

Meeting Name:	Cabinet
Date:	16 September 2024
Report title:	Allocation of Neighbourhood Community Infrastructure Funding
Cabinet Member:	Councillor Helen Dennis, New Homes and Sustainable Development
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	n/a

FOREWORD - COUNCILLOR DENNIS, CABINET MEMBER FOR NEW HOMES AND SUSTAINABLE DEVELOPMENT

Neighbourhood CIL is an essential tool for building confidence in the planning process and ensuring that communities across Southwark see direct benefits from growth and development in the borough. The amounts accrued via Neighbourhood CIL mean that we have the capacity to deliver exciting and innovative infrastructure projects which go beyond what we can fund via smaller pots such as Cleaner, Greener, Safer, whether that is projects to improve greening and biodiversity, improve the public realm, enhance play provision, support community safety initiatives or deliver Streets for People. To date, our Local Neighbourhood CIL has funded significant projects such as Marlborough Sports Gardens, Surrey Docks Farm and Lavender Pond Nature Reserve, with exciting plans in development for Alexis St Park and Leyton Square, to name just a few. These are projects that would not have been possible without funding from development in Southwark. The proposal set out in this Cabinet Report is for a further round of allocations to be made under a slightly amended framework, ensuring that proposals are aligned with our Southwark 2030 goals and principles, and that allocations are of a significant size to achieve impact and to cover project management costs. Conscious that proposals are at different stages of development, the process aims to be flexible enough to both bring projects forward quickly where appropriate, but also to enable ward councillors to facilitate discussions in the community about priorities for the funding. Looking to the future, we are aiming to align the Neighbourhood CIL process with our wider plans for Neighbourhoods, with a view to bringing a proposal to Cabinet next Spring. I am excited about all the ideas that will come forward over the coming months and to seeing these delivered in our parks, on our streets and on our estates.

RECOMMENDATION(S)

Recommendation(s) for the Cabinet

1. To agree minor changes to the existing process that will allow for allocations of funding collected as Neighbourhood Community Infrastructure Levy through the planning process as set out in paragraph 18 to 23 below. In summary this process will result in project allocations of funding in the ward or neighbourhood in which the funding is generated, assessment of project allocation against Southwark 2030 goals, a minimum level of project funding and a streamlined approval process where local priorities are already agreed.
2. To note that a report setting out a draft revised Neighbourhood Community Infrastructure Levy allocation process will be presented to Cabinet in March 2025 prior to consultation and adoption in September 2025.

Recommendations for the Leader

3. Vary the executive scheme of delegation to delegate authority to the Cabinet Member for New Homes and Sustainable Development to approve individual Neighbourhood Community Infrastructure Levy projects for a year in accordance with the framework set out in paragraphs 18 to 23 of this report.

REASONS FOR RECOMMENDATIONS

4. There is a need to set out a process to allocate funding collected as Neighbourhood Community Infrastructure Levy through the planning process in order to mitigate the impact of development.

ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

5. Under current policy, the funding needs to be spent within the ward in which the associated development is taking place. The approach proposed follows a similar one to that successfully used in 2020 which generated over 1000 project ideas.
6. An alternative approach would have been to introduce a wider policy change which would have required public consultation. The approach proposed allows for a swift round of allocations whilst as set out below starting a process of the wider policy change.

POST DECISION IMPLEMENTATION

7. It is anticipated that following Cabinet, a twin track process will be adopted (see flow chart in Appendix 1) reflecting that there may be some well developed and supported projects which can move forward quickly. In wards where there is agreement with ward councillors on a list of such projects, these will be submitted to officers and assessed. In wards where there is no list of agreed

projects, or where there is still a remainder of funding to be allocated, consultation will take place, led by ward councillors with the community to develop projects for proposal and assessment. Subject to the approval to Recommendation 2 above, following officer appraisal, the approval of these individual projects will be delegated to the Cabinet Member for New Homes and Sustainable Development. Allocations for this round of Neighbourhood Community CIL should be assessed by officers by March 2025. Funding agreements will ideally all be in place by Spring 2025.

BACKGROUND INFORMATION

Community Infrastructure Levy

8. Community Infrastructure Levy (CIL) is the sum of funding collected from major development sites across the Borough to pay for the implementation of new infrastructure to support the growth of communities. CIL is split into strategic CIL (70% of receipts) which is spent on Borough-wide infrastructure projects such as the train station improvements. The remainder is made up of Neighbourhood CIL (25% of receipts and administration of CIL (5% of receipts).
9. CIL is used to mitigate the impact of new development and an uplift in population on a local area, and is a key tool to manage growth. CIL can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities as set out in section 216(2) of the Planning Act 2008, and regulation 59 Community Infrastructure Levy Regulations 2010 (as amended) ("CIL Regulations"). This definition allows the levy to be used to fund a very 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 councils the opportunity to choose what infrastructure is needed to deliver their local plan. It should be noted that charging authorities may not use the levy to fund affordable housing.
10. Local authorities must spend the levy on infrastructure needed to support the development of their area. The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. CIL is for capital expenditure rather than revenue expenditure and any revenue requirements from delivering capital projects must be met from existing budgets.

Development of the CIL allocation process

11. The foundations for CIL allocations were based on two cabinet reports, and a set of scrutiny committee recommendations. A report was taken to cabinet on the 11 December 2018 proposing to allocate funds collected by the end of financial year 2017-18 to priority projects put forward by the relevant community council meeting (replaced by ward meetings). The report also included an agreement on pre allocations of funds to specific projects, some of which have now been successfully delivered as such as the improvements to Surrey Docks Farm.

12. The overview and scrutiny committee (“OSC”) called in the December 2018 cabinet report on 21 January 2019 and recommended that lists of CIL projects are checked with community councils to identify potential discrepancies. OSC also recommended that the requirement that projects eligible for neighbourhood CIL funding should be identified in the council plan or included in the council’s capital programme should be abolished. The committee determined that CIL is intended to mitigate the impact of development at a very local level by addressing locally identified needs and that the neighbourhood portion of CIL should be spent in the ward or locality in which it has been collected, to ensure that the effects of development are mitigated where development has taken place.
13. A second follow up cabinet report on 18 June 2019 set out that Neighbourhood CIL would be allocated by developing local Community Infrastructure Plans (“CIPs”) to ensure that Neighbourhood CIL supports growth and tackles inequalities. The CIPs contained four strategic priorities, three of these from the social regeneration charters and each ward area developed an additional theme to guide key areas of need within the ward(s). The recommendations made by ward councillors for CIL allocations totalling £5,335,554 across 63 projects were agreed by Cabinet on 8 December 2020 and 19 January 2021. If the recommendations of this report are accepted, the Cabinet Member would not be bound by CIPs approved to date and any decisions about allocation of local CIL would instead be made in accordance with Southwark 2030 priorities.
14. A further report to Cabinet on 10th July 2023 allocated a further £1,413,000 of Neighbourhood CIL to six projects in order to fund additional costs and enhance delivery.
15. A report on Strategic CIL was presented to Cabinet on 6th March 2024.

KEY ISSUES FOR CONSIDERATION

16. Of the previously approved projects, 6 are now assessed as unlikely to proceed with their current allocation. This releases a further £356,731 for reconsideration as per the process set out below. Some of these projects may still proceed with additional resources.
17. The current Neighbourhood CIL allocation per ward is as follows

Ward	New Amount (£)	Reallocation (£)	Total (£)
Borough and Bankside	4,135,817		4,135,817
Camberwell Green	16,648	7,000	23,648
Champion Hill	156,851		156,851
Chaucer	725,205	200,000	925,205
Dulwich Hill	108,533		108,533
Dulwich Village	189,927		189,927
Dulwich Wood	219,662		219,662
Faraday	73,515		73,515
Goose Green	168,888		168,888

London Bridge and West Bermondsey	2,545,025	35,000	2,580,025
Newington	448,934		57,483
North Bermondsey	3,480,283		3,480,283
North Walworth	2,360,264		2,360,264
Nunhead and Queens Road	112,786		112,786
Old Kent Road	2,670,236		2,670,236
Peckham	96,679		96,679
Peckham Rye	89,524		89,524
Rotherhithe	1,436,199		1,436,199
Rye Lane	211,985	104,731	316,716
St Georges	2,319	10,000	12,319
St Giles	44,260		44,260
South Bermondsey	530,518		530,518
Surrey Quays	471,968		471,968
Total	20,298,026	356,731	20,644,757

18. Rather than setting out a series of neighbourhood priorities, this allocation process will use the series of goals as set out in the Southwark 2030 Strategy agreed by Cabinet in July 2024. These are:
- Decent homes – people live in safe, well-maintained homes. To deliver this, we will improve the standards of council, social and private rented homes; increase the number of genuinely affordable homes in our borough; reduce the number of people who are homeless or live in overcrowded housing.
 - A good start in life – children and young people have a great childhood that builds on a solid foundation for adult life. To deliver this, we will support families to give their children the best start in their early years, improve outcomes for children who face disadvantage and ensure all young people can participate in positive activities.
 - A safer Southwark – crime is low and people feel safe. To deliver this, we will make our borough safer by tackling crime and anti-social behaviour hotspots and their causes, reduce violence against women, children and young people and improve trust and confidence in local policing.
 - A strong and fair economy – ensuring everyone can benefit from Southwark’s economic strength and growth. To do this, we will create even more good jobs and apprenticeships and help Southwark residents into them, support people out of poverty and low pay and ensure our town centres thrive and serve our whole community.
 - Staying well – ensuring that people across our whole community can have good health and wellbeing. To do this, we will ensure every child and adult can get the mental health support they need when they need it, help more people stay well, reducing the health inequalities across our community and improve the wellbeing of people with long-term conditions and disabilities and their carers.
 - A healthy environment – our environment is clean, green and healthy. To

do this, we will create more green space and biodiversity for our community to enjoy, help people and business switch to health, clean and green transport and make our buildings more energy efficient with clean, green power.

Allocations should also be in line with the Southwark 2030 guiding principles:

- Reducing Inequality – We will ensure that we utilise our funding to help address inequalities and deliver a more equal society.
- Empowering People - There are huge strengths in the people and organisations across our borough. We want to empower these strengths so that everyone can live a good life.
- Investing in Prevention - Decisions about resources will be directed towards support and interventions that prevent rather than respond to crises.

19. It is proposed that a minimum level of funding of £50,000 per project is set apart from by exception as this would bring wider neighbourhood benefits and secure staffing resourcing needed for delivery. In wards where the total budget is below £50,000 consideration will be given by ward councillors as to whether small scale projects will be submitted or to wait until a future date when more funding has been generated in that ward. Projects will need a distinct site, distinct scope and output, clear budget, delivery route and timetable. Allocations will need to have a clear route to project delivery even if only funding part of the process.
20. The process is set out in Appendix 1 to this report. Ward members will be responsible for prioritising the projects to be assessed by officers. Once assessed recommendations will be made to the Cabinet Member for New Homes and Sustainable Development for approval.
21. In a number of wards key projects have already been identified and developed, and have the support of ward councillors and the community. Under these circumstances, ward councillors may propose projects as soon as they are able and submit them to officers for assessment.
22. In the wards where there is not an agreed list of projects, or where there is still a remainder of funding to be allocated, ward councillors may invite residents, businesses and community organisations together to propose project ideas. Ward Councillors will then submit priority projects to officers for assessment, with some rationale for their submission, including how they help achieve the Southwark 2030 goals and principles.
23. The 2019 Cabinet report proposed that those wards generating an average of over £250,000 per annum over a 3-year rolling period (a maximum of £750,000 over 3 years) should consider the wider neighbourhood needs and discuss plans with relevant wards. For the purpose of this round of allocations, councillors representing wards which have accrued in excess of £1m should

demonstrate that they have taken into account the needs of the wider neighbourhood and discussed proposals with adjacent ward councillors.

24. In order to speed up the process of allocation of funding, it is proposed that the authority to approve the individual projects be delegated to the Cabinet Member for New Homes and Sustainable Development. This will mean that those projects which have already been prioritised locally, once assessed by officers, can be presented for approval from October rather than needing to wait for the next available Cabinet meeting. Further projects will be approved once they have been agreed locally and assessed by officers. It is anticipated that the assessment of all projects to be funded under this round will be completed by March 2025.
25. It is anticipated that there will be a change to the process of Neighbourhood CIL allocation following this Cabinet report to reflect the work on Neighbourhoods and the creation of a single funding pot. Any funds accrued after the date of this Cabinet report or left unallocated from this current round will be distributed under the new framework and work to develop the new framework will begin in parallel with the aim of presenting a report to Cabinet in Spring 2025. Consultation will then take place leading to a final revised policy being adopted by Cabinet in September 2025.

Policy framework implications

26. The approach proposed here is in accordance with the previous Neighbourhood CIL allocation process and only slightly amended. The proposals will be assessed against the strategic priorities set out in the Southwark 2030 Strategy.

Community, equalities (including socio-economic) and health impacts

Community impact statement

27. The individual Neighbourhood CIL project proposals will be assessed against the Southwark 2030 goals.

Equalities (including socio-economic) impact statement

28. Section 149 of The Equality Act 2010 imposes a general equality duty on public authorities (the Public Sector Equality Duty) (“PSED”) in the exercise of their functions, to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act 2010
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it
 - Foster good relations between people who share a relevant protected characteristic and people who do not share it.
29. For the purposes of the PSED the following are “protected characteristic” considerations:

- Age
 - Marriage and civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation.
30. The PSED duty and implications for groups with protected characteristics will be considered further as the projects are developed and delivered.
31. As set out in paragraph 16 above, the bids for funding will be assessed against the Southwark 2030 goals. The report on Southwark 2030 to July Cabinet stated that the EINA had assessed that Southwark 2030 would not negatively impact those with protected characteristics and it is expected that it will go further than the council's existing work to support reductions in inequality, particularly for certain racial groups, and children and young people.

Health impact statement

32. The assessment of the individual Neighbourhood CIL projects will include an assessment against the Southwark 2030 goals which includes the promotion of health and well being.

Climate change implications

33. The assessment of the individual Neighbourhood CIL projects will include the contribution that the project is making to respond to the climate emergency.

Resource implications

34. The funding available per ward is set out in paragraph 15 above. The administration of this process will be undertaken by officers in Planning and Growth.

Legal implications

35. See report from the Assistant Chief Executive (Governance and Assurance) below.

Financial implications

36. The funding available per ward which has already been received by the council is set out in paragraph 17 above. These figures are in accordance with the council's financial accounts.
37. Future reports will need to be brought to Cabinet Member for New Homes and Sustainable Development for approval for individual Neighbourhood Community Infrastructure Levy projects for a year in accordance with the framework set out in this report.

38. Detailed work and reconciliation will be carried on an on-going basis to ensure that there are sufficient CIL finance available to fund the projects against the latest expenditure projections.
39. Any staffing and other costs connected with this report will be contained within existing revenue budgets.

Consultation

40. The process for allocation Neighbourhood CIL, with a couple of small amendments as set out above, is in accordance with the existing council policy. The individual projects will need to demonstrate a level of local community support. As set out above it is proposed that the Neighbourhood CIL policy is amended next year with a draft for consultation being produced by March 2025.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive (Governance & Assurance) – NST050924

41. As the report explains, Community Infrastructure Levy (CIL) is the sum of funding collected from major development sites across the Borough to pay for the implementation of new infrastructure to support the growth of communities. CIL is split into strategic CIL (75% of all payments) which is spent on Borough-wide infrastructure projects such as the construction of new tube stations, and local or neighbourhood CIL (25% of all payments).
42. Currently, local CIL is allocated following Community Infrastructure Plans (CIPs). This report proposes to no longer require the development of CIPs and subsequent decision-making with regard to local CIL to be made in accordance with CIPs, but instead seeks to delegate the Cabinet Member for New Homes and Sustainable Development authority to allocate and reallocate existing local CIL identified in paragraph 17.
43. Council Assembly on 14 July 2021 approved a change to the council's Constitution to confirm that all decisions made by the council will consider the climate and equality (including socio-economic disadvantage and health inequality) consequences of taking that decision. This has been considered at paragraphs 27 and 33 above.
44. The Public Sector Equality Duty ("PSED") is set out at section 149 of Equality Act 2010 and requires the council to have due regard in the exercise of its functions (including decision making), to the need to:
 - a. Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - b. Advance of equality of opportunity between persons who share a relevant protected characteristics and those who do not share it;
 - c. Foster good relations between those who share a relevant characteristic and those that do not share it.

45. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
46. Officers have considered the council's PSED under section 149 of the 2010 Act at paragraphs 28-31 of this report. Officers have concluded that, at the proposed change in approach to local CIL allocation is not considered to have any adverse impacts on persons with protected characteristics.
47. Regulation 59(1), Community Infrastructure Regulations 2010 provides that: "A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area." The relevant definition of infrastructure is at s.216(2) of the Planning Act 2008: "infrastructure" includes: (a) roads and other transport facilities (b) flood defences (c) schools and other educational facilities (d) medical facilities (e) sporting and recreational facilities, and (f) open spaces. This is a broad definition as it is an inclusive list, and not exclusive.
48. The Planning Practice Guidance provides that 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. As the report at paragraph sets out, the definition of infrastructure allows CIL to be used to fund a very broad range of facilities such as play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. The change in flexibility gives Cabinet Member for New Homes and Sustainable Development the ability to determine and agree which specific projects local CIL should be applied to within the aforementioned legislation and policy framework set out.
49. The recommendations of this report fall within the powers of Cabinet in accordance with paragraph 27 Part 3B of the council's constitution which sets out that Cabinet is responsible for all cabinet matters even if not expressly set out in that part of the constitution. This decision by Cabinet is in line with previous decisions taken by Cabinet which set out the council's framework or policy that should underpin the allocation and expenditure of local CIL.

Strategic Director of Resources (FC24/013)

50. The report requests cabinet to agree the changes to the existing process CIL allocation process as detailed in first recommendation and to note the second recommendation.
51. The report also requests the leader to vary the executive scheme of delegation to delegate authority to the Cabinet Member for New Homes and Sustainable Development to approve individual Neighbourhood Community Infrastructure Levy projects for a year in accordance with the framework set out in paragraphs 18 to 23 of this report.

52. The strategic director of finance notes the resource implications and financial implications and notes that the council has received the related funds and they are available for the purposes outlined in this report.
53. The proposed allocations per ward as reflected in the table in the report above, represent an increase in council's capital expenditure and will be reflected as budget variation in the next capital budget monitoring report to cabinet.
54. Staffing and any other costs associated with this recommendation are to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Local CIL process diagram

AUDIT TRAIL

Cabinet Member	Councillor Helen Dennis – Cabinet Member for New Homes and Sustainable Development	
Lead Officer	Clive Palfreyman Strategic Director of Resources	
Report Author	Neil Kirby, Head of Sustainable Growth	
Version	Final	
Dated	5 September 2024	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive Governance and Assurance	Yes	Yes
Strategic Director of Resources	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 September 2024