

Committee: Cabinet

Date: 15 January 2018

Wards: all

Subject: Merton's Neighbourhood Fund

Lead officer: James McGinlay, Head of Sustainable Communities

Lead member: Councillor Martin Whelton, Cabinet Member for Regeneration, Environment and Housing

Contact officer: Tim Catley, S.106/External Funding Officer, Future Merton (extension 3449)

Recommendations:

1. Updates members on the Neighbourhood Fund
 2. Allocate £5,000 of Neighbourhood Funding per ward to small scale public space projects in consultation with ward councillors;
 3. Seek Cabinet authority to set aside £213,000 to partner fund the delivery of Merton's London Borough of Culture programme, subject to the council's bid to the Mayor of London being successful and subject to full assessment of competing bids for 2019 delivery.
 4. Seeks delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing to allocate Neighbourhood Fund money to individual projects (including London Borough of Culture) received through the recent Neighbourhood Fund consultation, in line with Cabinet's agreed Neighbourhood fund criteria .
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report has been brought before Cabinet due to the need to allocate Community Infrastructure Levy Neighbourhood Funding to schemes for delivery throughout 2018 and 2019.
- 1.2. In September 2017 Cabinet approved a report on the Community Infrastructure Levy Neighbourhood Fund. Subsequently public consultation took place from 31 October 2017 to 8 January 2018, asking people and organisations to suggest projects for Neighbourhood Funding.
- 1.3. It will take time to assess each of the consultation responses against the bidding criteria that Cabinet approved in September 2017. So as not to delay making funding decisions for the 2018-19 financial year, Cabinet is being asked to grant delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing and to allocate Neighbourhood Fund money to individual projects in line with the criteria Cabinet have already approved.
- 1.4. In order to ensure that each ward receives some Neighbourhood Funding, Cabinet are asked to approve the allocation of £5,000 of Neighbourhood

Funding per ward for allocation to small scale public space projects which will be identified in consultation with ward councillors.

- 1.5. If approved, the recommendations set out in this report will ensure the timely allocation of Neighbourhood Fund money to schemes that will support the demands that development places on the borough and deliver an equitable allocation across the Borough contributing to the Community Plan priority to bridge the gap.

2 DETAILS

- 2.1. Since 2014 the council has been collecting Community Infrastructure Levy funding and has received over £1.2 million to be spent on neighbourhood projects (the Neighbourhood Fund). None of this has been allocated or spent yet.
- 2.2. Under the CIL Regulations, the Neighbourhood Fund must be spent on local projects to support the demands development places on the area. Government guidance states that local authorities should engage local communities and agree with them how to best spend the Neighbourhood Fund, and that governance should be proportionate to the level of receipts.
- 2.3. On 19 September 2016 Cabinet authorised governance parameters and public consultation to identify the communities' priorities for spending the Neighbourhood Fund which was undertaken between 28 November 2016 and 28 January 2017.
- 2.4. On 18 September 2017 Cabinet agreed detailed governance arrangements and criteria through which it can assess and approve proposals for the allocation of funding.
- 2.5. A key aspect of the criteria approved by Cabinet is a requirement for bids to demonstrate how they would contribute to the Community Plan priority to bridge the gap. This provides support for allocating Neighbourhood CIL towards delivering a fairer distribution of the benefits of growth through investment into areas of the borough in the greatest need.
- 2.6. From 31 October 2017 the council published its consultation calling for bids to be submitted for allocation of Neighbourhood Fund money. The consultation closed on 8 January 2018 and a couple of organisations have asked for an extension of time until mid January 2018 to submit their consultation responses.

Direct allocation

- 2.7. Neighbourhood fund money will be allocated directly to projects once bids submitted under the call for projects consultation have been fully assessed against the selection criteria that were agreed by Cabinet in September 2017. Bids that are considered supportable under the selection criteria will be put forward for funding. In order not to delay bid assessment and funding allocation, Cabinet is being asked to authorise delegated authority for the Cabinet Member for Regeneration, Environment and Housing and the Director of Environment and Regeneration to authorise the allocation of funding towards bids

Ward allocation

- 2.8. In order to ensure that every ward in Merton has some funding to support the demand that development places on the area, it is recommended that Cabinet allocates £5,000 of Neighbourhood Fund CIL money per ward. With 20 wards, this would be £100,000 allocation in total. The proposal is for these funds to be used as a pilot to help determine whether an ongoing local improvement programme should continue in future years utilising a proportion of the Neighbourhood Fund.
- 2.9. Each £5,000 of the Neighbourhood Fund would be ring-fenced for each ward for public space improvements that are common across the whole borough, which could include measures such as
- Deep cleaning, gum removal or jet washing of pavements e.g. in front of local shopping parades
 - Replanting planters
 - Provision of new bins [where the contract does not currently provide for]
 - Painting lamp columns
 - Re-paving or re-designing streets and spaces
 - Replacement street furniture [e.g. benches, noticeboards]
- 2.10. The council would consult with Ward Councillors to identify measures to benefit from funding. It would verify any allocations before committing funding to projects and be responsible for the administration of the pots allocated to each ward.
- 2.11. This approach would provide the opportunity to fund projects in every ward in Merton that would generally accord with the Neighbourhood Fund criteria but which would amount to unnecessary spending on process administration if all 20 wards were expected to bid for each and every project.

London Borough of Culture – Merton's bid

- 2.12. In December 2017 Merton Council bid to the Mayor of London to be London's Borough of Culture for 2019. The basis of Merton bid is to carry out a series of events throughout 2019, including 12 events that are devised and delivered by community groups borough-wide. The overall London borough of Culture winner will receive up to £1.1million for their programme and the Mayor has also set aside funding for exemplary projects that may be part of runner-up borough's bids.
- 2.13. A successful bid will draw a huge amount of positive attention to the borough as a place to live, work and visit and encourage investment including Merton CIL paying development into parts of the borough that

have not seen their fair share of the benefits of economic growth, supporting the regeneration of these areas and the Community Plan priority to bridge the gap.

- 2.14. Therefore Cabinet authority is sought to set aside £213,000 from Neighbourhood CIL subject to:
- all or any part of Merton’s London Borough of Culture bid being successful;
 - full assessment of all Neighbourhood Fund bids for delivery in 2019 including the London Borough of Culture bid.
- 2.15. This report seeks delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for final approval of all Neighbourhood CIL funding bids, which would include London Borough of Culture.

Funding from Section 106 agreements

- 2.16. Funding is also available from money paid under S.106 agreements. S.106 agreements are made between the council as Local Planning Authority and developers as a means to secure measures or funding towards measures to make a development that is subject of a planning permission acceptable in planning terms.
- 2.17. The introduction of Community Infrastructure Levy in April 2014 largely replaced S106 contributions except for, affordable housing, historic planning permissions and on substantial sites.
- 2.18. Officers will work to recommend allocations for this S106 funding to councillors as part of the council’s financial management processes and in line with any legal restrictions on its use as set out in each S106 agreement
- 2.19. A breakdown of the amounts of S.106 funding available is provided at Appendix A, with headline points as follows:
- 2.20. **Affordable housing:** £3,652,384 for new affordable housing raised under our Core Planning Strategy policy CS8 and continues to be secured as it is exempt from the statutory pooling restrictions that affect other S.106 contributions.
- 2.21. **Other S106 funding** totalling secured prior to April 2014 (i.e. prior to the statutory pooling restrictions coming into force) The table below summarises this

Summary of what S106 can be used for	Amount
improvements to schools and education facilities across the borough	£895,061
Measures for parks and open spaces	£260,672

For sustainable transport & public realm improvements at a range of locations across the borough	£404,621
To help support the local economy	£67,206
TOTAL	£1,627,560

2.22. It is important to note that most of this “other S106 funding” set out above is ring-fenced to particular geographic areas or issue in accordance with specific details set out in each S.106 agreement. Appendix A summarises what this funding can be used for.

2.23. Where bids are considered suitable candidates for S.106 funding, officers will consider prioritising this form of funding over CIL funding as the council has the option to spend CIL funding on other infrastructure. Subject to the type of scheme and amount of funding required, allocations will be authorised under delegated officer authority, Cabinet or Full Council.

3 ALTERNATIVE OPTIONS

3.1. One alternative option would be not to delegate Neighbourhood CIL funding allocation. However the allocation of monies would help support the demands of development places on the borough benefiting local communities and attracting further investment into the borough and for this reason delays would be counterproductive.

3.2. Cabinet previously authorised the carrying out of consultations and the criteria for bid selection and allocation so that the benefits of CIL for neighbourhoods can be captured, and respondents have been asked to submit their projects based on these approved criteria. The proposal to grant delegated authority for the allocation of the fund will help meet the timescale and allow for allocation of schemes for delivery in 2018.

3.3. Para 2.12 and Appendix A identifies alternative funding, paid to the council under S.106 Agreements, that may be available for schemes subject to unsuccessful bids for Neighbourhood CIL Funding.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. As set out in the body of this report.

5 TIMETABLE

5.1. As set out in the body of this report

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. There is currently £1.2million of Neighbourhood Funding. Forecasts based on planning applications granted that attract Merton’s CIL mean that the council expects to receive circa £300,000 into the Neighbourhood Fund per annum.

6.2. As set out in the body of this report. Cabinet approved the following Neighbourhood Fund bid assessment criteria in September 2017 and delegated authority is sought in this report to assess bids based on these criteria:

Assessment criteria

- a. Spending Neighbourhood CIL would need to accord with the CIL Regulations and government guidance on CIL.
- b. The proposal must comprise an appropriate use of use of the funds; consistent with government rules and Merton's community plan and/or business plan priorities.
- c. Scheme should not have any unacceptable revenue or capital implications on the council or any other body.
- d. Estimated cost of scheme should be over £20,000.
- e. Scheme should be deliverable and capable of being started within the year ahead.
- f. Proposal should have endorsement by at least one ward member.
- g. Proposal should clearly demonstrate how it meets neighbourhood priorities. We will be looking for projects that clearly fall within one or more of the priorities favoured by the neighbourhood where the proposal would be located (or neighbourhood that would benefit most from the proposal) as demonstrated by the results of the Neighbourhood CIL public consultation (Nov 2016-Jan 2017).

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under the CIL Regulations the Neighbourhood Fund, must be spent on local projects to support the demands development places on the area.
- 7.2. Government guidance states that local authorities should engage local communities and agree with them how to best spend the Neighbourhood Fund, and that administration should be proportionate to the level of receipts.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report. Projects will be selected against the criteria that Cabinet approved in September 2017 such as consideration of Merton's Community Plan, which include matters addressing equalities and community cohesion.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report. Projects will be selected against the criteria that Cabinet approved in September 2017 such as consideration of Merton's Community Plan, which include matters relating to minimising crime and disorder.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A: summary of S.106 funding available.

12 BACKGROUND PAPERS

- Cabinet meeting 18 September 2017: Minutes and Agenda Item 4 –
Neighbourhood Fund
<https://mertonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=146&MId=2773&Ver=4>
- Cabinet meeting 19 September 2016: Minutes and Agenda Item 6 –
Neighbourhood Fund
<https://mertonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=146&MId=2487&Ver=4>

Appendix A - S.106 amounts available

Affordable Housing

New affordable housing (anywhere in the borough)	£ 3,652,384
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EDUCATION

<u>Unrestricted</u>	£ 571,153
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Restricted

To be spent in the vicinity of the development that provided the funding	£ 121,022
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serve development To spent on education measures to serve the development that provided the funding	£ 143,942
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Facilities only (can't be spent on services)	£ 2,112
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Secondary schools only	£ 56,832
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Total Education	£ 895,061
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Open Space

Unrestricted	£ 103,823
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Restricted

Improvements generally (not geographically restricted)	£ 45,739
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Restricted to be spent in the vicinity of the site usually also restricted to improvements	£ 103,069
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Restricted to play space, usually on improvements	£ 8,040
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Total Open Space	£ 260,672
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Public Realm/ Travel/ Town Centre

Unrestricted sustainable transport	£185,818
Pedestrian/cycle network	£11,377
Wimbledon Town Centre - Town centre, community facilities and sustainable transport initiatives	£101,743
Colliers Wood - Town centre and sustainable transport initiatives	£24,570
Raynes Park - excludes project specific contributions	£5,067
Willow Lane Industrial Estate - sustainable transport improvements	£6,957
Wimbledon Tennis - sustainable transport improvements in vicinity of All England Lawn Tennis Club	£20,543
General geographic restrictions; must be in vicinity of development (various)	£48,546
total Public Realm/ Travel/ Town Centre	£404,621

Economy

Business investment (unrestricted, borough wide)	£ 9,074
investment to support the quality/quantity of business premises borough wide	£ 13,964
Towards economic strategy initiatives / schemes	£ 11,301
Skills training borough wide	£ 32,866
total economy	£ 67,206

sub total (excl affordable housing)	£ 1,627,560
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