

Neighbourhood Community Infrastructure Levy (NCIL) in Tower Hamlets

Executive Summary

The NCIL is a significant funding source to help address the impact of development in Tower Hamlets at neighbourhood level. The following analysis of how NCIL has been operated in recent years highlights:

- Failure to provide detailed NCIL information to match designated Neighbourhood Plan areas and NCIL zones, leading to a lack of transparency as to how NCIL is allocated and spent.
- Lack of regular meaningful resident consultation and engagement with local communities, including elected representatives, local neighbourhood groups, including Neighbourhood Forums, over the impact of development.
- Inadequacy of the Annual Residents Survey (ARS) as a means of assessing local priorities. The current reliance on the ARS to assess residents' local priorities for capital and revenue projects for NCIL is misplaced.
- Incomplete annual reporting of NCIL receipts, allocations and spending across the 3 NCIL areas and Roman Road Bow Neighbourhood Plan Area. There is no detailed breakdown at ward or neighbourhood level of NCIL receipts, allocations, spend and balances of funds.
- Inconsistencies in application NCIL policy.
- No assurance that NCIL contributions generated in Neighbourhood Plan Areas will be ring-fenced.
- Complicated re-allocations of funding pots across capital and funding streams,
- Failure to ensure NCIL addresses the impact of development in local areas.
- Additional complications over NCIL as Tower Hamlets resumes planning responsibilities for areas in Tower Hamlets within the former London Legacy Development Corporation (LLDC) area. There is a lack of transparency in how CIL funds are being managed, particularly funds transferred from the London LLDC for Fish Island developments. For example, the printed [minutes](#) of the January 2026 Overview and Scrutiny Committee state: 'that unallocated funding inherited from the London Docklands Corporation included £222,572 of NCIL and £1,560.98m of unallocated Section 106 funds.' (p.4) The Section 106 total is clearly wrong but as the financial schedules attached to the Transfer Scheme Protocol are not public, the public have no way of knowing the inherited balances.

1. Introduction

The Roman Road Neighbourhood Forum is committed to engage and work with the Council and in collaboration with other local stakeholders over NCIL for the benefit of all. However, it has not been successful in opening a dialogue with the Council despite several attempts.

There has been confusion and controversy in recent years over the use of the neighbourhood portion of the Community Infrastructure Levy (CIL) paid by developers to the Council to mitigate the impact of development on local areas. The purpose of this report is to clarify the issues involved and to help ensure NCIL funds are used in accordance with the rules, and ensure transparency in the collection, allocation, expenditure and reporting of NCIL.

2. The key distinction between Main CIL and Neighbourhood CIL

The Community Infrastructure Levy (the 'levy') as defined as 'a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.'[\(Gov.uk\)](#)

2.1 Main CIL (the 75–85% retained by the authority)

- CIL must be spent on infrastructure needed to support development:

“Local authorities must spend the levy on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.” (Gov.uk guidance)
- Infrastructure is defined broadly in the Planning Act 2008, but in practice this pot is treated as capital funding.
- Revenue spending from the main CIL pot is not permitted unless the revenue cost is directly required to deliver capital infrastructure (e.g. design fees, project management).

2.2 Neighbourhood Portion of CIL (15% or 25% where a neighbourhood plan exists)

Government [guidance](#) on spending the levy states:

“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.

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.”

Government guidance explicitly states that the neighbourhood portion may be spent on both capital and revenue items, provided the spending:

- addresses the demands that development places on the area, and
- is agreed with the community.

2.3 Why This Distinction Exists

CIL was designed as an infrastructure levy, but the neighbourhood portion was deliberately made flexible to:

- empower communities
- support local priorities, and
- allow small-scale, non-capital interventions

2.4 What counts as acceptable revenue spending for NCIL?

NCIL must fund infrastructure or activities that address the impact of development on the local area. These include:

1. Infrastructure (capital) expenditure on community buildings and facilities, open spaces, playgrounds public realm and environmental improvements,
- 2 Community priorities identified through local consultation
3. Revenue funding **if this addresses development impacts**
4. Equipment for community facilities linked to infrastructure or community impact

Examples of revenue expenditure that typically qualify under Neighbourhood CIL:

Small grants to local charities, local events or festivals, training programmes, revenue costs of community facilities. **All must still demonstrate a link to the impact of development.** Impact can include new buildings, population growth, and land-use changes that place additional pressure on local services, spaces, and infrastructure.

What NCIL cannot usually fund:

While rules vary slightly by borough, common exclusions include routine council services, projects with no link to development impact, long-term revenue commitments, private or commercial benefit without community value.

Areas with adopted neighbourhood plans

All NCIL neighbourhood areas will benefit from 15% of CIL collected in that area, except for areas that have an adopted neighbourhood plan that will benefit from 25%. There are 2 adopted Neighbourhood Plans:

- Isle of Dogs
- Roman Road / Bow



3. Recent History of the operation of NCIL in Tower Hamlets

3.1 A new approach to NCIL in 2023. Receipts from NCIL had accumulated under the previous administration. This was one reason the current administration, elected in 2022, reviewed NCIL. The June 2023 Cabinet meeting agreed a new approach for NCIL, replacing the former Local Infrastructure Fund (LIF) approach that had been agreed in December 2016 and revised in October 2021.

3.2 Cancellation of non-completed projects The June 2023 Cabinet meeting cancelled community projects funded by the NCIL, totalling more than £17 million. The decision flowed from the [report](#) from the Director of Planning setting out the Council's revised proposals. These were approved by the cabinet, including the cancellation of all non-completed spending programmes agreed under the previous administration and the reallocation of the funds.

Thirty-four of the cancelled projects were specifically nominated by residents and community groups. Some of the discontinued projects include public realm improvements

in Bethnal Green Town Centre, Castalia Square, Watney Market and Mile End station, and a provisional £87,560 funding for new recycling bins for the Roman Road Market in Bow.

The cabinet agreed to £20.456 million being returned to the main NCIL pot, comprising £17.285 million from the cancelled projects and £3.171 million collected in 2021/22 and 2022/23.

The money returned to the NCIL pot was to be reallocated towards [three programme pots](#) considered to align with the Council's Strategic Plan 2022-26. These were the Mayor's Community Grants Programme for eligible voluntary and community sector (VCS) organisations, capital projects informed by the Annual Residents Survey, and affordable housing projects identified through the Council's affordable housing programme.

The Council's [website](#) on NCIL is clear about national government expectations over spending on NCIL:

“The national Planning Practice Guidance (PPG) sets out how the government expects local authorities to approach the spending of the neighbourhood portion. The guidance states that the local authority should consult with the community, on how best to spend the NCIL collected from developments. The use of neighbourhood funds should match priorities expressed by local communities, **including priorities set out formally in neighbourhood plans**. The PPG sets out that local authorities should also consider the infrastructure needs of the wider area.”

More than half of the £20 million returned to the main NCIL pot was to be spent on the [Mayor's Community Grants Programme](#) (MCGP). However, the MCGP prospectus stated that funding could not be spent on capital works or major building works. The Community Grants Programme is therefore at odds with the NCIL key objective to fund a wide range of public infrastructure improvements.

Further, applications to the Community Grants Programme closed on 5 June 2023 **before** the NCIL funding reallocations were announced by the Cabinet on 21 June. Therefore, there was no way that groups applying to the MCGP could have been aware that they were applying for grants to mitigate the impact of development in their areas.

3.3 2025 Freedom of Information Request by Roman Road Bow Neighbourhood Forum

The Neighbourhood Forum made a request for information about the operation of NCIL, and received the following reply from Head of Infrastructure Planning on 12/11/2025:

“As you may be aware, the Council's approach to NCIL was adopted by Mayor in Cabinet in June 2023 and under that approach, the previous 4 LIF Areas were reduced to 3 NCIL Areas. The Roman Road Neighbourhood Plan area falls within NCIL Area 2. To date I understand that only around £5k of NCIL funding has been received from within the Neighbourhood Plan area with the majority of funding in NCIL Area 2 coming from developments further to the east and south.

The current approach to NCIL sets out three sub-programmes which are Community Grants, Capital Projects and Affordable Housing Projects. The approved approach sets out that projects funded from the Capital Pot should meet the priorities set out in the Annual Residents Survey **and in the case of any Neighbourhood Plan area, the priorities set out in the relevant Neighbourhood Plan**. Not all projects that benefit the Neighbourhood Plan area will necessarily fall within that area as sometimes improvements, particularly to larger infrastructure (e.g. such as sports facilities or youth centres which are listed as a priority in the Neighbourhood Plan) may fall just outside the boundary. You should note, however, that funding collected in each NCIL area (including the Roman Road Neighbourhood Plan Area) is held in separate pots to ensure that funding is applied to projects that benefit the relevant area.”

We are concerned that last statement is an obfuscation because the misalignment of the Neighbourhood Plan areas with the NCIL zones means that contributions can be directed to a much wider area, as Roman Road Bow is a small subset of NCIL2.

In addition, we note that there should be sizeable CIL contributions to the Roman Road Bow Neighbourhood Plan area in the near future, and we have no transparency as to how these funds will be allocated, and no assurance that 25% of those funds will be ring fenced.

3.4 Recent changes to NCIL

A report by the Corporate Head of Housing and Regeneration on 17th December 2025 proposed the following changes to NCIL:

- “1. Allow any underspend in the grants programme to be used for:
 - a) other grant categories within the Community Grants Programme;
 - b) capital and/or revenue projects approved through the Council’s governance processes;
 - c) affordable housing projects identified through the Council’s affordable housing programme;
 - d) future grant programmes

2. The inclusion of revenue projects in the current NCIL ‘capital pot’ that align with the priorities from the Annual Residents Survey.

The proposed amendments are required to introduce more flexibility into the current approach and recognise that the most appropriate way to meet local people’s priorities can be via both capital and revenue interventions. The proposed amendments will also minimise any delays in the spending of NCIL funds held by the Council to ensure that local improvements to support both existing residents and to accommodate residential / commercial and associated population growth are delivered in a timely manner.

The amended approach is considered to meet the CIL regulatory requirements, the needs of the borough residents and delivery capacity of the Council and needs formal approval in order to be enacted and ensure that NCIL funding is spent in good time to benefit local communities.”

National Planning Practice Guidance states that NCIL must be spent on:

- The demands that development places on an area
- Infrastructure or anything else concerned with addressing local development impacts.

The guidance is extremely broad, and Tower Hamlets Council, in approving the proposed changes, confirmed that the Council can use NCIL for capital housing delivery.

The decision to include revenue projects in the current NCIL capital pot and select these projects through the Annual Residents Survey adds to the confusion and inconsistency by both re-allocating capital funding for revenue purposes and by relying on the Resident Survey which is designed for a different purpose. The policy is further muddled as capital projects are excluded from the community grants programme and yet grant underspend can now be used for capital projects, including affordable housing.

The December 2025 Cabinet decision to adopt the proposed NCIL changes was called in.

At the Overview and Scrutiny Committee on [26th January](#) the Call-in Member's Presentation emphasised:

‘...the importance of the Community Infrastructure Levy (CIL) in funding essential infrastructure such as schools, NHS facilities, parks and public realm improvements in Tower Hamlets.’

The Lead Member's Presentation argued that:

“The decision does not allocate funding, restructure neighbourhoods, alter ringfencing or replace consultations. All future spends would still require legal review, governance **and must support local area development.**”

There was a split vote over the issue, and the Committee Chair exercised a casting vote to uphold the December 2025 Cabinet decision.

3.5 Community grants.

The Record of Cabinet Decisions of 17th Dec. 2025 on NCIL notes that decisions on the allocation of NCIL to individual grants will be made via the existing Council Grants process set out in the Cabinet Paper approved at the Wednesday 29th March 2023 meeting of the Cabinet.’ (paragraph 4, section 6.5)

The reason advanced for the 2025 changes in the way in which NCIL will be managed were that:

“The proposed amendments are required to introduce more flexibility into the current approach and recognise that the most appropriate way to meet local people's priorities can be via both capital and revenue interventions. The proposed amendments will also minimise any delays in the spending of NCIL funds held by the Council and ensure that local improvements to support both existing residents and to accommodate residential

/ commercial and associated population growth are delivered in a timely manner. The proposed amendments need formal approval in order to be enacted and ensure that NCIL funding is spent in good time **to benefit local communities.**”

Speeding up the allocation and expenditure of NCIL contributions is very welcome. However, confirming that any NCIL underspend can be used for ‘capital and/or revenue projects approved through the Council’s governance processes’, and ‘affordable housing projects identified through the Council’s affordable housing programme’ does however remove any possibility of local neighbourhood community involvement in determining priorities. **In effect it means that Neighbourhood Plan Forums and other community groups will not be consulted.**

The contradiction in the policy is shown by the requirement to engage with local communities being explicitly acknowledged in the December 2025 Cabinet meeting report, which includes:

“3.5 The Government Guidance on CIL (paragraph 146) requires the Council to engage with the local communities where development has taken place, before deciding on how to spend the NCIL, and ensure that expenditure reflects the priorities expressed by the local people. The use of existing engagement mechanisms is encouraged. Where a Neighbourhood Plan is adopted in the borough, CIL guidance advises that **the Council and communities** should consider how NCIL could be used to deliver the infrastructure identified in the neighbourhood plan as required to address the demands of development, whilst also having regard to the infrastructure needs of the wider area. The Government Guidance on CIL (paragraph 151) also specifically sets out that NCIL can be used to fund Affordable Housing.”

As already set out, Government guidance stresses the crucial importance of collaborating with designated neighbourhood forums as well as other local stakeholders. This is not happening.

By only citing the process should involve the Council using existing community consultation and engagement processes, namely the annual resident survey, the requirement to engage meaningfully with local communities at neighbourhood level is ignored.

4. Proposals for improving the operation of NCIL funds

1. The need to review the basis for funding the voluntary and community sector (VCS) grants programme

The reliance of the Council on NCIL to fund the VCS sector grants programme is problematic and needs to be reviewed.

Whilst NCIL funds can be used for revenue purposes, Government guidance is clear that NCIL expenditure should **address the demands that development places on areas and be agreed with the community.**

London boroughs draw upon a mixed set of income streams to fund grants for the VCS. The exact blend varies by borough, but the main categories are well-established across the capital. The table below demonstrates this, and that core Council revenue income is a major source of VCS grants in many London boroughs.

Summary Table

Funding Source	Type	Used For	Evidence
Borough contributions	Core council revenue	London Councils Grants Scheme; local VCS grants	¹
Pooled London Councils fund	Borough-funded pooled pot	Pan-London VCS services	¹
External philanthropic funds	Corporate/charitable	Local community grants administered with councils	²
National government grants	Central government	Public health, employment, youth, community safety	(General knowledge)
S106 / CIL	Developer contributions	Community facilities, local projects	(General knowledge)
Local partnerships	NHS, housing associations, BIDs	Joint-funded community programmes	(General knowledge)

1. *London Councils*
2. *London Community Foundation*

2. The need to review how NCIL funds are spent

Government guidance explicitly states that the neighbourhood portion may be spent on both capital and revenue items, **provided the spending addresses the demands that development places on the area, and is agreed with the community**. CIL was designed as an infrastructure levy, but the neighbourhood portion was deliberately made flexible to empower communities, support local priorities and allow small-scale, non-capital interventions. NCIL spending can include community development worker posts, small grants to local charities, local events or festivals, training programmes, revenue costs of community facilities. **All must still demonstrate a link to the impact of development.**

3. The need to develop more suitable tools for assessing local priorities and engaging with local communities beyond the Annual Residents Survey (ARS)

Government guidance is not prescriptive in setting out the methods local authorities use to assess need and engage with local communities, and the use of existing engagement mechanisms is encouraged. As noted, Government guidance goes beyond use of existing tools such as the ARS and is clear that Neighbourhood Plan Forums should be consulted about their areas.

The December 2025 Cabinet report said the top concerns from the ARS

“...would be used to inform the NCIL allocations for capital and revenue projects for that year using neighbourhood level statistics to ensure local priorities are being addressed.” (p.370).

The report also promised:

“The NCIL funds collected in each NCIL area will only be spent on projects that benefit that neighbourhood area e.g. NCIL collected in NCIL Area 2 will be spent within NCIL Area 2 to benefit the neighbourhood area.’ (p.367)

The ARS asks people what they think about the Council’s services - not what their priorities are for their local area and the projects they want to reduce the impact of local developments. Its main purpose is to give the Council a robust picture of how residents feel about the borough, local services and the Council. **As currently constituted the ARS is not the right vehicle to gather community feedback regarding specific local improvements or community grants.**

A clear commitment by LBTH is needed to consult with local councillors, designated Neighbourhood Forums, other local groups, residents and businesses.

4. Changes to NCIL to ensure that 25% of NCIL funds arising in the two Neighbourhood Plan Areas are generally spent in the areas where they originate.

The Roman Road Neighbourhood Plan Area (the whole of Bow West ward and the part of Bow East ward to the west of the A12) is a subset of Area 2. As 25% of the neighbourhood portion of NCIL receipts should generally be spent in the plan area, it is important that clear, accurate and timely information is published.

Currently Area 3 is coterminous with the Isle of Dogs Neighbourhood Plan Area.

5. The need for clear and comprehensive information on NCIL receipts, allocations and spend for each CIL area.

The August 2025 reply to a FOI request mentioned that:

“The intention moving forward is to expand on the information currently included in the [Infrastructure Funding Statement](#) (IFS) and provide details, for example, of the amount of NCIL received, spent and allocated per NCIL area. This information will be provided in the IFS for 24/25 onwards.’ There was also an assurance given that ‘Any future NCIL will be reported through the capital programme governance process up to cabinet.”

The 2024/25 statement is the latest available, and it does not show NCIL received, spent and allocated per NCIL area. It does include however expenditure on specific projects, shown in the table below. At the bottom there is a global figure of NCIL expenditure of £4,539,252 with no breakdown.

CIL Expenditure (including NCIL) 2024/2025

Project Name	Total 2024/25
Wood Wharf Expansion	£854,268
Youth Provision Phase 2 Table 3.2 CIL Expenditure (including NCIL) 2024/2025able layout	£483,655
Secondary Schools Kitchen Equipment	£48,391
Poplar Baths Gaming Pitch	£33,343
York Hall Spa	£631,044
Victoria Park Toilet Improvements Project	£7,107
Victoria Park Electric Charging (EV) for Ice Cream Vans	£70,644
Interim Depot Strategy	£24,693
Flats Recycling Package	£949,451
Electric Waste Vehicles	£58,247
Additional Rubbish and Recycling Bins	£352,753
Whitechapel Road Tensile Structure	£24,050
Roman Road West Regeneration Programme	£124,765
South Dock Bridge	£107,720
St Georges Town Hall Refurbishment Programme (initial requirement)	£3,716
Artichoke Pub Site	£3,195
Cubitt Town Library Feasibility	£754
Montefiore Centre Refurbishment Programme (initial requirement)	£254
Public Realm Improvement New Town Hall	£8,671
Shapla Conversion to Offices	£320,000
Sewardstone Road Adult Social Care	£114,000
Care Technology Transformation	£261,207
Culturally Sensitive Misuse Recovery Centre	£160,670
Transformation of CCTV System	£219,153
NCIL	£4,539,252
Total	£9,401,003.00

CIL Summary of Income and Expenditure 2024/2025

	Description	Total 2024/25
	Total value of CIL receipts collected prior to reported year (2024/2025 which have not been allocated)	£45,148,764
	total value of CIL receipts collected prior to 2024/2025 which have been allocated	£52,800,000
	total value of CIL expenditure (including NCIL) for the reported year	TH CIL £4,861,751 NCIL £4,539,252

An August 2025 reply to a freedom information request (48084885) from the Council NCIL team stated:

“There is no requirement in the CIL Regulations or guidance to consult annually although you should note that the Councils’ Annual Residents Survey is undertaken each year and will be used to help to determine the priorities in relation to the Capital Project pot allocations...The results of the survey are recorded by ward so the responses can be combined for each NCIL area to establish the priorities (or ‘priority themes’) for that area. Some of the areas of concern may not be appropriate to address with NCIL and so therefore will not be able to be funded with by NCIL e.g. level of council tax. In some cases, the priorities identified through the ARS may already be addressed through other council policies, funding sources or by third parties e.g. quality of health facilities. The remaining areas of concern will be used to help establish the priority themes for each area **and ensure that the issues that are of most concern to local residents are addressed through NCIL allocations to relevant capital projects.**”

The December 2025 Cabinet report on NCIL stated:

“NCIL funding will be ring-fenced for the grants programme pot for community projects that address the demands development places on that area as per CIL Regulations (2010) and also reflecting the strategic priorities of the Council.” (p.369)

There is no information shared about how the survey results are used to establish area priorities or mention of how the community grants programme addresses the demands development places on areas.

If the Council continues to use the Annual Residents Survey for NCIL, ward-level information could be combined and reported for the three NCIL zones plus the Roman Road Neighbourhood Plan Area and published along with anticipated available NCIL funding. At a minimum, this could be through an annual online consultation, providing an opportunity for individuals and local groups to express their priorities for NCIL allocations for that year.

Finally, the large amount and scale of development within areas of the borough where the LLDC Local Plan and Supplementary Planning Guidance still apply until the new Tower Hamlets Local Plan replaces them, provide additional reason to review the allocation and spend of the NCIL programme and publish full information.

Roman Road Bow Neighbourhood Forum

1 March 2026