

<b>REPORT TO:</b>	Scrutiny and Overview Committee 20 <sup>th</sup> January 2022
<b>SUBJECT:</b>	Community Fund - Community Infrastructure Levy Local Meaningful Proportion Assignment 2022/23
<b>LEAD OFFICER:</b>	Sarah Hayward, Corporate Director of Sustainable Communities, Regeneration and Economic Recovery  Gavin Handford, Director of Policy, Programmes and Performance
<b>CABINET MEMBER:</b>	Councillor Hamida Ali – Leader of the Council
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	Steve Dennington, Head of Spatial Planning and Interim Head of Growth and Regeneration  Simon Bashford, Community & Voluntary Sector Manager
<b>PUBLIC/EXEMPT:</b>	Public

#### **COUNCIL PRIORITIES 2020-2024**

- We will live within our means, balance the books and provide value for money for our residents.  
*This report relates to the budgetary challenges of the Medium Term Financial Strategy.*
- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.  
*The services commissioned via the Community Fund relate directly to this aim.*
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.  
*The decisions being scrutinised in this report were taken to enable the Council to meet its Medium Term Financial Strategy targets, whilst continuing to provide for essential services delivered by the VCS in Croydon.*

<b>ORIGIN OF ITEM:</b>	During the consideration of the 2022-23 Budget and Three Year Medium Term Financial Strategy report by the Scrutiny & Overview Committee on 7 December 2021, the Committee agreed to request a report on the Community Fund Community - Infrastructure Levy Local Meaningful Proportion Bid.
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<b>BRIEF FOR THE COMMITTEE:</b>	The purpose of the report is to provide the Scrutiny & Overview Committee with sufficient information to decide whether it is reassured by decision making behind the creation of the Community Fund and the decision to use Community Infrastructure Levy (Local Meaningful Proportion) funds to help meet the associated budget challenge.
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## 1. EXECUTIVE SUMMARY

1.1. This report sets out the answers to the following questions raised by Scrutiny & Overview Committee:-

- 1.1.1. Given the proposal was a late addition to the Budget report, can it be explained how the decision was made to include this proposal in the budget?
- 1.1.2. What is the justification for using CIL funding for this fund?
- 1.1.3. How will the Community Fund Grants be administered?
- 1.1.4. How will awareness of the Grant be communicated to community groups across the borough?
- 1.1.5. Can reassurance be given that using CIL funding for this complies with the rules on the use of CIL?

2. Following on from above, Committee sought supplementary information which this report provides. Namely:-

- 2.1. Understand how and why the [Community] fund was created.
- 2.2. Be reassured that there is a fair mechanism deciding [Community] funding allocation.
- 2.3. Be reassured that community groups across the borough will be provided equal opportunity to make bids to the Community Fund.
- 2.4. Be reassured that there will not be a challenge to the Council for using CIL funding for the Community Fund.

## 3. Community Fund - Community Infrastructure Levy Local Meaningful Proportion Assignment 2022/23

3.1. Question 1: Given the proposal was a late addition to the Budget report, can it be explained how the decision was made to include this proposal in the budget?

- 3.1.1. The Community Fund was recommissioned in June 2019. It is an integrated programme of commissioning projects and small grants which collectively represents £2.6m per annum for up to three years from 2020-2023. However, it falls within the scope of the Council's Medium Term Financial Strategy.
- 3.1.2. A specific saving target was identified. A £400k reduction to the contracts forming the Community Fund. This has been agreed to be funded from Community Infrastructure Levy (CIL) Local Meaningful Proportion (LMP).

- 3.1.3. The original plan involved identifying how this saving could be achieved whilst having the least impact on the Council's newly established priorities. A detailed proposal was developed that involved some contracts being safeguarded, some being cut completely, but the majority being subject to reductions ranging from 10% to 25%. This approach was taken through the Council's approval process.
- 3.1.4. However, at Cabinet on the 6th December, the Leader asked that officers explore utilising CIL LMP funds to meet this £400k saving target. To be clear, the Community Fund reduction of £400k p.a. stands, and the base revenue budget will reduce by this value in 2022/23. However, the use of CIL LMP funding allows the impact of this to be deferred for one year to 2023/24.
- 3.2. Question 2: What is the justification for using CIL funding for this fund?
- 3.2.1. CIL LMP can be used to fund a wide range of infrastructure, including health and social infrastructure facilities (as per section 216(2) of the Planning Act 2008, and CIL Regulation 59, as amended by the 2012 and 2013 Regulations).
- 3.2.2. CIL LMP in the London Borough of Croydon represents 15% of the overall Croydon CIL income. The 15% is determined by the CIL Regulations 2010 (as amended) and not set by the Council.
- 3.2.3. With regard CIL LMP the CIL Regulations 2010 (as amended) state the following:
- The charging authority may use the CIL [LMP] to which this regulation applies, or cause it to be used, to support the development of the relevant 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.
- 3.3. Deferring the saving for one year enables the contracts to run until the end of their agreed 3 year contract length. Thereby giving the organisations space to continue to deliver much-needed services and time to better prepare for the next commissioning cycle.
- 3.4. Question 3: How will the Community Fund Grants be administered?
- 3.4.1. Oversight of the Community Fund sits with the Communities Team. However, each contract has its own contract manager and these are drawn from across the relevant service areas. For clarity, [the Community Fund is commissioned contracts to be managed and no grants are administered.](#)
- 3.4.2. Regular and ongoing monitoring of agreed KPIs takes place and each quarter, a meeting is held where contract performance is

discussed and actions identified where needed. If all is signed off with the contract, payment for that quarter is approved.

- 3.5. Question 4: How will awareness of the Grant be communicated to community groups across the borough?
- 3.5.1. The next commissioning cycle of the Community Fund is due to start in Summer 2022. In advance, [we will be engaging with the VCS on the recommissioning process in Spring 2022](#). The change to a mayoral system will contract the timetable, but we expect to launch a new prospectus in July and invite bids through a marketing exercise. In the past we have used a mix of web-based publicity, emails, social media and a series of large, workshop-style events. However, the latter may need to be virtual this time given the possibility of Covid-related restrictions.
- 3.5.2. Once bids have been assessed, recommendations will go to Cabinet in November 2022 so that applicants can be informed with at least 3 months' notice ahead of the new contracts commencing on 1st April 2023.
- 3.6. Question 5: Can reassurance be given that using CIL funding for this complies with the rules on the use of CIL?
- 3.6.1. With regard to the assignment of CIL LMP as 15% of overall borough CIL income the CIL Regulations as amended state the following:
- (3) The charging authority may use the CIL [LMP] to which this regulation applies, or cause it to be used, to support the development of the relevant 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.
- 3.6.2. Government CIL Guidance also states the following with regard to CIL LMP assignment - *If there is no parish or town council, the charging authority will retain the levy receipts but 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 for example, website, newsletters, etc. The use of neighbourhood funds should therefore match priorities expressed by local communities, including priorities set out formally in neighbourhood plans.*
- 3.6.3. Following the request by the Leader at Cabinet on 6th December 2021, the Communities Team made a bid for £400k of CIL LMP for the 2022/23 to partly fund the Community Fund. The bid was considered by the Council's Infrastructure Finance Group (IFG), Capital Board and Spend Control Panel as part of the approval process in accordance with the IFG Terms of Reference. The

approval process only considers whether the CIL Regulations 2010 (as amended) and Government CIL Guidance compliance. Given the nature of the Community Fund projects / contracts, that the award is only partly (20%) funding the Community Fund projects / contracts and the level of engagement with communities and partners on the Community Fund projects / contracts it was conclude the CIL Regulations 2010 (as amended) and Government CIL Guidance have been adhered to.

- 3.7. Supplementary Information Request 1: Understand how and why the fund was created.
  - 3.7.1. The Community Fund was established to bring together a number of previously disparate funding pots into one place. It means we are better able to ensure the funding is allocated strategically and that the risk of individual departments funding the same organisation to deliver a similar service, are greatly reduced.
  - 3.7.2. From the VCS perspective, it also reduced the confusion around the funding available from the Council, by bringing many streams, with differing timescales and application requirements, into one, clearly articulated process.
- 3.8. Supplementary Information Request 2: Be reassured that there is a fair mechanism deciding funding allocation.
  - 3.8.1. There is a robust mechanism in place to ensure this is the case. Whilst applications for the under 15k 'small grants' did not go through the more rigorous 'London Tenders Portal' route, they were still scored twice by different officers and moderated ahead of recommendations being taken to the relevant Cabinet Member for approval.
  - 3.8.2. However, the majority of applications (including all those that are subject to the CIL LMP funding) were the larger bids that went through the Council's formal commissioned services route. As part of this process, scrutiny was provided by independent VCS representatives.
- 3.9. Supplementary Information Request 3: Be reassured that community groups across the borough will be provided equal opportunity to make bids to the Community Fund.
  - 3.9.1. The marketing, due to start in July 2022, will be extensive and aimed at reaching the highest number of community groups possible. The previous exercise resulted in us receiving almost 10 times the amount of bids than the available funding could support. This suggests the marketing was effective and wide-reaching.
- 3.10. Supplementary Information Request 4: Be reassured that there will not be a challenge to the Council for using CIL funding for the Community Fund.
  - 3.10.1. It is considered assignment has been made in line with the CIL Regulations 2010 (as amended), Government CIL guidance and the Council's Infrastructure Finance Group (IFG) governance. This approach to CIL LMP assignment has been in place since the

Council first started collecting CIL in April 2013 and has been reported on two occasions to the Scrutiny – Streets and Environment Committee and is published annually in the Council's Infrastructure Funding Statement. Therefore, it is considered a robust and proportionate governance process has been adhered to.

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