


LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 5th October 2023	
Report Title	Neighbourhood Community Infrastructure Levy (NCIL) Allocation and amendments to NCIL Collection Zones	
Cabinet Portfolio	Councillor Ahsan Khan, Deputy Leader (Housing and Regeneration)	
Report Author/ Contact details	Marcin Manikowski, Head of Strategic Planning and Infrastructure Place & Design, Place Directorate marcin.manikowski@walthamforest.gov.uk	
Wards affected	All	
Public Access	Open	
Appendices	Appendix 1 – Existing and proposed NCIL allocation process. Appendix 2 – Map of the proposed amendments to NCIL Collection Zones Appendix 3 – EA screening form	

1. SUMMARY

- 1.1 In accordance with the Community Infrastructure Levy Regulations 2011, since 2014 the Council has collected the Levy (CIL) to partially fund the delivery of infrastructure required to support planned growth in the borough or mitigate its impact. A proportion of CIL, known as Neighbourhood CIL (NCIL), in accordance with the Regulations must be used to support the development of the local council's area, or any part of that 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.
- 1.2 Since January 2022, NCIL has been collected in three zones: North, Central and South.
- 1.3 This report seeks Cabinet approval to change the existing approach to the allocation and distribution of NCIL and to agree minor amendments to the boundaries of the existing NCIL collection zones.

2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

2.1.1 Agree the changes to the process of allocating NCIL.

2.1.2 Delegate authority to the Corporate Director – Regeneration, Planning and Delivery, in consultation with the Portfolio Lead Member for Housing and Regeneration and the Strategic Director of Resources to make minor amendments to the process of allocation of the Neighbourhood Community Infrastructure Levy.

2.1.3 Agree the proposed amendments to the NCIL Collection Zones (as shown on the map in Appendix 2).

3. PROPOSALS

Background

3.1 The Community Infrastructure Levy (CIL) is a tool for Local Authorities to support the development of their area and the delivery of infrastructure. The CIL Regulations stipulate that it can be spent on the provision, improvement, replacement, operation or maintenance of infrastructure and it is intended that CIL is used to either support future growth or to mitigate the impact of development.

3.2 CIL is set as a price per square metre based on the type of development and in accordance with the adopted CIL Charging Schedule for that area. CIL charges are therefore non-negotiable and collected on implementation of planning permissions.

3.3 The Council's CIL Charging Schedule came into effect on the 15th of May 2014.

3.4 The CIL Regulations require the Council to allocate 15% of CIL receipts¹ to spend on priorities that should be agreed with the local community in areas where development is taking place. This Neighbourhood portion or Neighbourhood CIL (NCIL) can be spent on (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or (b) anything that is concerned with addressing the demands that development places on an area, (including but not limited to infrastructure). This proportion increases to 25% of receipts where there is an adopted Neighbourhood Plan in place. There is currently one Neighbourhood Plan in the Borough in Highams Park.

3.5 NCIL presents the opportunity for local communities to have a say in what this funding is spent on, which may otherwise fall beyond the scope of mainstream Council funding.

3.6 The Council is required to undertake consultation at a neighbourhood level on how NCIL should be spent, and the consultation must be proportionate to the level of levy receipts. The most recent NCIL public consultation in Waltham Forest was undertaken in December 2021.

¹ subject to a cap of £100 per existing dwelling per year indexed for inflation.

NCIL Collection Zones

- 3.7 Since January 2022, NCIL has been collected in three collection zones aligning with the North, Central and South geographic zones as identified in the new Local Plan. (prior to January 2022 the whole borough was treated as a single collection zone). NCIL collected from development in each of the zones is intended to be allocated to future projects located within or supporting growth in the same zone. Where a project to be supported by NCIL funding is located across the zone boundaries or where there are clear benefits for residents of more than one zone, an allocation from multiple zone budgets can be considered.
- 3.8 Recommendations about NCIL expenditure are made by the Development Contributions Board (DCB) made up of senior officers from across council services and chaired by the Strategic Director of Place and summarised annually in the Infrastructure Funding Statement reported for approval to Cabinet at the end of calendar year.
- 3.9 No NCIL that has been collected since the three collection zones were established in December 2021 has been allocated to date. As of August 2023, £1,428,964.20 of NCIL is available for allocation. (£23,573.79 in North Zone, £1,192,363.36 in Central Zone, £208,000.82 in South Zone and £5,026.23 in Highams Park NPA).
- 3.10 The changes will not affect the existing NCIL arrangements in the Highams Park Neighbourhood Plan Area (HPNPA). NCIL received from development in the HPNPA will not be included in the North Zone allowance and will only be spent in the HPNA.

Allocation of NCIL

- 3.11 The trialling of a further evolution of the process by which NCIL is allocated and spent is now proposed, it is designed around greater engagement with local communities and ward councillors and intended to provide more clarity and transparency relating to the allocation process.
- 3.12 The NCIL consultation carried out in 2021 identified a range of priorities that residents wish to see NCIL invested in but did not seek views on specific projects or improvements. The main areas for investment suggested by residents were air quality improvements, environment and wildlife, sustainable transport and improvements of high streets and town centres.
- 3.13 Area framework consultation in Chingford Mount, Lea Bridge, Leytonstone and South Leytonstone has also sought the views of local people on improvements they would like to see in these areas.
- 3.14 'My Neighbourhood Improvements', a programme of engagement with residents around 15-Minute Neighbourhoods carried out from 31st May 2023 to 11th September 2023, asked local communities to identify the specific projects and improvements they would like to see in their area. An initial review of the responses to this engagement has established that the majority of the suggested improvements would comply with the requirements of the

Community Infrastructure Levy Regulations and as such are in principle eligible for NCIL funding.

- 3.15 It is therefore proposed to draw on the outcomes of these engagement exercises, subject to ongoing feasibility review, to produce a long list of projects eligible for NCIL funding.
- 3.16 A series of workshops with ward councillors in each collection zone will then be arranged to assess the proposals on the long list and identify priority projects that have broad local support. In the unlikely situation where no suitable projects from the long list can be identified, ward councillors will decide what infrastructure should be considered for NCIL funding.
- 3.17 The Place and Design team will complete due diligence on all projects shortlisted through this process and present the final shortlist to the Developer Contributions Board. All projects will be subject to relevant PLM approval prior to shortlisting. The Board, in consultation with the Portfolio Lead Member for Housing and Regeneration will recommend the allocation of funding for qualifying projects, subject to the funding availability in each of the NCIL collection zones and Cabinet approval where necessary. The Board may allocate funding from multiple collection zones for cross ward boundary projects.
- 3.18 All projects receiving funding will be monitored and details will be reported in the Infrastructure Funding Statement reported to the Cabinet annually at the end of each calendar year.
- 3.19 A review of the allocation process will take place after 12 months.

Changes to the existing NCIL collection zones

- 3.20 The three current NCIL collection zones are based on the geographic zones introduced in the new Local Plan, and the boundaries do not directly follow ward boundaries or any other established electoral boundaries.
- 3.21 While the existing geographic zones create an identifiable link between the level of growth in that zone and the amount of NCIL available for allocation, alignment with ward boundaries would allow for more straightforward engagement with elected members as an integral part of the allocation process. There is also a wealth of information and intelligence collected at ward and constituency level that can be better utilised in the assessment of proposals for NCIL funding.
- 3.22 It is therefore proposed to change the zone boundaries to reflect the national constituency areas, but with the exact boundaries following existing ward boundaries. The proposed changes are set out in Appendix 2. They are considered minor but will improve community engagement in relation to NCIL allocation.
- 3.23 The amendments to the zones boundaries maintain balance between direct community involvement and ownership with efficient and effective spend and

investment and ensuring all members of the community are represented via their elected ward representatives.

- 3.24 Flexibility will remain to fund cross boundary zones projects when either the location of the project spans more than one zone or it is agreed during the assessment stage that the funding will result in significant benefits to the residents of more than one zone.
- 3.25 Subject to Cabinet approval, NCIL will be collected and allocated within the new collection zones from October 6th 2023. The proposed changes will not affect monies already collected within the existing zones between December 2021 and October 2023.

4. OPTIONS & ALTERNATIVES CONSIDERED

- 4.1 Several different options for the NCIL allocation process and boundaries of the collection zones were considered in detail.
- 4.2 The 'do nothing' option has been considered and is not recommended as timely, transparent and efficient allocation of the available NCIL funding is key to assuring the borough residents that there is active mitigation of the impact of growth through the provision of infrastructure and that it is being done in consultation with communities.
- 4.3 The option of restricting the spending of NCIL to the ward in which it has been accrued has been considered and rejected. It has the potential to create significant challenges in terms of the level of administration, and in terms of delivering projects which have benefits beyond a particular ward.
- 4.4 The proposed changes to the NCIL Collection Zones strike the optimum balance between the ability to effectively allocate funding and strengthening the link between the level of development in an area and the amount of funding available. Alternative options were explored, including direct alignment with MP constituencies rather than along existing ward boundaries.

5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 5.1 *The Planning Practice Guidance* requires that local authorities spend CIL on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed.
- 5.2 The proposal supports the priorities within the *Waltham Forest Public Service Strategy*, in particular Priority 3 Our 15-minute neighbourhood (Local neighbourhood life, people friendly streets, regeneration for everyone, the greenest borough, celebrating culture in challenging times), and Priority 4 Confidence in our Future (Growing local economic strength, local leadership in building back greener).
- 5.3 The proposal supports the Council's new Corporate Framework for Neighbourhoods, including 15 minute neighbourhoods, particularly Theme 1

Everyone taking part and fulfilling their potential (Create healthy neighbourhoods, Celebrate and support culture in every community), Theme 2 Everyone benefitting from shared prosperity (Opportunities for socialising, Leisure and play, Design open and accessible public spaces), and Theme 3 Improving the Borough Together (Resident ownership over their neighbourhoods, Local improvements, Lead and collaborate with local partners).

- 5.4 Subject to general compliance with CIL regulations, NCIL can support delivery of priorities in the Climate Action Plan through direct funding or part funding of projects reducing carbon emissions.

6. CONSULTATION

- 6.1 There is no requirement to undertake a specific consultation on the proposal.
- 6.2 Public consultation on NCIL spending priorities was carried out in 2021 and its results form part of the project longlisting criteria.

7. IMPLICATIONS

7.1 Finance, Value for Money and Risk

- 7.1.1 There will be no changes to the overall amount of CIL collected in the borough as a result of the proposal. The existing governance arrangements through the Developer Contributions Board are considered sufficient and have already been used to allocate Strategic CIL and other developer contributions.
- 7.1.2 All applications for NCIL funding are required to demonstrate value for money and return on investment as part of the submission process.
- 7.1.3 The current governance through Developer Contribution Board making recommendations to allocate funding ensures that only projects that deliver genuine value for money are supported. The Board's recommendations are subsequently reviewed and agreed by CSAMG, PLMs and Cabinet.
- 7.1.4 The risk of allocating monies directly to third parties will be mitigated by a robust due diligence process and grant agreements.

7.2 Legal

- 7.2.1 Under the Community Infrastructure Levy Regulations 2010 (as amended) ("the Regulations"), 15% of CIL money collected from new development must be spent on the 'Neighbourhood Portion' or Neighbourhood CIL (NCIL).
- 7.2.2 Regulation 59C of the Regulations provides that NCIL must be used "to support the development of the local council's area, or any part of that 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"

- 7.2.3 The Government's Planning Practice Guidance states that local authorities "should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. Charging authorities should set out clearly and transparently their approach to engaging with neighbourhoods using their regular communication tools eg website, newsletters, etc. The use of neighbourhood funds should therefore match priorities expressed by local communities, including priorities set out formally in neighbourhood plans.
- 7.2.4 The law does not prescribe a specific process for agreeing how the neighbourhood portion should be spent. Charging authorities should use existing community consultation and engagement processes. This should include working with any designated neighbourhood forums preparing neighbourhood plans that exist in the area, theme specific neighbourhood groups, local businesses (particularly those working on business led neighbourhood plans) and using networks that ward councillors use. Crucially this consultation should be at the neighbourhood level. It should be proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates.
- 7.2.5 In deciding what to spend the neighbourhood portion on, the charging authority and communities should consider such issues as the phasing of development, the costs of different projects (for example, a new road, a new school), the prioritisation, delivery and phasing of projects, the amount of the levy that is expected to be retained in this way and the importance of certain projects for delivering development that the area needs".
- 7.2.6 Details of all monies allocated and spent must be reported in the Council's annual Infrastructure Funding Statement published at the end of each calendar year.

7.3 Equalities and Diversity

- 7.3.1 An Equalities Analysis screening has been completed and there are no negative or adverse impacts identified.

7.4 Sustainability (including climate change, health, crime and disorder)

- 7.4.1 As part of the application process, all proposals seeking NCIL funding are expected to demonstrate how they meet sustainability criteria. Proposals that have potential to significantly contribute to climate change and/or that fail to demonstrate positive or neutral impact on health, well-being and community safety crime and disorder will not be supported.
- 7.4.2 In April 2019 the Council declared Climate Emergency and in November 2022, launched its Climate Action Plan. Several of the themes identified through NCIL consultation and 'My Neighbourhood Improvements' programme supports environmental and sustainability projects and demonstrate strong resident support for these types of initiatives.

7.5 Council Infrastructure

- 7.5.1 The proposals will be implemented within the existing Council infrastructure and resources. The ongoing monitoring of collection allocation and distribution

of the Community Infrastructure Levy is carried out by the Place & Design Team and funded by the CIL administration fee retained by the Council.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None