities is a designated CIL Charging Authority and is required to put in place an effective governance mechanism to direct the monies towards infrastructure priorities.

4.0 Governance proposals for expenditure of the Neighbourhood Fund in Gloucester

- 4.1 For the Neighbourhood Fund held by the City Council, it is proposed that a task and finish group is set up, comprising Members representing the main political parties within the Council. The group would be chaired by the Cabinet Portfolio holder for Planning and Strategic Housing and will aim to conclude its work by the end of December. The group would agree the Terms of Reference for the Neighbourhood Fund, including its aims, the criteria for its distribution, and a mechanism to invite bids or proposals.
- 4.2 Once the group has agreed the terms of reference for the Neighbourhood Fund authority to commit expenditure would be delegated to the Head of Place in consultation with the relevant Cabinet portfolio holders.

5.0 Allocation principles

5.1 Cabinet's views on its preferred approach to the allocation of the Neighbourhood Fund are invited. The Council has considerable discretion to decide on the principles it adopts for the allocation of the fund, for example:

1. Allocation to a programme of projects that have been evaluated by Officers drawing on their own knowledge of the needs of communities and the Council's Social Value priorities. The fund could be used in whole or part as match funding to secure additional external funding.
2. A flexible fund to which community and not-for-profit groups may submit bids and ideas that would benefit the city. The Council may wish to explore opportunities to enhance the Neighbourhood Fund, for example by drawing upon crowd funding towards particular projects. The Council received a presentation from a national organisation in 2018 – www.spacehive.com - which, for a fee would provide and manage an online crowd funding platform to enable members of the public to offer financial contributions towards community projects. The Neighbourhood funding could be used to contribute to those projects that receive maximum contributions via the platform. Other crowd funding platforms are in existence.
3. A combination of the above, with top slicing of an amount or percentage of the local receipt to contribute towards a particular project or priority, with the remainder available for communities to bid into.

6.0 The types of projects to which the Neighbourhood Fund might be applied.

- 6.1 Within the CIL Regulations the Neighbourhood Fund is required to meet the tests of (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. In allocating the funding the policies and priorities identified in various relevant documents adopted by the Council, notably the JCS and (in due course) the Gloucester City Plan will need to be considered. The list would need to be a 'living document' and would be subject to ongoing monitoring and review to reflect the changing needs of the City.
- 6.2 Members will be aware of the three pillars of sustainability (social, economic and environmental) that underpin the Council's Social Value policy, which was adopted by Cabinet at its meeting on 14 October 2020 following extensive stakeholder engagement.

The same group could be engaged in a similar fashion to offer its ongoing views and advice on priorities for the Neighbourhood Fund. Appendix 2 summarises the main themes of the Social Value policy and offers examples of activities to which the Neighbourhood Fund might be applied.

7.0 Social Value Considerations

7.1 As referred to in para 6.2 the Neighbourhood Fund could support the themes and priorities included in the Council's adopted Social Value Policy.

8.0 Environmental Implications

8.1 The Neighbourhood Fund has the potential to have a positive impact on the sustainable development of the City through the provision of infrastructure necessary to facilitate growth and creation of successful places. It is anticipated that many of the projects supported will enhance the environment.

9.0 Alternative Options Considered

9.1 Para 1.3 sets out some of the options that Council may consider in setting the terms of reference of the governance body.

10.0 Future Work and Conclusions

10.1 Following Cabinet's approval Officers will work with the Portfolio holder to set up the governance and prepare a Terms of Reference for the group.

11.0 Financial Implications

11.1 The Community Infrastructure Levy is a ring-fenced fund that will require appropriate financial recording, governance and monitoring as a whole. The Neighbourhood Fund element of this will fit within this overall governance structure. As a ring-fenced fund it will be held in a separate account to the Council's main budgets.

12.0 Legal Implications

One Legal have been consulted in the preparation of this report.

13.0 Risk & Opportunity Management Implications

13.1 The Council entered the CIL partnership with the intention of increasing the financial resources available across the JCS area towards strategic and neighbourhood infrastructure and to provide greater accountability towards infrastructure spend.

Risk	Impact	Level of impact	Likelihood of impact	Mitigating measures
Demand on the Neighbourhood fund far exceeds the availability of the funds	Frustrated bidders leading to bad PR for the Council.	Low	High	The size of the Neighbourhood Fund will be made clear in all communications, and transparent decision making will be made on all awards.
The Neighbourhood Fund is insufficient to meet the local infrastructure needs of communities	Development proceeds without the necessary funding to meet local infrastructure needs.	med	high	The funding will be prioritised towards those projects that will have the most beneficial impact on the community
Opportunities	Impact	Level of impact	Likelihood of impact	Maximising measures
To deliver the projects raised and prioritised by local communities	Social, economic and environmental improvements.	med	high	Securing a good understanding of local needs and community priorities
To enhance the Neighbourhood Fund by using it as match funding from external sources (such as Historic England or Sport England) or from local generated funding	Enhanced funds available to projects.	High	med	Officers to maintain awareness of potential sources of external funding. Awards from the Neighbourhood fund to be prioritised according to the amount they are able match from external sources.

14.0 People Impact Assessment (PIA) and Safeguarding:

14.1 The reasons behind the original adoption of the Community Infrastructure Levy, by Gloucester City Council as a JCS partner authority, in October 2018, was to raise additional funding from some development to help to pay for infrastructure supporting development of the area to ensure the City grows sustainably. Whilst not identifying any negative impact on protected groups potential positive impacts were identified as a result of this new income stream for the City Council, in particular in relation to improvements to physical infrastructure for those with special mobility needs and for building community cohesion not only within existing communities but also between existing and new residents as a result of new development.

15.0 Community Safety Implications

15.1 The Neighbourhood Fund could be allocated in whole or part towards infrastructure that would enhance community safety. This would be a consideration for the governance body in the allocation of the fund.

16.0 Staffing & Trade Union Implications

16.1 None reported.

17.0 Background Documents: None