



Royal Borough of Kensington and Chelsea

APPROACH TO BOROUGH AND NEIGHBOURHOOD CIL

DATE: June 2016

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1 EXECUTIVE SUMMARY

- 1.1 The Community Infrastructure Levy (CIL) is a tool for local authorities in England and Wales to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure.
- 1.2 At least 15% of funds received through the levy must be spent on projects that have taken account of the views of the communities in which development has taken place. These neighbourhood funds or 'NCIL' can be spent on a wider range of projects to support development. This includes those related to infrastructure, but also anything else concerned with addressing the demands that development places on an area.
- 1.3 The Royal Borough of Kensington and Chelsea is made up of 18 electoral wards and currently has two areas with adopted or proposed Neighbourhood Plans. RBKC's CIL charging schedule came into effect on 6 April 2015. During the 2015-16 financial year, almost £600,000 of CIL income was received and liability notices totalling nearly £12.5 million issued.
- 1.4 Given that RBKC's housing projections for the next five years remain similar to those for the preceding period, RBKC could expect to issue liability notices totalling over £60 million by 2021. However, it should be noted that it is relatively common for planning permissions granted within the Royal Borough to never actually be implemented. This means not all liability notices issued will result in a payment to the Council.
- 1.5 In order to ensure a consistent and transparent approach to spending CIL, it is important that the Council adopts clear prioritisation criteria for projects applying for CIL funding. Almost all local authorities assess infrastructure on whether it is critical, necessary or desirable, although there is variance on how similar infrastructure projects are ultimately prioritised.
- 1.6 Some local authorities prioritise projects through discussion of the relative merits at elected member and senior officer level, while others use a more technical process of project prioritisation. A number of local authorities have also started looking at projects based on their ability to unlock development that will result in increased revenue for the Council through, for example, New Homes Bonus or an increase in the tax base.
- 1.7 RBKC is currently in the process of reviewing its approach to capital spend generally, which had previously been agreed through an annually refreshed capital programme. The Corporate Finance department's decision to move towards a more fluid approach to agreeing the capital programme, with updates throughout the year, provides an opportunity for the allocation of

strategic/borough CIL or 'BCIL' to be integrated into these revised corporate progresses, as discussed in section 5 of this report.

- 1.8 Approaches to the allocation of NCIL also vary between local authorities. Some have chosen to create CIL 'neighbourhoods' that benefit directly from development taking place in the area, with spending informed by local priorities. Others have delegated the neighbourhood portion to ward-level, with ward members providing local leadership and in some cases having delegated authority to approve which projects receive funding.
- 1.9 RBKC benefits from an existing ward funding model – 'City Living Local Life' (CLLL) – which provides a useful starting point for the allocation of NCIL in the borough and avoids having to create structures and processes from scratch. It is important to note however, that the NCIL funds likely to be accumulated over the coming years will be significantly larger than those dealt with through the current CLLL process and will not be collected evenly across the borough.
- 1.10 This raises questions of how the Council can ensure a fair redistribution of NCIL, whilst also maintaining appropriate levels of governance. Decisions will need to be taken on whether NCIL projects should be delivered directly by community groups or via Council service areas on behalf of local communities.
- 1.11 NCIL offers an opportunity for the Council to engage further with local communities and help them understand the potential benefits of development, as originally intended by the legislation. Meanwhile, the remaining BCIL funds may allow infrastructure funding gaps to be filled. If these funds are invested wisely there could be significant benefits for the Royal Borough, not just in terms of mitigating the impact of development, but also by supporting inward investment, growth, regeneration and placemaking.

2 LEGISLATIVE REQUIREMENTS

2.1 CIL Governance and Spending

- 2.1.1 The Community Infrastructure Levy (CIL) is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area.
- 2.1.2 CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities.
- 2.1.3 Local authorities must spend the levy on infrastructure needed to support the development of their area, with a focus on the provision of new infrastructure. However, CIL can be used to increase the capacity of existing infrastructure or to repair failing infrastructure, if necessary to support development.
- 2.1.4 Strategic decisions about CIL expenditure at a borough-wide level – **Borough CIL (BCIL)** – are determined by the Council. However, at least 15% of these funds – **Neighbourhood CIL (NCIL)** – must be spent on projects that have taken account of the views of the communities in which the income was generated.
- 2.1.5 The CIL Regulations state that the NCIL portion of funds must be used “to support the development of the local 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.”*

- 2.1.6 This is a wider definition than for BCIL. The Council should engage with communities to agree with them how best to spend NCIL funding, through existing community consultation and engagement processes.
- 2.1.7 Where a neighbourhood plan has been made, communities must be consulted on how to spend 25% (rather than the standard 15%) of levy revenues arising from the development that takes place in their area. The Council and communities must consider how NCIL funding can be used to deliver the infrastructure identified in the neighbourhood plan required to address the demands of development.
- 2.1.8 With the exception of any CIL receipts within areas which have adopted neighbourhood plans, the neighbourhood portion of CIL can be applied anywhere in the borough. Charging authorities may pass money to bodies outside their area to deliver infrastructure which will benefit the development of their area, or pool receipts with other charging authorities to support the delivery of sub-regional infrastructure e.g. a large transport project, where they are satisfied that this would support the development of their own area.
- 2.1.9 Up to 5% of total CIL receipts can be used by the Council to recover the costs of administering CIL, although the overwhelming majority of revenue from the levy is to be directed towards infrastructure provision.
- 2.1.10 CIL collection and expenditure (including the neighbourhood portion) must be monitored by the Council and reported annually to ensure accountability and enable the local community to see what infrastructure is being funded from the levy.

3 CONTEXT

3.1 Wards and Neighbourhood Areas in RBKC

3.1.1 The Royal Borough of Kensington and Chelsea has 18 electoral wards and two neighbourhood forums. The **Norland Neighbourhood Plan** was made in March 2014 and the draft **St Quintin and Woodlands Neighbourhood Plan** was supported in a referendum in February 2016.

3.1.2 The Norland Neighbourhood Area falls predominantly within Norland ward while the St Quintin and Woodlands Neighbourhood Area falls within St Helen's and Dalgarno wards, as shown in Figure 1 below.

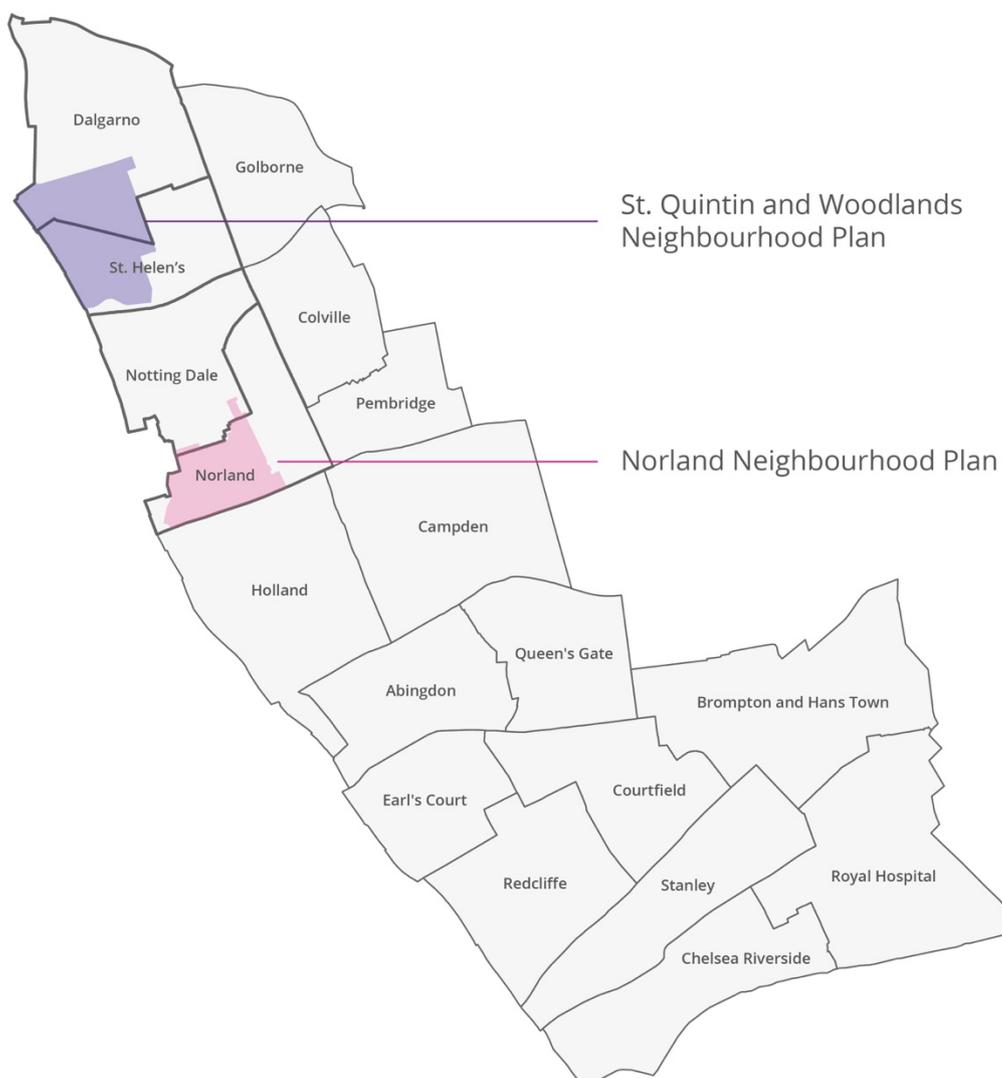


Figure 1: Map of RBKC showing ward boundaries and neighbourhood areas

Initial proposals for neighbourhood CIL expenditure included within the Norland Neighbourhood Plan:

- traffic calming measures at Clarendon Cross, along Pottery Lane, the north side of St James's Gardens and Queensdale Road;
- improved Heritage style lighting;
- improvement of concrete paving to York stone;
- improvement of mews' road surfaces to setts; and
- further street tree planting.

Initial proposals for neighbourhood CIL expenditure included within the draft St Quintin and Woodlands Neighbourhood Plan:

- streetscape improvements and other measures to improve the environment of Latimer Road;
- CCTV in North Pole Road; and
- subject to successful temporary road closures in St Helen's Gardens (section outside the church), installation of a shared surface on the roadway to allow for a short section of the street to become a car-free area on Saturdays.

3.2 RBKC BCIL Income and Liabilities 2015-16

- 3.2.1 The Royal Borough of Kensington and Chelsea's CIL Charging Schedule, Instalments Policy and Regulation 123 List came into effect on 6 April 2015.
- 3.2.2 During the 2015-16 financial year, almost £600,000 of levy income was received and liability notices totalling almost £12.5 million issued.
- 3.2.3 However, as shown in Figures 2 and 3 below, NCIL income and future liabilities are not distributed evenly throughout the Royal Borough's 18 wards. A number of large developments around the Kensington High Street area are projected

to generate a disproportionate amount of NCIL income for Holland and Abingdon wards in future years.

3.2.4 It should be noted that these developments are often phased and will take several years to complete; CIL income may therefore be received in instalments over the course of the development period.

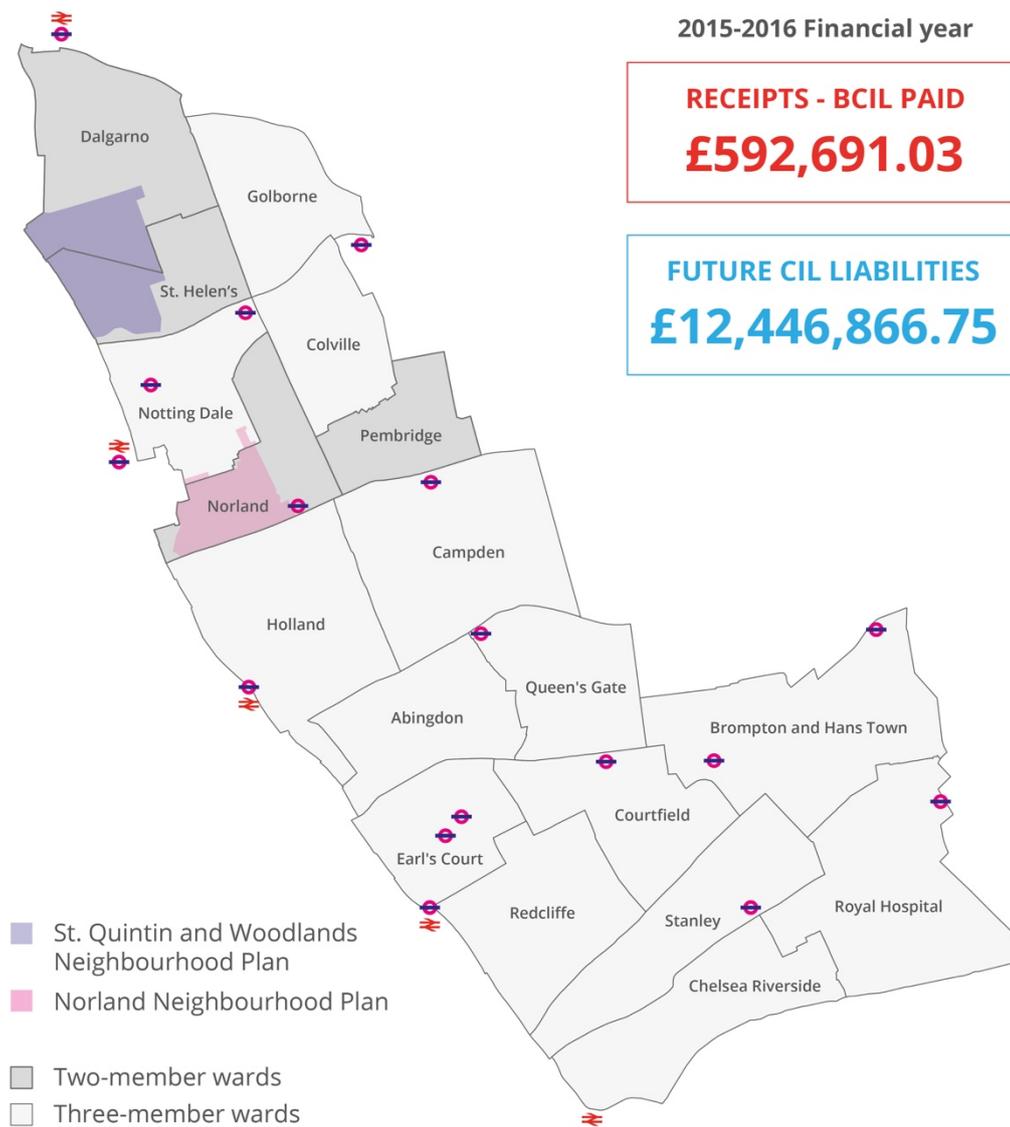


Figure 2: Map of RBKC and 2015-16 CIL receipts / liability notices issued

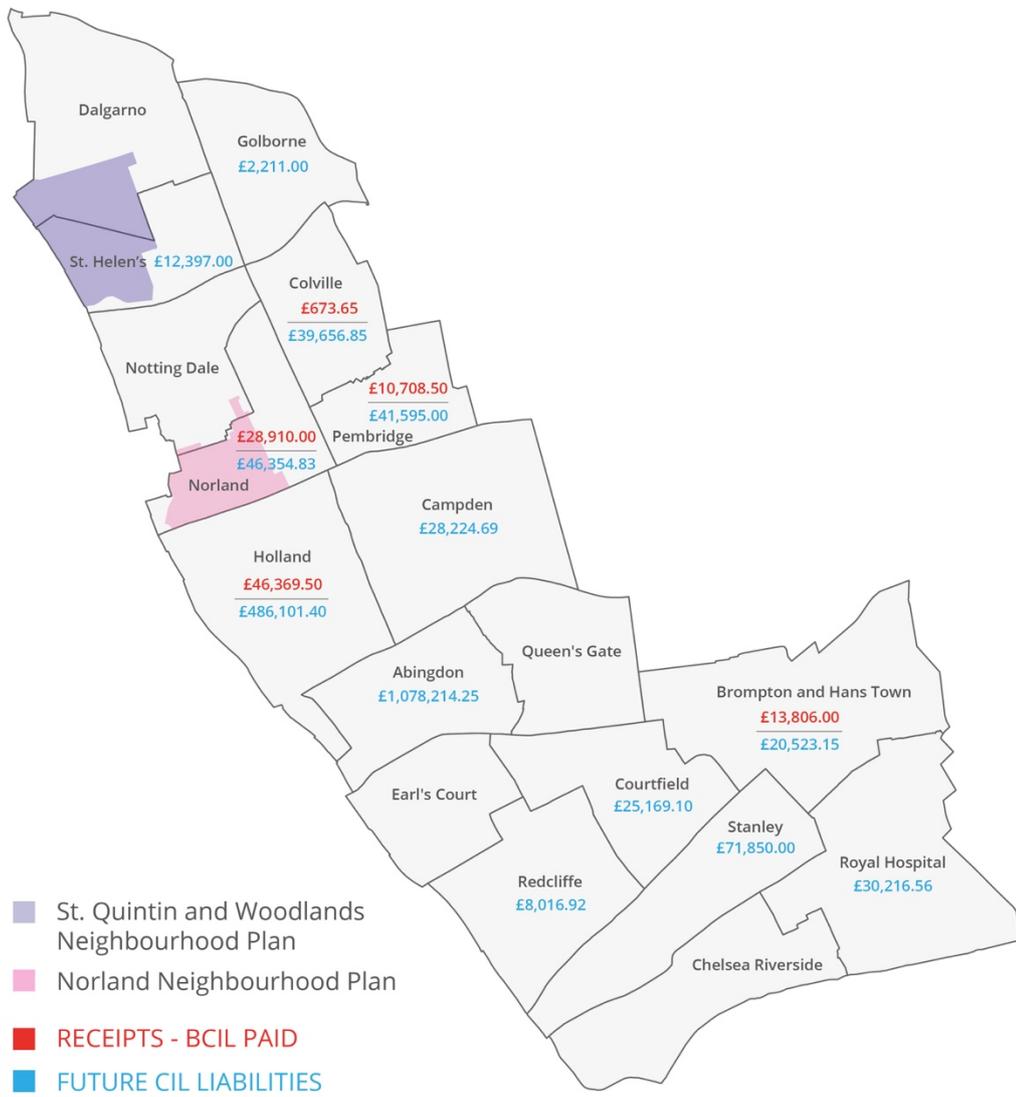
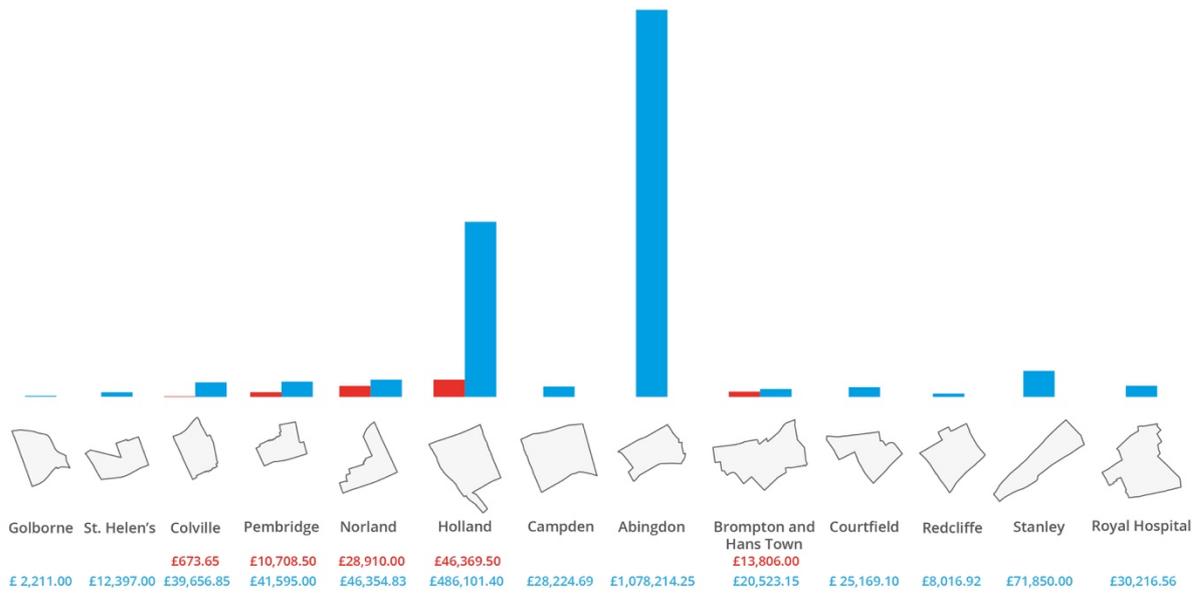


Figure 3: Map of RBKC's 18 wards showing 2015-16 BCIL receipts and liability notices issued

3.3 RBKC Developments Generating CIL Income

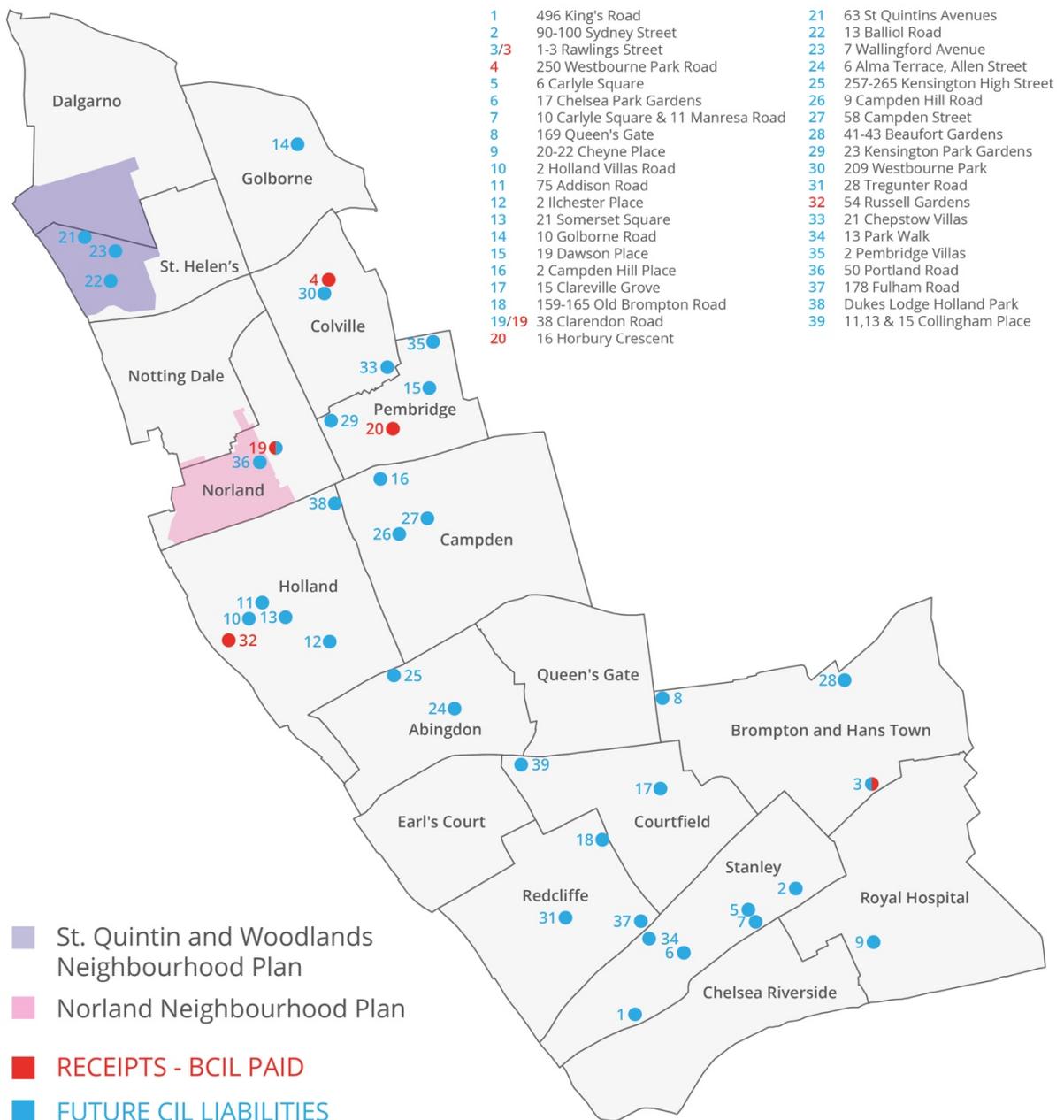


Figure 4: Map of RBKC's 18 wards showing 2015-16 BCIL receipts and liability notices issued

3.4 RBKC BCIL Paid and NCIL accumulated during 2015–16 financial year

3.4.1 Table 1 below shows the amount of CIL collected in each of RBKC's 18 wards and the total amount received during the 2015–16 financial year, as well as the amount of NCIL this equates to in each ward¹.

WARD	TOTAL CIL RECEIPTS 2015-16	% PER WARD	NCIL COLLECTED PER WARD 2015-16
Stanley	N/A	15%	N/A
Brompton & Hans	92,040.00	15%	13,806.00
Royal Hospital	N/A	15%	N/A
Holland	309,130.00	15%	46,369.50
Golborne	N/A	15%	N/A
Pembridge	71,390.00	15%	10,708.50
Campden	N/A	15%	N/A
Courtfield	N/A	15%	N/A
Redcliffe	N/A	15%	N/A
Abingdon	N/A	15%	N/A
Colville	4,491.03	15%	673.65
Norland	115,640.00	25%	28,910.00
St. Helen's	N/A	15%	N/A
Dalgarno	N/A	15%	N/A
Queen's Gate	N/A	15%	N/A
Earl's Court	N/A	15%	N/A
Chelsea Riverside	N/A	15%	N/A
TOTAL	592,691.03	N/A	100,467.65

Table 1: Total CIL and NCIL collected in RBKC's 18 wards during 2015-16 financial year

3.5 RBKC Total CIL Liabilities, NCIL amounts and five-year BCIL/NCIL projections

3.5.1 Table 2 below shows the total value of CIL liability notices issued during the 2015–16 financial year, the equivalent amount of NCIL that this will generate if all planning permissions are implemented and CIL paid and five year projections for both BCIL and NCIL.

¹ Based on 15% for all wards excluding Norland ward, which is covered by a Neighbourhood Plan and is therefore entitled to 25% of levy receipts as NCIL.

3.5.2 Housing projections for the next five years remain similar to those for the proceeding period. By extrapolating 2015-16 CIL liability data over a five-year period, RBKC could expect to issue liability notices totalling over £60 million by 2021, which would equate to approximately £9 million in NCIL funds. This is important contextual information as infrastructure projects are delivered over a number of years.

WARD	TOTAL CIL LIABILITY PER WARD 2015-16	% PER WARD	NCIL LIABILITY PER WARD 2015-16	2016-2020 TOTAL CIL PROJECTIONS	2016-2020 NCIL PROJECTIONS	REMAINING BCIL PROJECTIONS (TOTAL-NCIL)	REMAINING BCIL PROJECTIONS (-5% admin costs)
Abingdon	£7,188,095	15%	£1,078,214	£35,940,475	£5,391,071	£30,549,404	£29,021,934
Holland	£3,240,676	15%	£486,101	£16,203,380	£2,430,507	£13,772,873	£13,084,229
Stanley	£479,000	15%	£71,850	£2,395,000	£359,250	£2,035,750	£1,933,963
Pembridge	£277,300	15%	£41,595	£1,386,500	£207,975	£1,178,525	£1,119,599
Colville	£264,379	15%	£39,657	£1,321,895	£198,284	£1,123,611	£1,067,430
Royal Hospital	£201,444	15%	£30,217	£1,007,219	£151,083	£856,136	£813,329
Campden	£188,165	15%	£28,225	£940,823	£141,123	£799,700	£759,715
Norland	£185,419	25%	£46,355	£927,097	£231,774	£695,322	£660,556
Courtfield	£167,794	15%	£25,169	£838,970	£125,846	£713,125	£677,468
Brompton & Hans	£136,821	15%	£20,523	£684,105	£102,616	£581,489	£552,415
Redcliffe	£53,446	15%	£8,017	£267,231	£40,085	£227,146	£215,789
St. Helen's	£49,588	25%	£12,397	£247,940	£61,985	£185,955	£176,657
Golborne	£14,740	15%	£2,211	£73,700	£11,055	£62,645	£59,513
Dalgarno	N/A	25%	N/A	N/A	N/A	N/A	N/A
Queen's Gate	N/A	15%	N/A	N/A	N/A	N/A	N/A
Earl's Court	N/A	15%	N/A	N/A	N/A	N/A	N/A
Chelsea Riverside	N/A	15%	N/A	N/A	N/A	N/A	N/A
TOTAL	£12,446,867	N/A	£1,890,531	£62,234,334	£9,452,654	£52,781,680	£50,142,596

Table 2: Total CIL and NCIL 2015-16 liabilities and five-year projections²

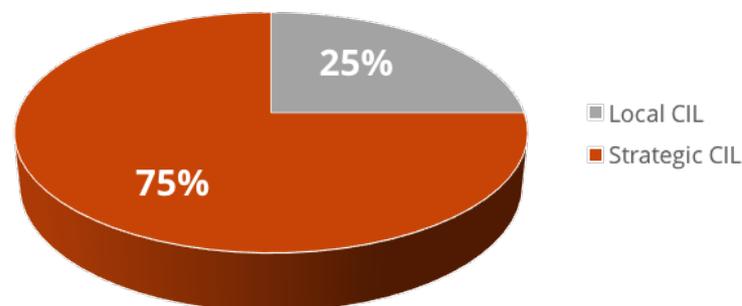
² Based on a simple calculation of multiplying 2015-16 figures by five.

4 BOROUGH CIL (BCIL) SPENDING CASE STUDIES

4.1 London Borough of Camden

4.1.1 Before the introduction of CIL in LB Camden, member workshops were carried out to determine funding priorities and community engagement processes.

4.1.2 Members agreed that after administration costs are deducted (no more than 5% of total CIL receipts), 75% of CIL collected should be allocated to a 'Strategic CIL' fund and the remaining 25% to a 'Local CIL' fund.



4.1.3 In September 2014 LB Camden's Cabinet agreed the Council's Medium Term Financial Strategy, which committed £22 million of Camden's Strategic CIL towards highway and school improvements until 2020. The allocation of CIL funds to specific projects within these broad allocations is subject to Cabinet, Cabinet Member or Chief Officer sign-off in line with the Council's Constitution.

4.2 Wycombe District Council

4.2.1 Following a broad allocation of CIL funding by WDC Cabinet every three years, the allocation of CIL receipts is made through an annual programming process with a final decision on the release of funds being made by WDC's Cabinet.

4.2.2 The various service and infrastructure providers are given an indication of CIL and Section 106 funds likely to be available and are then invited in June each year to submit bids and programmes for the use of funds for the following financial year. The available CIL funds for different infrastructure types are based on the broad allocations agreed by WDC's Cabinet for the three-year period. Individual draft programmes are expected to be presented by mid

October each year, which are then assessed and collated into an overall draft programme for consultation and final consideration by the Council’s Cabinet.

4.2.3 One of the key criteria for assessing funding bids from service providers is deliverability. Confidence is therefore sought from providers that funds will be spent during the year in which they are being programmed. Programmes must therefore include identification of the human resources required and an outline project plan.

4.2.4 Any requests for funding from outside bodies must come via the relevant lead service provider who has responsibility for developing and consulting on relevant strategies and plans that outline required infrastructure improvements in the area.

4.2.5 Bids from service providers are expected to reflect:

- The available funding including the three-year strategic allocation of CIL funding
- Projects listed on the CIL Infrastructure (R123) list
- Projects outlined in the Council’s Infrastructure Delivery Plan
- Development briefs and infrastructure plans related to the delivery of strategic sites including details on what funding mechanisms will be used for the delivery of infrastructure
- Relevant approved strategies and plans e.g. Delivery and Site Allocations Plan; Local Transport Plan; Sports Facility Strategy; School Place Area Plans

Date	Action
Every 3 years	Decision on three year strategic allocation of CIL funding made by WDC Cabinet.
June	WDC Infrastructure Officer informs each service area of the CIL (and S106) funding available across the broad infrastructure categories.
By mid-October	Programmes submitted to Infrastructure Officer by service areas.
By mid-November	In consultation with the Cabinet Member for Planning & Sustainability (P&S), decision taken by Head of P&S to consult on overall draft programme.
February/March	Taking account of comments received and any changes to the draft programme, paper taken to WDC Cabinet to release funding for identified projects in the following financial year.

Table 3: Summary of overall WDC process and annual timetable

4.3 London Borough of Croydon

- 4.3.1 As part of a new devolution deal, central government is working with LB Croydon to create a Growth Zone to help underpin the delivery of a five-year infrastructure programme vital to support the anticipated growth in the borough. This includes the ability to retain business rates, which will allow the Council to forward-fund the infrastructure investment required for development.
- 4.3.2 LB Croydon's Infrastructure Finance Group (IFG) determines which projects will be funded in whole or in part from planning obligations, based on the prioritised infrastructure projects in the Infrastructure Delivery Plan (IDP), the Capital Programme, Growth Zone and in accordance with the Regulation 123 list. The IDP is updated annually with projects prioritised by opportunity to support growth.
- 4.3.3 The IFG consists of the Director of Planning (who acts as chairperson), officers from Spatial Planning, Development Management, Legal, Finance, and those running the Capital Delivery Hub; the borough's capital delivery programme.
- 4.3.4 Any organisation outside this forum such as the health authority or other Council departments can make bids for funding and attend the meeting when their bid is considered. Funding is transferred to successful external organisations, although monitoring of project delivery remains with the IFG for all projects.

4.4 City of London

- 4.4.1 The City of London's Planning & Transportation and Policy & Resources committees have agreed a decision-making structure and broad spending priorities for CIL, which are refined by the Council's Resource Allocation Sub-Committee. An officer Priorities Board led by the Town Clerk has also been established to assist the Sub-Committee in refining the broad approach and making subsequent decisions on infrastructure spending priorities.
- 4.4.2 Most of the City CIL funds (55%) are allocated to spending 'pots' related to broad infrastructure spending priorities: public realm and local transport improvements (40%); social and community enhancements (10%); and open spaces (5%). Funds in these pots are spent City-wide by the relevant service

committee, who report annually on their spending to the Resource Allocation Sub-Committee.

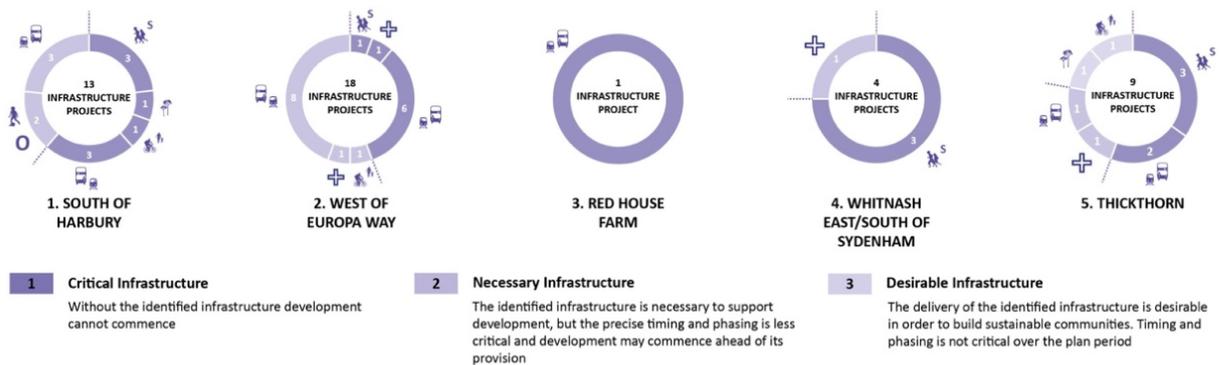
4.4.3 Some of the City CIL funds (45%) are not allocated to a service committee and are spent by the Resource Allocation Sub-Committee or delegated to the officer Priorities Board. These funds include the neighbourhood portion (15%) and the CIL administration pot (5%).

4.4.4 The remaining 25% forms an unallocated contingency pot available for any infrastructure project spending including topping up the infrastructure spending commitments made from other pots. The Resource Allocation Sub-Committee receives project spending bids from service committees and departments and allocates funds from the contingency pot according to current identified corporate priorities, having taken account of the wider financial context.

4.5 Warwick District Council

4.5.1 Warwick District Council (WDC) identified prioritisation criteria for infrastructure spending based on the ‘critical’, ‘necessary’ and ‘desirable’ infrastructure required to support development of strategic sites identified in the Local Plan. This was used to help WDC prioritise spending (including CIL receipts) on infrastructure projects.

PRIORITISATION CRITERIA



5 OPTIONS FOR BOROUGH CIL (BCIL) SPENDING IN RBKC

5.1 Options for BCIL Governance and Processes in RBKC

5.1.1 Based on the case studies explored above there are three key options for how BCIL funding could be allocated and monitored within the Royal Borough:

1. Spend CIL through main capital programme
2. Keep CIL allocations and spending within Planning and Borough Development
3. Establish a joint Infrastructure Delivery Board (IDB) to prioritise and monitor CIL spending

5.1.2 Spend CIL through Main Capital Programme

5.1.3 A 2013 report to RBKC Leader's Group on CIL administration and governance recommended that CIL expenditure should be incorporated into existing governance structures and processes. The report recommended that spending priorities funded from CIL should be coordinated by the Director of Finance and included in the capital programme.

5.1.4 In previous years the capital programme has been updated on an annual basis. As part of the annual refresh, service areas were asked to update existing project data and submit new projects/pipeline bids to Corporate Finance by mid-September. This information was reviewed at officer level during September/October before review and challenge sessions took place with the Cabinet Member for Finance and Cabinet Member for Housing, Property and Regeneration during October/November. The draft capital programme was then reported to Leader's Group in December, Cabinet in February and Full Council in March each year as part of the annual budget setting process.

5.1.5 In order to make the capital programme processes more fluid, the Corporate Finance department is currently reviewing this annual process and preparing for the establishment of a Capital Board, which would meet regularly throughout the year to review capital spend, new and pipeline bids.

5.1.6 Since CIL is likely to be a source of funding for relevant capital projects, this review by Finance provides an opportunity for the Council to incorporate CIL governance and allocation within the remit of the newly established Capital

Board. Terms of reference are currently being drafted by Corporate Finance with a view to the first meeting of the Board being held in early July 2016.

- 5.1.7 The process (as shown in Figure 5 below) would involve a statement of available funds being circulated to relevant service areas, who would be required to submit project proposal forms or possibly more developed business cases to the Board, clearly indicating the funding being sought.
- 5.1.8 Where this includes CIL funding, the proposal form/business case would need to evidence how the project meets the agreed prioritisation criteria. All projects should have the support of the relevant portfolio holder (Cabinet Member) before being submitted to the Board.
- 5.1.9 Once approved by the Board, the project would be included in the Capital Programme. Individual project funding would be released through the usual decision-making process i.e. Delegated / Key Decision reports in accordance with the Council's Constitution and Financial Scheme of Delegation as follows:

Project value	Approval by
< £100,000	Executive Director
£100,000 – £250,000	Cabinet Member
> £250,000	Cabinet

- 5.1.10 Consideration would need to be given to how projects are prioritised to focus on supporting new development and also how bids from external partners, such as the NHS West London CCG and the Metropolitan Police, would be invited. Possible prioritisation criteria are explored in section 5.3 below.

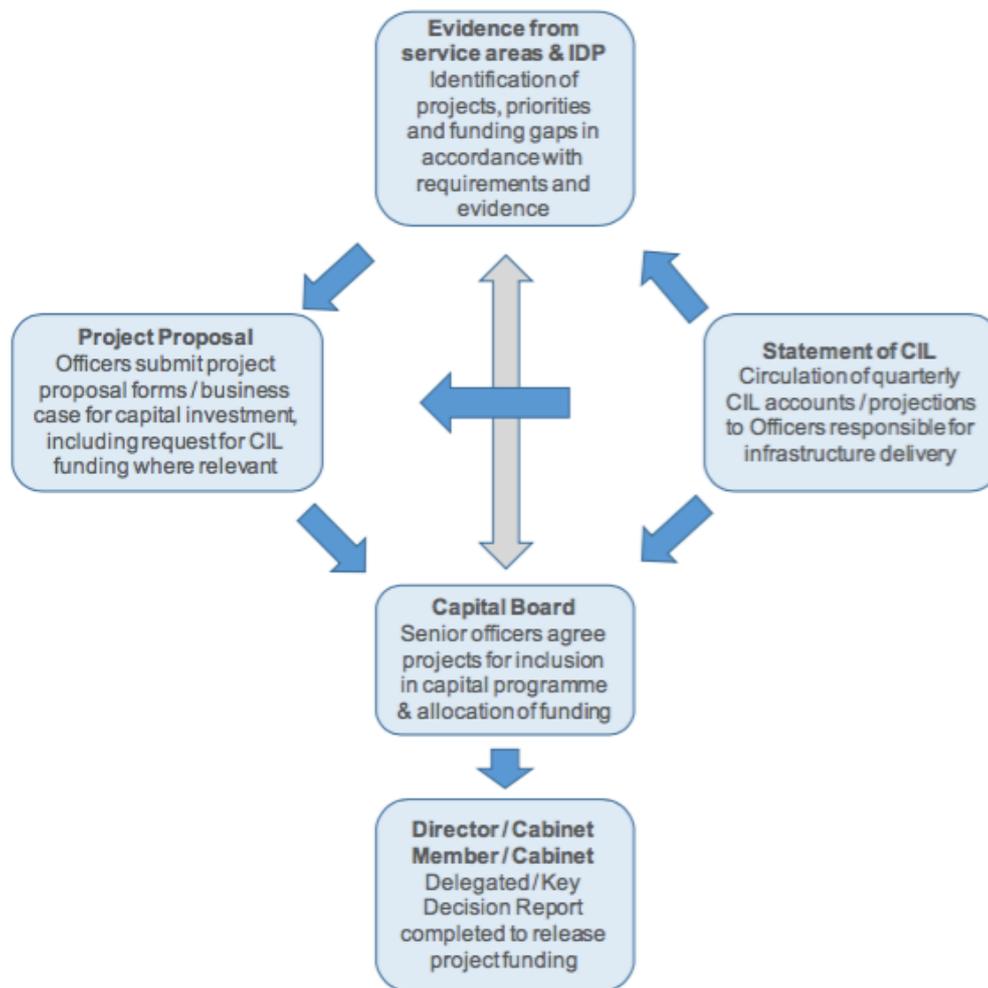


Figure 5: Capital Programme option CIL process diagram

5.1.11 Keep CIL Spending within Planning Department

5.1.12 In this option, the Council's Cabinet could agree broad allocation of CIL expenditure for the medium term (e.g. the next three financial years), such as highways or schools. The relevant service areas would be notified of funding available on an annual basis and invited to submit programmes to the Planning and Borough Development Department.

5.1.13 Projects would then be reviewed by the Executive Director for Planning and Borough Development against agreed prioritisation criteria in consultation with the Cabinet Member for Planning Policy, Transport and Arts. The programme would subsequently be reported to Cabinet in February/March

and funding released for identified projects through the usual decision-making process, as outlined in para 5.1.9 above.

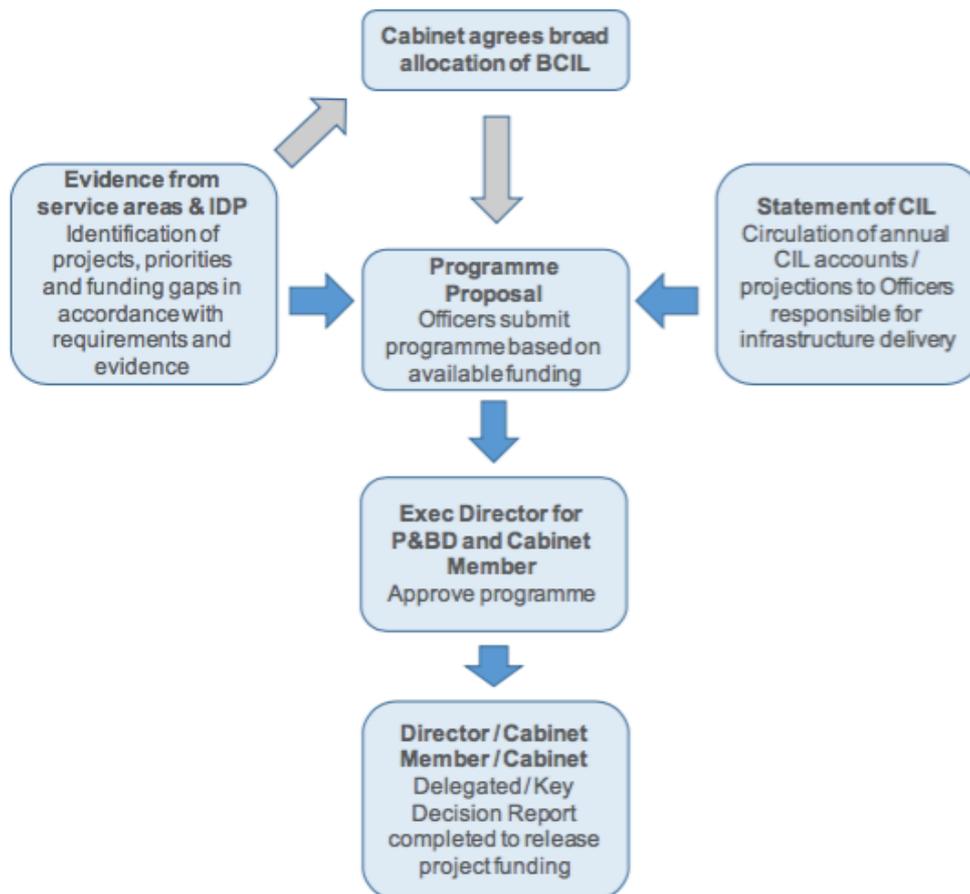


Figure 6: Planning & Borough Development option CIL process diagram

5.1.14 Establish a joint Infrastructure Delivery Board to Prioritise CIL Spending

5.1.15 The final option for prioritising and monitoring CIL is through the creation of a joint Infrastructure Delivery Board (IDB) comprising chief officer representatives of Corporate Finance, Planning and Corporate Property (Capital Programme Manager).

5.1.16 The IDB would invite applications / business cases from service areas based on available funding, corporate priorities and the borough's Infrastructure Delivery Plan. Recommendations from the IDB would then be presented as a draft infrastructure delivery programme to the relevant Cabinet Members before the final programme is presented to Cabinet for approval, if necessary.

- 5.1.17 The programme funding would be formally approved through the annual budget setting process. Project funding would be confirmed through individual Delegated / Key Decision reports in line with the Council's Constitution and financial Scheme of Delegation as per para 5.1.12 above.
- 5.1.18 Alternatively, the IDB could feed into the newly formed Capital Board and the infrastructure delivery programme incorporated within the main capital programme.
- 5.1.19 Example terms of reference for the IDB are attached as Appendix B. These Terms of Reference could be adapted or combined with the Terms of Reference of the new Capital Board in order to incorporate the allocation of CIL within corporate processes used to determine projects included in the main capital programme.

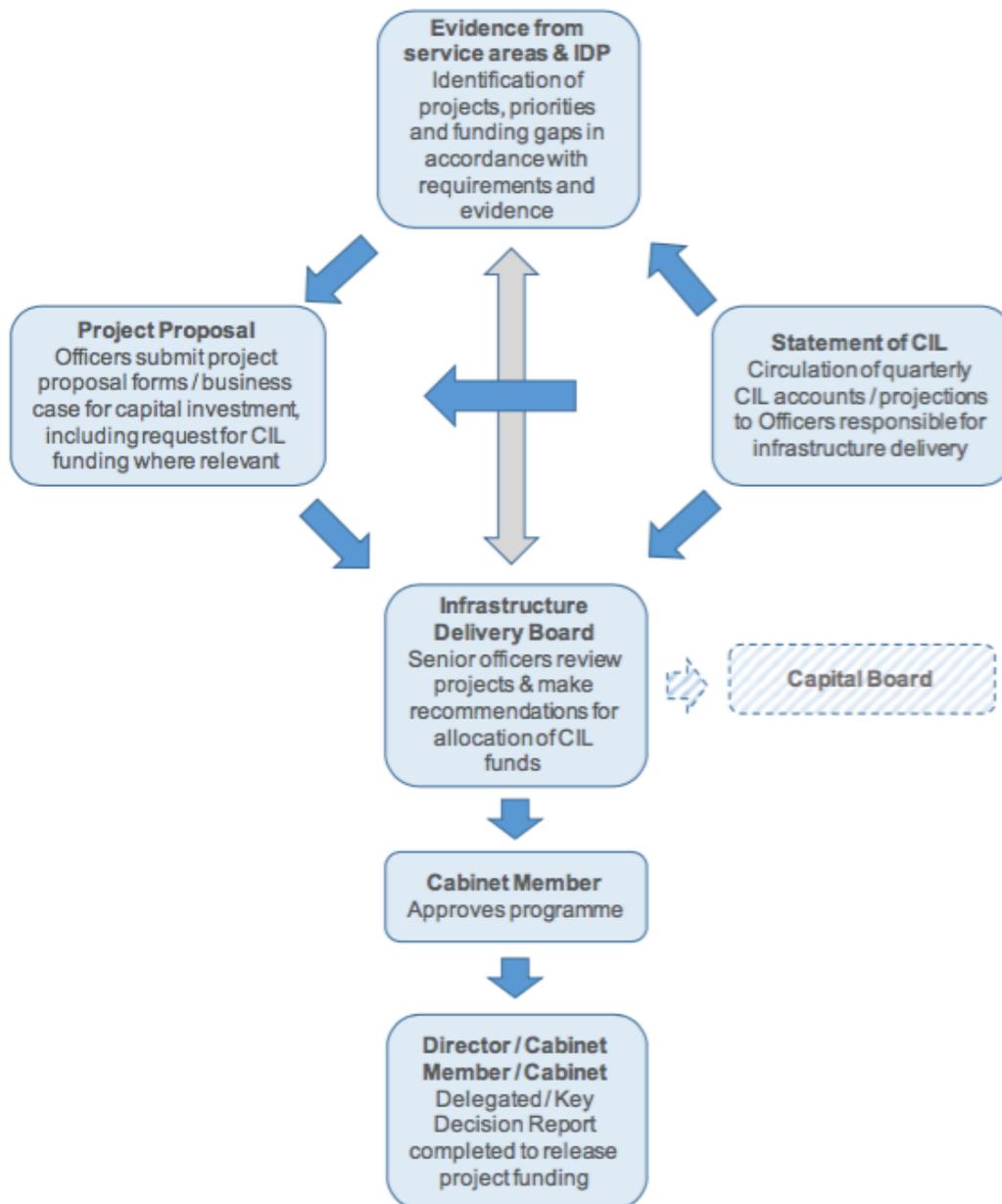


Figure 7: Infrastructure Delivery Board option CIL process diagram

5.2 Summary and Comparison of Options for RBKC

5.2.1 In summary, almost all councils assess infrastructure on whether it is critical, necessary or desirable, or equivalent terms. Most councils then require the completion of some form of business case, although there is variance on how similar infrastructure projects are ultimately prioritised. Some do this through

discussion of the relative merits of each project at member and senior officer level, while others use a more technical process of project prioritisation.

5.2.2 The following table summarises the pros and cons of the key options described in section 5.1 above:

Option	Pros	Cons	Comments
<p>Spend CIL through main capital programme</p>	<ul style="list-style-type: none"> ✓ Utilises existing corporate processes and structures – CIL as additional source of funding for capital projects ✓ Infrastructure development embedded as a corporate priority within the Council ✓ Current review of capital programme governance etc. provides opportunity to incorporate CIL/infrastructure spending more easily ✓ Could help plug current funding gap in main capital programme for infrastructure related projects ✓ Offers greater opportunity to use infrastructure spending as a means to leverage additional income for the borough ✓ Facilitates reporting by using existing capital programme monitoring/reporting processes 	<ul style="list-style-type: none"> ✗ Focus on infrastructure to support new development could be lost unless clear prioritisation criteria are adopted, based on supporting or mitigating the impact of development, or unlocking new development (as per section 5.3 below). 	<p>Planning input required to ensure focus on infrastructure to support new development and no 'double-dipping' of s106 and CIL funds on the same projects</p>
<p>Keep CIL allocation and spending decisions within Planning and Borough Development Department</p>	<ul style="list-style-type: none"> ✓ Maintains focus on infrastructure to support new development, ensuring CIL is spent on priority projects which support or mitigate the impact of development, or unlock new development ✓ More control on spending for P&BD Department 	<ul style="list-style-type: none"> ✗ Creates additional governance structures and processes ✗ Finance would still need to have input into processes and link up with capital programme ✗ Does not embed infrastructure 	<p>Would Cabinet need to / be willing to delegate decisions to Planning?</p>

		spending as a corporate priority	
Establish a joint IDB to prioritise CIL spending	<ul style="list-style-type: none"> ✓ Involves Planning, Finance and Corporate Property jointly in funding decisions ✓ Maintains focus on infrastructure, ensuring CIL is spent on priority projects which support or mitigate the impact of development, or unlock new development 	<ul style="list-style-type: none"> ✗ Creates additional governance structures and processes ✗ May duplicate membership and role of new Capital Board leading to confusion within the organisation and for external partners ✗ Likely to still require a link into the main capital programme 	Would Cabinet need to / be willing to delegate decisions to IDB?

5.2.3 Based on the high-level analysis above and in order to streamline governance processes as far as possible, it appears that incorporating CIL allocation and monitoring within the revised corporate processes for the capital programme (Option 1) would be the most logical approach for RBKC.

5.2.4 Indeed, the current review of corporate processes is very timely and should facilitate this approach to embedding CIL allocation and monitoring within corporate processes.

5.3 Invest to Grow

5.3.1 A number of London boroughs including Brent, Barnet and Croydon have explored the relationship between investment in infrastructure that enables development and the financial return that the development offers to the Council.

5.3.2 CIL, New Homes Bonus, Business Rate Retention and Council Tax all increase in line with growth. CIL is payable by the development during the building process while New Homes Bonus, Business Rate retention and Council Tax all

increase when additional homes and office space is occupied or reoccupied and the tax base rises.

5.3.3 For example, the London Borough of Barnet was delivering an extensive regeneration programme across eight strategic sites but was finding that resources were being spread too thinly to deliver all projects concurrently. As a result, progress was slow across the entire portfolio.

5.3.4 The Council modelled the financial return from each of its eight regeneration areas and was able to determine that the Brent Cross redevelopment, burdened with extremely high enabling infrastructure costs, would generate 97% of the total business rate retention gain for the Council.

5.3.5 The Council used this information to secure a Tax Increment Financing deal with the Treasury that has enabled the Brent Cross scheme to move forward.

5.4 Draft Allocation Criteria

5.4.1 Regardless of the governance processes adopted by the Royal Borough, it is essential that a formal prioritisation methodology is adopted and approved to ensure a consistent approach to BCIL allocation, which is understood by service areas and elected members across the Council.

5.4.2 The metrics used by organisations to compare the relative merit of infrastructure projects are fairly well developed. In every case there are a number of factors that should be considered as follows:

- Can CIL legally be spent on it?
- Does it comply with relevant policy (e.g. London Plan, Local Plan, R123 List)
- Is it required to meet a statutory duty?
- Does it support strategic site delivery / unlock development sites?
- Does it contribute to a corporate priority / community outcome (e.g. Neighbourhood Plan / ward ambitions)?
- Is it included in a departmental service plan?
- Does it unlock any match funding (including crowd funding)?
- Does it generate revenue savings / income for the Council?
- Readiness to deliver – how long will it take to start?
 - Up to 12 months (quick wins)
 - 12–24 months
 - 24+ months

- When is funding required? During the current financial year, next financial year, or in subsequent years?
- Quality of supporting evidence base – programme, cost estimate, risk / issues

5.4.3 An example pro-forma which could be used for projects bidding for CIL funding is attached as Appendix A.

6 NEIGHBOURHOOD CIL (NCIL) SPENDING CASE STUDIES

6.1 London Borough of Brent

6.1.1 Local Context

6.1.2 LB Brent (LBB) has 21 electoral wards. It does not yet have any areas with an adopted neighbourhood plan and therefore only 15% of receipts collected in the area need to be allocated back to that area through the CIL Neighbourhood Fund. LBB's CIL charging schedule came into force on 1 July 2013.

6.1.3 Approach to CIL Apportionment

6.1.4 In order to allocate the CIL Neighbourhood fund LBB created five 'CIL Neighbourhoods' from existing Brent Connects forum areas. The CIL Neighbourhood Fund component is retained in the CIL Neighbourhood in which the development takes place and, therefore, where the CIL receipts are collected.

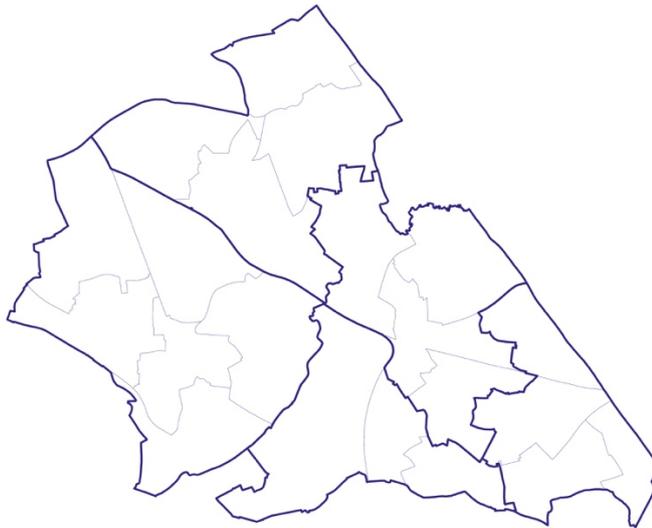


Figure 8: Map of Brent's five 'CIL neighbourhoods'

6.1.5 Community Engagement

6.1.6 LBB Officers engage with the communities of the 'CIL Neighbourhoods' and their representatives to scope suitable projects and use information from the planning application process, the borough's Strategic Infrastructure Plan and

input from service areas and other LBB officers to support the development of suitable projects.

6.1.7 The 'CIL Neighbourhood' communities prioritise their list of projects to be presented to the LBB Policy Coordination Group (made up of elected members) as part of an annual allocation and commissioning cycle. The selection criteria for projects are whether it:

1. has community backing;
2. mitigates the impact of development; and
3. reflects the priorities of the Strategic Infrastructure Plan.

6.1.8 Agreed projects are implemented directly by relevant LBB service areas with oversight from the CIL Project Officer and officers within the Planning & Regeneration team (see diagram below).

6.1.9 In order to ascertain how successful LB Brent's approach to CIL allocation and spending has been to date, the Council's Scrutiny committee has set up a task group, which will focus on lessons learned in the case study area of South Kilburn. The task group is currently undertaking a focused piece of work on potential actions to improve understanding, transparency and stakeholder involvement in CIL allocation and spending and is due to report back to the Scrutiny Committee in July 2016.

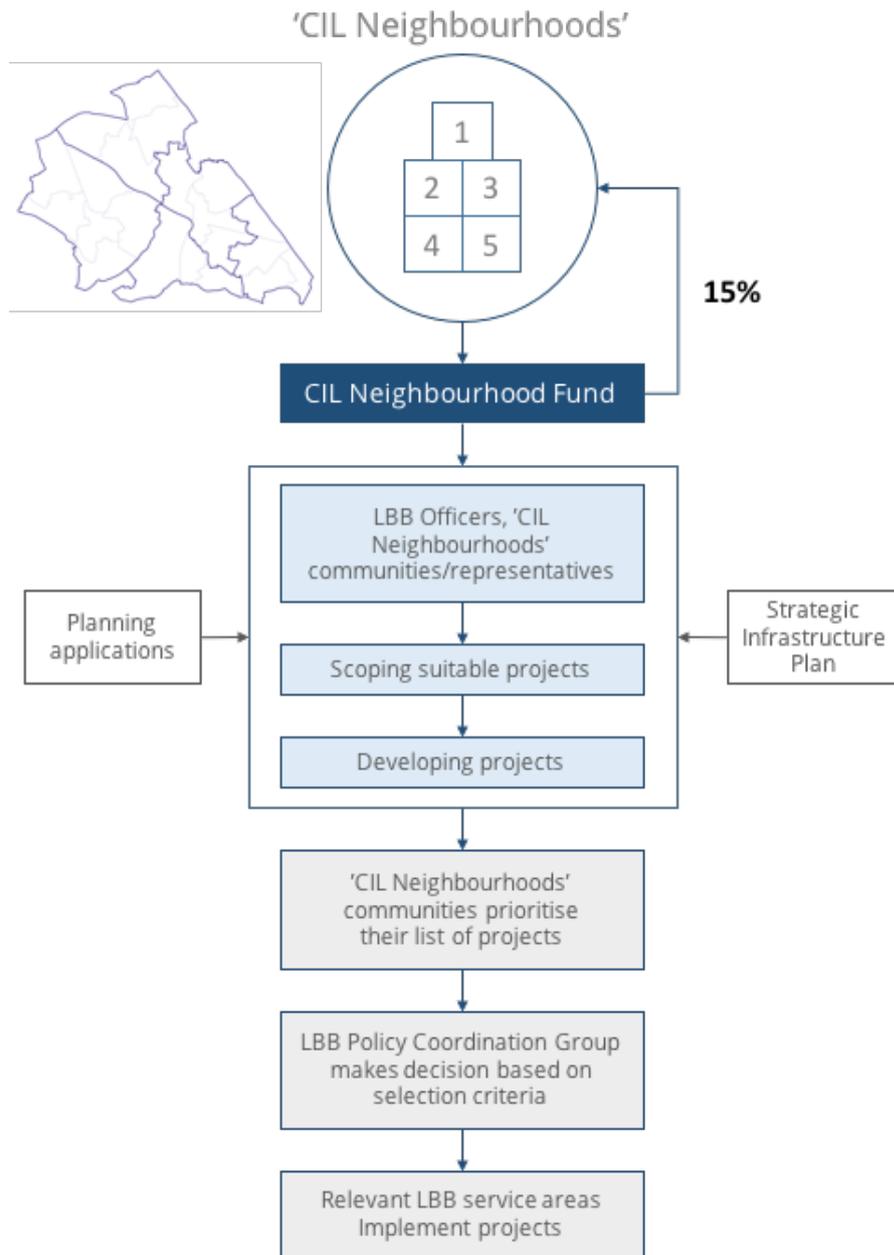


Figure 9: Brent NCIL allocation process diagram

6.2 London Borough of Croydon

6.2.1 Local Context

6.2.2 LB Croydon (LBC) has 24 electoral wards and does not have any areas with an adopted neighbourhood plan to date. LBC's CIL charging schedule came into force on 1 April 2013.

6.2.3 In planning terms, as well as corporately, the borough is presented as having 16 'places'. These places do not correspond with ward boundaries but are based on a number of district and local centres, each with its own character and local priorities. It is anticipated that any neighbourhood forums that arise will correspond to these place boundaries.

6.2.4 Approach to CIL Apportionment

6.2.5 LBC agreed its approach to CIL apportionment in 2012. However, this was not implemented immediately pending a decision on Croydon's Growth Zone, which was confirmed by central government in March 2016.

6.2.6 Following this confirmation LBC intends to implement its previously agreed approach to NCIL (as set out below) during the 2016/17 financial year.

- LBC will allocate a Local Meaningful Proportion (LMP) of CIL monies at the level of the 16 places identified within their Local Plan. CIL LMP allocations are calculated as a two-year budget based on 15% of the overall CIL income for the previous two-year period.
- CIL LMP funds are intended to enable the delivery of Local Implementation Projects (LoCIIP) with a clear focus on delivering infrastructure to support development or mitigate the impact of development in the local area.
- The Executive Director for Planning and Environment in consultation with the Cabinet Member will agree the LoCIIP programme.
- Over the two-year period it is expected that the large majority of projects will be delivered by the Council's Capital Delivery Hub on behalf of community groups.
- It is intended that over two cycles (i.e. a four-year period) all 16 places will receive some investment from this process, based on the assumption that an average of at least eight projects will be delivered per cycle.

6.2.7 Community Engagement

6.2.8 LBC will engage with relevant community groups as identified on their Local Development Framework contacts database over a four to six-week period, once during each cycle. Consultation will be in accordance with the Council's

Statement of Community Involvement, supported by ward councillors and the corporate Community Engagement team.

6.2.9 Suggestions for projects will be invited from community groups. Where the Council already has intelligence regarding LocIP supported by groups, consultation will take place to allow preferences to be expressed.

6.2.10 LB Croydon is keen to see CIL LMP spending focused on strategic infrastructure projects identified in the Infrastructure Delivery Plan and has made efforts to manage the expectations of members and community groups accordingly.

6.3 Wandsworth Borough Council

6.3.1 Local Context

6.3.2 Wandsworth Borough Council (WBC) has 20 electoral wards and does not yet have any areas with an adopted neighbourhood plan. WBC's CIL charging schedule came into force on 1 November 2012.

6.3.3 Approach to CIL Apportionment

6.3.4 WBC refers to the 15% neighbourhood portion of CIL as the Wandsworth Local Fund (WLF). The council has created six CIL neighbourhoods, which are used to monitor CIL revenues and allocate the WLF in accordance with the wishes of the neighbourhoods.

6.3.5 The Wandsworth Local Fund projects are assessed against the following funding criteria:

- a) does not have any extra revenue implications to the Council;
- b) estimated total cost of scheme should typically be over £20,000;
- c) does not cost more than the levy income available;
- d) able to be started within the year ahead;
- e) receives endorsement by at least two ward Members from the relevant neighbourhood, with more weight given to those schemes with a greater proportion of Member support;
- f) will be considered more favourably if they benefit a greater number of residents/businesses;
- g) demonstrate that all other forms of funding have been considered; and
- h) demonstrate that it is value for money.

6.3.6 A further assessment to prioritise projects is then carried out by the Director of Finance and Head of Policy and Communications. The prioritisation seeks to:

- a) reflect the priorities expressed in the consultation;
- b) meet the funding criteria agreed by the Executive in 2014;
- c) maximise use of other time limited grant funds, particularly TfL programmes, wherever possible; and
- d) maximise as much as possible use of available WLF resources within the current financial year.

6.3.7 Community Engagement

6.3.8 In early 2014 the Council consulted on how this money should be spent over the next few years. Over 500 individuals and organisations responded to the consultation. Five key issues were highlighted by most residents: *making the area feel safer; improving parks, commons and riverside walks; repairing roads and pavements; better facilities for cyclists, and new and improved green spaces ('pocket parks' and community gardens).*



Figure 10: Map of Wandsworth's six 'CIL neighbourhoods' and borough-wide priorities

6.3.9 Following the initial consultation, local councillors have been working together in their wards and neighbourhoods to develop schemes and projects to meet public priorities. Projects must evidence how they meet a set of nine criteria approved by the Council's Cabinet in order to be considered for shortlisting.

6.3.10 Once shortlisted the projects are consulted on with local communities via a simple online survey. Based on the results of the consultation, Cabinet is recommended to approve schemes for inclusion in the following year's capital

programme. Projects are then delivered in the same way as the main capital programme.

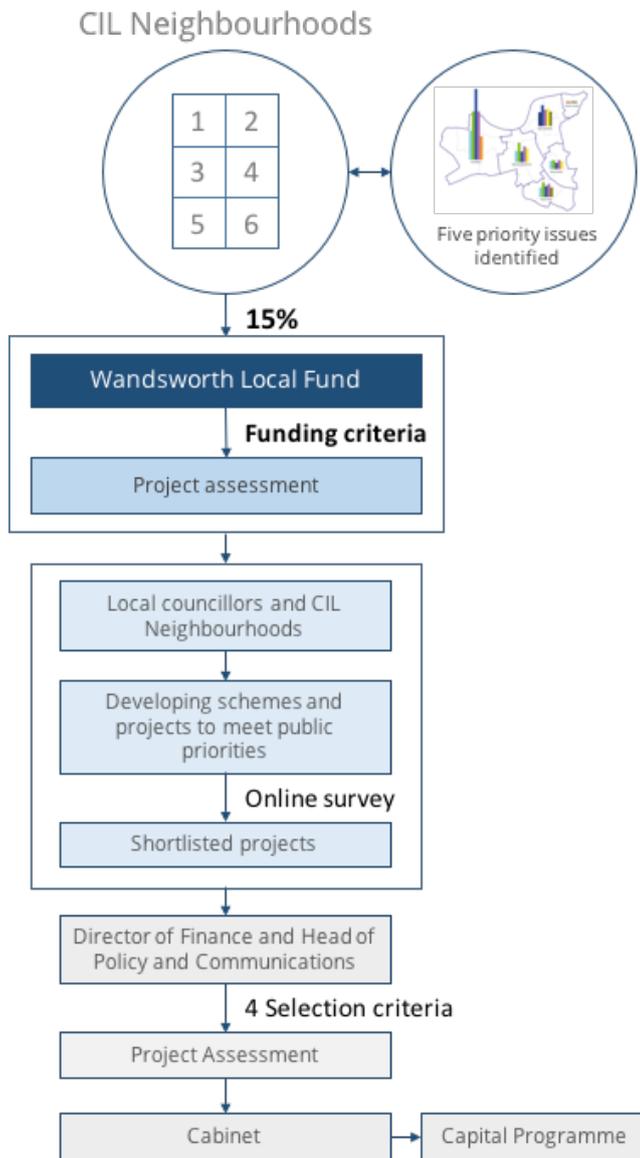


Figure 11: Wandsworth NCIL allocation process diagram

6.4 London Borough of Camden

6.4.1 Local Context

6.4.2 The LB Camden (LBC) has 18 electoral wards and two neighbourhood forums. LBC's CIL charging schedule came into force on 1 April 2015.

6.4.3 Approach to CIL Apportionment

6.4.4 Before the decision to implement CIL in LBC members agreed that 25% of the CIL collected in each ward should be spent on local projects ('Local CIL'). A ward based system was agreed as the best basis for allocating the Local CIL, but with flexibility to allocate funds across ward boundaries.

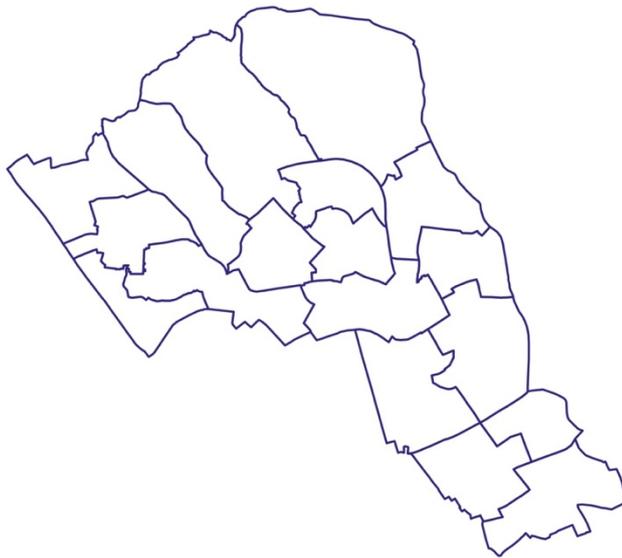


Figure 12: Map of Camden's 18 wards

6.4.5 Community Engagement

6.4.6 Ward members lead on the development of and consultation on lists of key priorities for spending Local CIL, which have to be agreed by the Cabinet Member for Regeneration and Transport in advance of funding being released. Ward members make or sponsor applications for the release of funds, taking into account the agreed priorities and standard spending criteria. The criteria to assess applications for funding are below:

- Is it included in an adopted plan or strategy, such as a neighbourhood plan?
- Is it an identified local priority?
- Do all the ward members support the proposal?

- Are there sufficient CIL funds available for the project?
- Is there an ongoing revenue cost to Camden?
- Does it provide value for money / lever in funding?
- Does it mitigate the impacts of development in the area?
- Has a feasibility study been undertaken and is the project deliverable within a defined timescale?
- Does it reduce or tackle inequality?
- Does it support growth?
- Does it benefit the wider community?
- Does it exceed a minimum financial threshold (e.g. £5,000)?

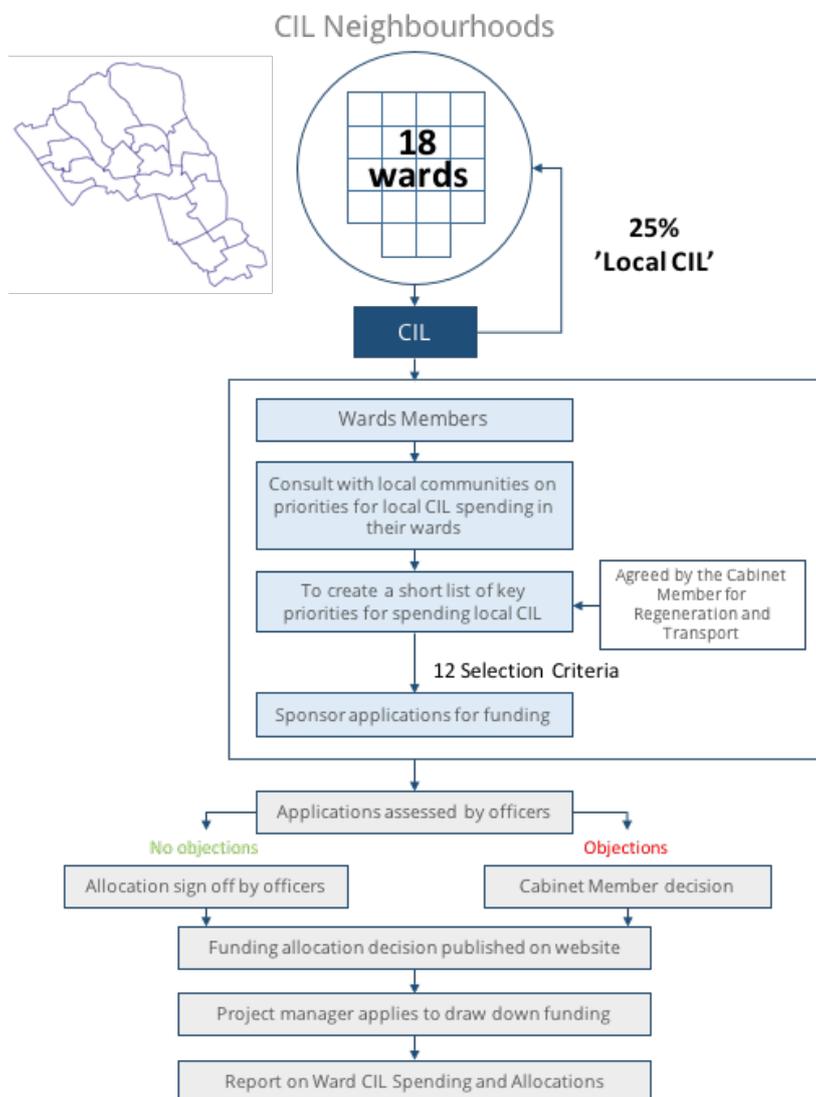


Figure 13: Camden NCIL allocation process diagram

6.5 London Borough of Lambeth

6.5.1 Local Context

6.5.2 LB Lambeth (LBL) has 21 electoral wards and three neighbourhood forums. LBL's CIL charging schedule came into force on 1 October 2014.

6.5.3 Approach to CIL Apportionment

6.5.4 As part of LBL's commitment to becoming a Co-operative Council, the Council's Cabinet took the decision to raise the percentage of total CIL used to support local neighbourhood projects to 25% from the statutory minimum of 15%.

6.5.5 Cabinet also agreed that Co-operative Local Investment Plans (CLIPs) would be developed to give people a greater say in decisions about local infrastructure and to shape priorities and proposals for spending the neighbourhood portion of CIL. It was recognised that CLIP areas should be big enough to ensure there is a sufficient quantum of neighbourhood funding to enable meaningful projects, but small enough to be recognisable as community areas.

6.5.6 LBL worked with key community and business networks to lay the foundations for developing CLIPs. Seven CLIP Boundaries were subsequently established (shown in Figure 14 below), which will be reviewed after three years of operation, in 2017.

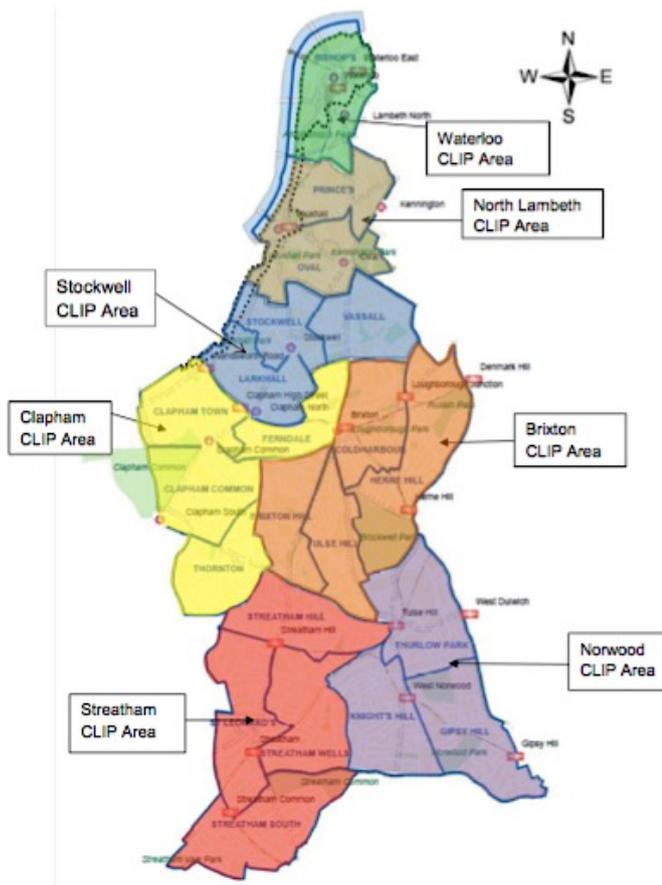


Figure 14: Map showing Lambeth's seven CLIP areas

6.5.7 The Council has developed a framework by co-producing principles, standards and parameters for the operation of CLIPS. In addition, a Lambeth-wide reference group of community and business networks, individual residents and councillors is being established to:

- help to shape the principles, standards and parameters for CLIPs so that they apply Lambeth-wide
- help promote dialogue across CLIP areas and look at how community interests can be addressed across boundaries
- help review the CLIP framework on a regular basis

6.5.8 A pilot Stockwell CLIP has been developed by the Council's Investment and Growth team in partnership with local ward councillors and project consultants to develop an effective process and to inform the development of future CLIPs across the borough.

6.5.9 Community Engagement

6.5.10 The intention in Lambeth is that communities will lead the identification of proposals and priorities for CLIPs and that ward councillors will provide local

leadership. It was originally intended (in 2014) that CLIPs should take around six months to establish, however, it has taken substantially longer for the pilot Stockwell CLIP to be set up.

6.5.11 The Council is currently consulting on local priorities within this CLIP area via an online survey which seeks local people’s views on five priority themes for the area and five potential future projects that could receive NCIL funding. The Council is also conducting street surveys targeting hard to reach groups across the three wards of the Stockwell CLIP.

Do you live in Stockwell, Vassall or Larkhall Wards?

Tell us your priorities!

Parks and open spaces?

Jobs and training?

Transport?

Wellbeing and health?

Activities for teenagers?

Tell us about your priorities for your streets, open spaces and places. Find out more and complete a short survey by Friday 8 July 2016 at lambeth.gov.uk/svl-wards

If you have difficulty accessing information or completing the survey, please contact clips@lambeth.gov.uk or call Lambeth and ask to speak to the CLIPs team on 020 7926 1000.

Lambeth

10878 (S.16)

Figure 15: LB Lambeth’s Stockwell CLIP consultation material

6.5.12 Following the six-week public consultation, officers and ward councillors will review local priorities for the CLIP area and carry out a high level assessment of proposed community projects looking at, for example, the availability of funding and revenue implications. Informed by this process, councillors will agree priorities for spending. These priorities will then be drawn up and published in a non-statutory Co-operative Local Investment Plan that will be considered when the Council is making investment decisions.

6.5.13 Where established approved neighbourhood forums do wish to identify priorities for investing NCIL, the Council will work with these forums to ensure that the CLIP and Neighbourhood Plan processes complement each other where possible and practicable. LBL does not yet have any approved neighbourhood plans, however South Bank & Waterloo Neighbours (SoWN) neighbourhood forum is in the process of preparing a Neighbourhood Plan which will include priorities for NCIL.

6.6 Plymouth City Council – City Change Fund

6.6.1 Local Context

6.6.2 Plymouth City Council (PCC) has 20 electoral wards and three neighbourhood forums. PCC's CIL charging schedule came into force on 1 June 2013, at which point the Council agreed five principles to govern the expenditure of all CIL receipts in the city, including a principle that the effectiveness of CIL should be optimised through prioritising its use as a match funding / gap funding source.

6.6.3 Approach to CIL Apportionment

6.6.4 In line with this principle, in 2015 PCC launched the City Change Fund as a means of distributing some of the city's CIL funds to support local projects. The City Change Fund is administered through a partnership with Crowdfunder; an online crowd-funding platform where people back a project by pledging funds in return for rewards.

6.6.5 The Council has chosen to use the Crowdfunder website to match fund up to 50 per cent of a project's costs (up to a maximum of £5,000), provided it meets the necessary criteria for NCIL spending, benefits people in Plymouth and satisfies one or more of the following priorities:

- Is in an area of the city where development has taken place which has contributed to the fund.
- Helps meet the demands that development places on the need for community services and facilities in the city.
- Helps improve the local environment and public spaces.
- Demonstrates added benefit for the city, for example through using local businesses or developing skills of local people.

6.6.6 Community Engagement

6.6.7 The decision to pledge towards a project is influenced by the interest the project generates from 'the crowd' on the Crowdfunder website. If the fundraising target is reached the project receives the money pledged, if it is unsuccessful no money is taken and the project does not go ahead.

7 OPTIONS FOR NEIGHBOURHOOD CIL (NCIL) SPENDING IN RBKC

7.1 Options for NCIL Funding Allocation in RBKC

7.1.1 There are several options for how NCIL funding could be allocated within the Royal Borough, as outlined below:

1. **Allocate at least 15% of all CIL receipts on a borough-wide basis** through consultation with the community.
2. **Prioritise areas with the greatest proportion of strategic development sites** as 'CIL neighbourhoods' to benefit from at least 15% of all CIL revenues collected in the borough.
3. **Divide the borough into 'CIL neighbourhoods'** based on clusters of electoral wards and allocate at least 15% of CIL receipts collected in each neighbourhood back to that area.
4. **Allocate at least 15% of CIL receipts raised in each ward back to the respective ward** in which it was generated.
5. **Allocate at least 15% of total CIL receipts to each ward on an equal basis.**

7.1.2 These options are discussed in more detail in the following section.

7.1.3 It should be noted that in options 2-5 above, a 10-20% 'top-slice' of NCIL could be used to fund borough-wide projects (see section 7.6 for further details) as a hybrid to option 1.

7.1.4 The allocation of CIL funding is complicated in RBKC by the existence of the Norland and St Quintin and Woodlands Neighbourhood Plans, which require 25% of CIL receipts arising from developments taking place in each neighbourhood area to be allocated to that neighbourhood.

7.1.5 Some London Boroughs, e.g. Camden and Lambeth, have overcome similar issues by deciding to allocate 25% of CIL revenues to each ward or neighbourhood area regardless of whether a neighbourhood plan exists.

7.1.6 Incorporating the allocation and governance process into existing structures and processes is likely to ensure a quicker and smoother implementation.

7.1.7 It should be noted that a crowdfunding initiative similar to that described in the Plymouth case study could be incorporated in any of the NCIL options

outlined in sections 7.1 to 7.6 below as a means of gauging support and leveraging additional funding for community projects from local residents.

7.1.8 Option 1: Allocate at least 15% of all CIL receipts on a borough-wide basis

7.1.9 This option would see 15% of all CIL receipts forming a neighbourhood fund which would be allocated to projects anywhere in the Royal Borough. The City Living, Local Life (CLLL) team has undertaken surveys over the past four years which have identified priority issues (not necessarily related to infrastructure or mitigating the impact of development) in each ward. Not all of the 18 wards have conducted these ward-level surveys but it may be possible to triangulate other data (e.g. other resident surveys) and reach valid conclusions about borough-wide priorities.

7.1.10 Alternatively, ward-level consultations focusing specifically on infrastructure and the impact of development could be carried out across the borough relatively quickly in order to identify broad priority issues for communities. These priority issues could be used to establish key themes to which proposed NCIL projects must relate (as in the Wandsworth case study) before an application process similar to the existing CLLL process is carried out within each ward.

7.1.11 This option would facilitate the delivery of multi-ward or borough-wide projects which are currently difficult to achieve through the CLLL process due to the reliance on respective ward members working collaboratively and agreeing to allocate funds at a local ward level.

7.1.12 Option 2: Prioritise areas with the greatest proportion of strategic development sites

7.1.13 The map below shows the existing within RBKC's Local Plan.

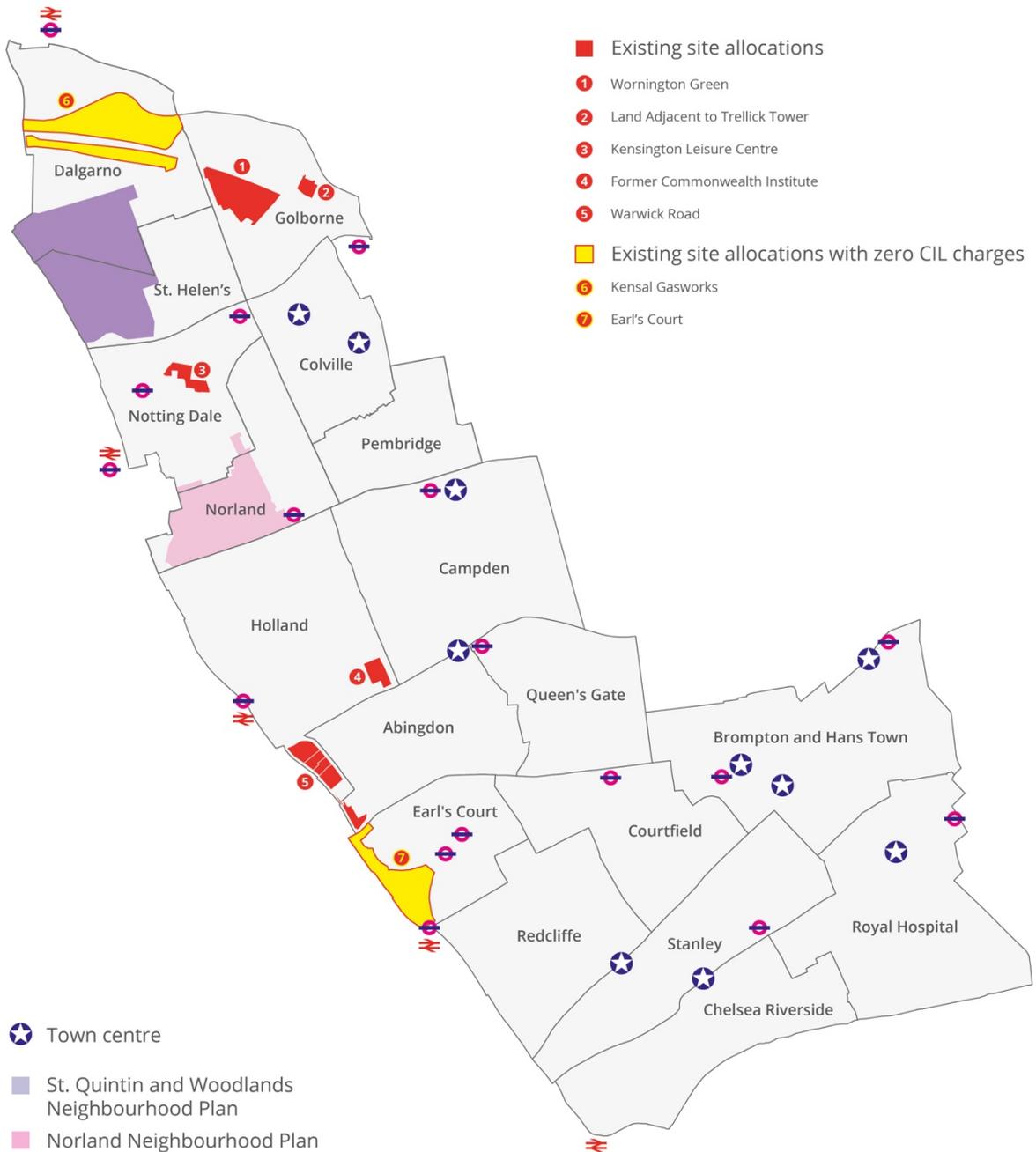


Figure 16: Map showing existing strategic site allocations in RBKC

7.1.14 Based on the existing site allocations the majority of NCIL funds would need to be focussed on the north of the borough and the areas around Warwick Road.

However, the impact of development on these sites is likely to be mixed and some infrastructure projects will have already been negotiated through s106 agreements for existing schemes.

7.1.15 There is also a political risk that elected members or residents in certain parts of the borough may have the perception that they are suffering the cumulative impact of a number of smaller developments taking place in the local area, such as private residential projects, without benefitting from these developments through the allocation of NCIL funding.

7.1.16 This option is therefore unlikely to be appropriate for RBKC, given the relatively small size of the borough and the fact that strategic BCIL spending will be used to address the essential infrastructure projects arising from large developments on these sites.

7.1.17 However, the Council may also wish to consider using the NCIL 'top-slice' portion described above and in para 7.3 below to provide additional funding towards strategic infrastructure costs, which tend to be very high. This should be carried out in consultation with the local community to ensure that it would be addressing local priorities.

7.1.18 Option 3: Divide the borough into 'CIL neighbourhoods'

7.1.19 Many charging authorities, such as the London Borough's of Wandsworth, Lambeth, Croydon and Brent, have taken the decision to create CIL neighbourhoods for the purposes of allocating NCIL funds. These neighbourhoods are either based on clusters of electoral wards or around locally understood – and therefore more meaningful – communities or town centre localities.

7.1.20 In the case of the LB Lambeth, it was felt that NCIL allocation down to single ward level would not be financially nor administratively viable. The Council wanted to ensure that areas were big enough to ensure a sufficient quantum of NCIL funding to enable meaningful projects but small enough to be recognisable as community areas.

7.1.21 CLLL officers currently work across the Royal Borough to support wards, which are informally clustered into the north, central and south areas for administrative purposes. Similar boundaries are also used to manage planning

applications within the borough. These three broad areas are shown in the map below:



Figure 17: Map of RBKC's three broad administrative areas for planning purposes

7.1.22 Having discussed with CLLL officers the practicalities of working with members at a ward-level, it is evident that the process of agreeing which projects should receive CLLL funding is highly political. Reaching a consensus amongst ward members is often challenging, particularly in wards where there are members representing opposing political parties. It is therefore likely to be extremely resource intensive for officers to manage clusters of wards, which may contain up to 18 members each if grouped into three neighbourhoods, for the purposes of NCIL allocation.

7.1.23 Creating a larger number of recognisable neighbourhoods, for example by clustering two to three wards together, may be more manageable and make

particular sense in the case of St Helen's and Dalgarno wards, which are partly covered by the St Quintin and Woodlands Neighbourhood Plan. However, this still creates challenges for the CLLL officers supporting these neighbourhoods in terms of managing a number of elected members with potentially competing priorities. It would also require new structures and ways of working to be established, rather than using those which are already in place for the CLLL initiative.

7.1.24 Option 4: Allocate at least 15% of CIL receipts raised in each ward back to the respective ward

7.1.25 In order to achieve an allocation process which is perceived as relatively fair and which could be mapped onto existing CLLL governance structures and processes, RBKC could choose to allocate 15% (or 25% in the case of St Helen's, Dalgarno and Norland wards) of CIL receipts from a given ward back to that specific ward. This would ensure that NCIL spending is kept very local to the area in which development has taken place. This would also, as originally intended by the legislation, act as a direct local 'incentive' for local communities to support new development and realise the positive benefits of such new development.

7.1.26 However, it may be that the negative impact from a development in one ward is felt more keenly in a neighbouring ward or wards. Furthermore, as Figure 3 above demonstrates, NCIL receipts are not evenly distributed across the Royal Borough. Certain wards with large CIL liabilities could accumulate over £1 million in NCIL funds during the course of the next few years, whereas others may accumulate none.

7.1.27 Option 5: Allocate at least 15% of total CIL receipts to each ward on an equal basis.

7.1.28 With this option 15% of CIL receipts from all projects would be allocated to a neighbourhood fund. This fund would then be distributed equally across all wards, with the exception of St Helen's, Dalgarno and Norland wards, where 25% of CIL receipts from developments would be allocated back to the ward(s) in which the development has taken place.

7.1.29 Should the 25% of CIL receipts in these wards generate less funding than would have been received through the standard 15% allocation, this could be

topped up using a contingency (i.e. a top-slice of total BCIL or NCIL) held by Planning and Borough Development.

7.1.30 Allocating the NCIL to each ward on an equal basis may disadvantage those wards with the most development as they may not necessarily gain from the financial/infrastructure benefits arising from the NCIL generated in their area, with some of the benefit going to wards where no or little development takes place.

7.2 Comparison of options for NCIL allocation

Option	Pros	Cons
<p>1. Allocate at least 15% of all CIL receipts on a borough-wide basis</p>	<ul style="list-style-type: none"> ✓ Existing CLLL consultation information/processes could be used for ease of administration ✓ Allows for multi-ward and borough-wide initiatives, which cannot currently be undertaken via CLLL funding process ✓ Potentially involves all ward members in allocation process ✓ Allows NCIL to be spent on a greater number of projects across the borough, not just in the ward in which it was collected ✓ More likely to be used for projects of a strategic nature which can unlock growth, support development and/or address the demands placed on the area by development 	<ul style="list-style-type: none"> ✗ Less likely to be community consensus on priority issues at a borough-wide level ✗ Open to increased level of challenge from community/ward members regarding how spending decisions are made and projects prioritised ✗ Possible perception that CIL is not being used to address the demands from development in the local area in which development has taken place, if not perceived as being fairly distributed
<p>2. Prioritise areas with the greatest proportion of strategic development sites</p>	<ul style="list-style-type: none"> ✓ Potentially reduces the administrative burden by focusing on key strategic development sites ✓ More likely to be used for projects of a strategic nature 	<ul style="list-style-type: none"> ✗ Possible perception that CIL is not being used to address the demands from development in the local area in which development has taken place e.g. from the

	<p>which can unlock growth, support development and/or address the demands placed on the area by development</p>	<p>cumulative impact of a number of smaller projects</p>
<p>3. Divide the borough into 'CIL neighbourhoods'</p>	<ul style="list-style-type: none"> ✓ Potentially reduces the administrative burden by splitting the borough into fewer, larger areas ✓ Distribution of NCIL can be justified more easily with receipts from the CIL neighbourhood going directly back to that neighbourhood 	<ul style="list-style-type: none"> ✗ Does not mirror existing CLLL structures for ease of administration ✗ Creates a large group of members to work with in each area, including those from opposing political parties ✗ Less likely to be community consensus on priority issues in larger geographical areas
<p>4. Allocate at least 15% of CIL receipts raised in each ward back to the respective ward</p>	<ul style="list-style-type: none"> ✓ Directly benefits the local area in which development has taken place ✓ Acts as a direct local 'incentive' for local communities to support new development and realise the positive benefits of such new development ✓ Mirrors existing CLLL structures for ease of administration 	<ul style="list-style-type: none"> ✗ Very small borough; likely that development could have an impact on a wider area than just the ward in which it has taken place ✗ Wide discrepancies in NCIL distribution as a result of large developments in some wards and none in others ✗ Relatively quiet wards with limited community input may have highest NCIL funds to spend ✗ Perception that wealthy parts of the borough (where development is likely) are receiving more funding than those more deprived wards

<p>5. Allocate at least 15% of total CIL receipts to each ward on an equal basis.</p>	<ul style="list-style-type: none"> ✓ Avoids accusations that one part of the borough is being unfairly advantaged over another ✓ Involves all ward members in allocation process ✓ Allows NCIL to be spent on a greater number of projects across the borough, not just in the ward in which it was collected ✓ Mirrors existing CLLL structures for ease of administration 	<ul style="list-style-type: none"> ✗ Possible perception that CIL is not being used to address the demands from development in the area in which development has taken place ✗ Projects taking place at ward-level may limit opportunity for more strategic community investment from NCIL
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7.2.1 NCIL top slice for borough-wide projects

7.2.2 In options 2-5 above all NCIL funds are allocated to either ward or neighbourhood level projects. Although multi-ward projects could still be encouraged in these options, evidence from the existing CLLL funding process suggests that this is unlikely to occur.

7.2.3 It is therefore recommended that a 10-20% ‘top slice’ of NCIL funds be set aside specifically for borough-wide projects, to be managed by the CLLL team with oversight from Planning and Borough Development. This ‘top-slice’ pot would be separate to both BCIL and the remaining NCIL and be used to fund priority projects impacting several or all wards within RBKC, based on feedback from the local community.

7.3 Governance and Project Delivery

7.3.1 City Living, Local Life



7.3.2 City Living, Local Life (CLLL) is a councillor led, ward-based initiative committed to building stronger connections between people in local areas. Annual

funding of £20,000 per three-member ward (or £14,000 per two-member ward) is currently allocated via the process shown in Figure 18 below.



Figure 18: CLLL funding application process

7.3.3 In all of the proposed options for NCIL allocation, the existing CLLL funding allocation process could be adapted to incorporate NCIL funding. However, consideration would need to be given to establishing prioritisation criteria which have a clearer focus on infrastructure and mitigating the impact of development and unlocking new development in localities.

7.3.4 In addition, the existing resources required to administer the CLLL process (currently two dedicated project officers plus support from a project manager and five other 'volunteer' Council officers in addition to their day jobs) would

also need to be reviewed to ensure the process remains manageable and effective.

7.3.5 It is likely that some of the 5% of CIL funds permitted to be allocated to the costs of administering CIL would need to be directed towards the CLLL team if they are to take on the implementation of NCIL in RBKC.

7.3.6 It would ultimately need to be determined whether the NCIL allocation process should be completely devolved to ward members at the neighbourhood, multi-ward or single-ward level or whether some form of sign-off would still be required from the Cabinet Member for Planning Policy, Transport and Arts and/or Cabinet Member for Voluntary Organisations and Resident Engagement.

7.3.7 Based on the NCIL case studies and existing CLLL application criteria, some of the following criteria could be used to assess projects for NCIL funding:

- Is it in an area of the Royal Borough where development has taken place which has contributed to the fund?
- Does it reflect the priorities of the Infrastructure Delivery Plan?
- Does it unlock development and/or support growth?
- Does it mitigate the impacts of development in the area?
- Does it help improve the local environment and public spaces?
- Is it included in an adopted plan or strategy, such as a Neighbourhood Plan?
- Is it an identified local priority?
- Do all / the majority of ward members support the proposal?
- Does it have community backing?
- Are there sufficient NCIL funds available for the project?
- Is there an ongoing revenue cost to the Council?
- Does it exceed a minimum financial threshold (e.g. £5,000)?
- Does it provide value for money / leverage in funding?
- Have all other funding options been considered, including crowdfunding?
- Has a feasibility study been undertaken (if required) and is the project deliverable within the proposed budget and timescale?
- Does it demonstrate added benefit for the Royal Borough, for example through using local businesses or developing skills of local people?
- Does it reduce or tackle inequality?
- Does it benefit the wider community e.g. in terms of health and wellbeing?
- Is it ready to be delivered within the current financial year?

7.3.8 An example NCIL funding application form, based on the existing CLLL funding online application form, is attached as Appendix C. This form could be merged with the CLLL online form if it is decided that the application processes should be combined.

7.3.9 Project delivery and monitoring

7.3.10 At present, CLLL funds are passed to community groups to deliver projects directly, provided they meet certain requirements and obtain a minimum number of quotes for any goods/services to be funded.

7.3.11 In the case of NCIL, the amount of money involved could be considerably larger than the current level of CLLL funding and could fluctuate on an annual basis dependant on the total CIL receipts from the previous period. The Council therefore needs to establish a robust monitoring process to ensure public funds are spent properly and in accordance with the relevant regulations.

7.3.12 Depending on the scale / value of the project and its relevance to existing service plans, it may be prudent for the Council to deliver the majority of projects through its main capital programme where possible, rather than transferring funds to external bodies (unless a statutory body such as a local health authority). In this way the CLLL-led process for NCIL allocation would need to be seen as a means of consulting local people and generating project ideas rather than fully delegating funds to local communities to deliver.

7.3.13 Alternatively, approval of projects with a value under a certain amount e.g. £5,000 (with an annual total limit of say £20,000) could be fully delegated to ward members and passed to community groups to deliver directly. The Council would then retain control of all projects with a value in excess of £5,000 to be delivered by service areas either directly or through the Capital Programme team.

7.3.14 Regardless of the delivery route, projects should receive the relevant Cabinet, Cabinet Member or chief officer approval in accordance with the Council's Constitution (as per para 5.1.9) to ensure transparency and to facilitate monitoring of CIL spending.