

Committee: Cabinet

Date: 14th January 2019

Agenda item:

Wards: All wards

Subject: **Neighbourhood Community Infrastructure Levy ward allocation scheme**

Lead officer: James McGinlay, Assistant Director for Sustainable Communities

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

Contact officer: Tim Catley CIL and S106 officer, FutureMerton

Reason for Urgency: The legal requirements for Access to Information have not been met. The Chair has approved the urgent submission of this item for the following reason: given the need to ensure that there is no delay to the availability of Neighbourhood Community Infrastructure Levy Funding and associated bidding.

Recommendations

- A. Consider the outcome from the £5k per ward pilot project carried out in 2018
- B. Approve the ward allocation scheme including £15k per ward as set out at paragraph 2.17
- C. Note that the second bidding round for the Neighbourhood Fund will be carried out early in 2019 separately from the ward allocation scheme in accordance with the governance and allocation arrangements approved by Cabinet in 2017, as set out at paragraph 2.19.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. In January 2018 Cabinet resolved to award each of Merton's 20 wards £5,000 from Neighbourhood Community Infrastructure Levy to spend on public realm improvements determined by the ward councillors.
- 1.2. This was to be a pilot project that could be taken forward for subsequent years if it worked well
- 1.3. This report sets out the lessons learnt from this pilot project and recommends that Cabinet approves the Neighbourhood CIL ward allocation scheme including £15k per ward set out at paragraph 2.17.
- 1.4. The report also notes that the second bidding round for the Neighbourhood Fund will be carried out early in 2019 separately from the ward allocation scheme in accordance with the governance and allocation arrangements approved by Cabinet in 2017, as set out at paragraph 2.19.

2. DETAILS

- 2.1. In September 2017 Cabinet approved governance and criteria for allocating the Neighbourhood proportion of Merton's Community Infrastructure Levy (CIL) income. The process involves bids being submitted by internal services and external organisations for funding from a central pot of Neighbourhood CIL received from developments across the borough. This pot is called the "Neighbourhood Fund". Bids are assessed against the bidding criteria which includes the priorities identified by the 5 different neighbourhoods in Merton during a consultation carried out over the winter 2016-17.

Pilot project - £5k per ward

- 2.2. In addition to the Neighbourhood Fund which is the central pot of Neighbourhood CIL to which the governance and criteria would be applied it was considered that each ward should have its own smaller pot of Neighbourhood CIL with the idea being that schemes could be delivered in advance of the local elections in May 2018.
- 2.3. On 15th January 2018, Cabinet resolved to award each ward £5,000 to be spent on a limited range of public space and public realm improvements. This was to be a pilot project with lessons learnt during the year to be used to inform any formalisation of a Neighbourhood CIL ward allocation scheme in the future.
- 2.4. The Public Space team led the project and asked councillors to put forward ideas for their wards in late February. There was very variable interest from ward to ward.
- 2.5. The potential expenditure of the £5k for each ward covered a wide range of different issues which included highway repairs, environmental spending, new benches, plants and money passed on to community groups to spend. Any expenditure has to (a) meet the Neighbourhood CIL criteria and (b) were not already expected to be provided under existing contracts with Veolia, IdVerde and FM Conway.
- 2.6. Other expenditure (e.g. for specialist cleaning) was reliant on quotes from Veolia or other contractors) to carry out the works.

Lessons learnt from the pilot

- 2.7. The following is a list of issues that arose from the pilot project:
 - **Unclear project scope:**

Councillors had many questions for a variety of council teams before they could make a decision as to which proposals to put forward.

The report to Cabinet in January 2018 needed to be clearer on what was achievable with £5k with projects submitted by councillors far exceeding the money available.
 - **Point of contact for proposals not clear:**

There needed to be clearer lines in how the consideration of project ideas by councillors should be managed internally. As a result, this resulted in a delay in deciding whether they could be funded, but also in seeking estimates for the project and organising delivery.

- **Lack of clarity on timing of project/scope creep/pooling:** The initial idea was that councillors would suggest projects in January /February which would be delivered within three months. However, some projects were subject to seasonal constraints (e.g. planting bulbs in autumn) or wanted to extend the scope of the project. Other ward councillors proposed pooling their £5k allocation with funding available in subsequent years to generate a larger pot of funding.
 - **Delays in feedback on what to do with ward's £5k** although some councillors were enthusiastic in suggesting potential projects, others did not submit projects or asked for the £5k to be held until they could come up with an idea later in 2018 / 2019. This may have been down to the timing and the upcoming election in May 2018 but it led to mixed funding allocations across neighbourhoods.
 - **Clarity as to whether Works were additional to or within contract?** The council delivers most street scene and public realm contracts through three large contracts Veolia (waste, cleaning and gullies), IDVerde (parks, open space, landscaping) FM Conway (highways and street lighting). Officers had to determine whether projects such as street cleaning, planting or painting lamp columns were *additional* to the council's existing contracts and therefore could be carried out via the £5k or were *within* existing service delivery and therefore should not be paying a contractor additional funds to carry out the works. On some occasions, this required officers to undertake site visits to determine the exact situation.
 - **Complex financial arrangements:**

It took until the end of May 2018 to confirm cost codes for raising purchase orders; this has been resolved for future years.
- 2.8. In short the original scope of the £5k per ward pilot project was not clearly enough defined and there was greater administration, governance and communication required than the £5k per ward pilot project allowed for.
- 2.9. In order to address the issues officers have reflected upon how other boroughs are approaching Neighbourhood CIL and are proposing a way forward that retains the basic principles identified for the equitable distribution of CIL to small scale public space projects but provides additional funding and more certainty than the pilot project.

Other borough approaches

- 2.10. Other authorities have taken various approaches to spending Neighbourhood CIL. Appendix 1 sets out the approaches followed across London.
- 2.11. Some authorities are spending their Neighbourhood CIL on projects approved centrally as a priority for the council generally. Others are allocating all

Neighbourhood CIL for ward councillors (to make a decision on projects) for the ward where the development that provided the funding is located. Some are taking a tiered or hybrid approach that seeks to direct funding towards important larger scale priorities while facilitating local councillor/community committee involvement in allocating funding to smaller scale projects.

- 2.12. Speaking with representatives from other councils, authorities that keep all the funding for projects within the wards that the development that provides the funding is located have been accused of not fairly distributing NCIL. For authorities that hand all the money over to the ward councillors/local committees to authorise allocations, representatives have reported stalemates in agreeing priorities between councillors/committee members or between them and the authority, leading to only a small proportion of money being spent.
- 2.13. Reflecting upon these approaches and experiences at other authorities it would appear that approaches should be carefully tailored to reflect the characteristics and priorities of the individual borough.

Merton's approach

- 2.14. Merton is comprised of overlapping geographies without distinct settlement boundaries or neighbourhood committees set up for approving funding allocations. Merton sees a large proportion of small scale development which isn't overly concentrated in any particular part of the borough.
- 2.15. In order to best respond to these characteristics, our approach to spending Neighbourhood CIL should seek to strike a balance between giving local communities a say on how CIL is spent and ensuring projects that help support demands of development in the borough are funded unfettered by local disputes between interest groups. Given the spread of development in the borough the approach should ensure that all areas benefit from some funding.
- 2.16. Allocation of a proportion of Neighbourhood CIL to be shared equally between each ward through a ward allocation scheme would:
 - allow for the continued operation of the allocation of Neighbourhood CIL to bids prioritised by the Council in accordance with the selection criteria/neighbourhood priorities approved by Cabinet in September 2017; while
 - ensuring each ward benefits equally from a share of the funding for public realm projects.

Way forward - Formalisation of Ward Allocation Scheme

- 2.17. Officers consider that there should be a ward allocation scheme, provided that it addresses the lessons learnt from the pilot project above by:
 - a) ***Examining the projects that qualify for funding and are straightforward to implement and maintain.***

All bid submissions would be checked against the qualifying list of schemes and checked by officers as deliverable and whether proposals are supportable. The types of projects would need to be outside existing contracts and have no unacceptable maintenance implications. The types of projects currently under consideration for inclusion/exclusion are:

included	excluded
Bulb planting	Gum removal
Graffiti removal (outside contract e.g. private walls)	Benches on highways
Supporting volunteer clean ups e.g. of River Wandle	Traffic calming measures
Grants to community groups for painting fences,	Street tree planting
Footway & street structures (decluttering, renewal, vegetation clearance)	
Painting street light columns	
Highway and public right of way vegetation full cut-back & deweeds/spray	
Park bins	
Park fence railings (painting, replacing, revitalisation)	
Seating in parks	
Playground items	
Alleygate schemes	

The list of projects will be finalised internally in time for the promotion/publicity set out at (f) below.

b) *Have an implementation period/spend deadline for proposals of 3 years.*

This would allow for flexibility in dealing with seasonal constraints and where proposals have a longer implementation programme and the timeframe in aligning with the electoral term would be better suited to councillors and provide more time for officers to agree a list of bids for each ward before scheme term ends.

c) *Providing for £15k allocation to qualifying proposals per ward during the 3-year implementation period.*

Rather than £5k per ward per year, £15k would be available for each ward to bid for/spend across the remaining three years of the current electoral

term. Bids would be accepted (for consideration by senior officers) for each ward for expenditure from 2019-20 until the end of 2021-22, or until the £15k is fully allocated to bids (whichever happens first). This would facilitate the longer implementation programme and provide more scope for larger proposals helping to maximise the take up of the allocation per ward.

d) Designates an individual responsible officer for each type of project as per a) above. Up to £50k to be set aside in case additional business resource is required to deliver allocations.

This would help to streamline the process allowing for a point of contact for proposers for specific types of proposals from start to finish. Their responsibility would include:

- Point of contact/liaison for proposers for specific project types (start to finish).
- Validation of applications for bidding
- Putting together and submitting the bid to coordination officer
- Appointing contractor
- Implementation project management (raising purchase orders, supervision/inspection, updating and reporting to coordinator etc.).

The £50k allocation would be taken from the neighbourhood proportion of CIL receipts and would act as a contingency in case additional resource (over and above existing resources in terms of existing staffing in-house) is required to implement approved allocations. This amount would be shared across the 20 wards and is in addition to the £15k per ward and be kept under review so that the amount could be revised depending on demand particularly given the objective (set out at (a) above) that projects would be straightforward to deliver.

Key coordination/monitoring the scheme overall would be carried out by officers in Future Merton/Finance and would include receiving applications, notifications, allocating responsible officers, processing bids, financial arrangements, delivery monitoring, unlocking issues, updates and reporting.

e) Introduction of clear governance arrangements and pooling across wards

There would be a standard application/approval process which would involve the following steps:

1. Standard application form filled out by member of the public or Council officer
2. Application form submitted to a ward councillor
3. If all the ward councillor supports the scheme they forward the application form to the Council (to the Ward Allocation Scheme email address)
4. The Council will assess the application to ensure that it falls within the parameters of the scheme and complies with the criteria set out at a) to c) above and can be put forward as a bid for approval.

5. Bid approval for single ward bids (i.e. for bids up to £15k) will be authorised by the Assistant Director for Sustainable Communities (with delegation permitted to level 3/4 managers in accordance with existing financial approval protocols). Bids will be assessed against the parameters of the scheme including the criteria set out at a) to c).

Ward councillors for each ward would need to work collaboratively in a coordinated manner with each other, as they would be responsible for prioritising applications to be sent to the Council so that the funding for their ward is not over subscribed in applications.

Pooling across wards

It would be possible for multiple wards to pool together their £15k and support a joint application. In this instance all of the ward councillors in each of the respective wards would need to confirm their support as part of step 3 above and proposals would need to comply with the parameters of the scheme in all other respects. The level of authority required to approve bids will depend on the amount of funding required, as follows:

- Below £30k – Assistant Director for Sustainable Communities
- £30k and above – Director of Environment and Regeneration

f) *Promote the scheme and publicise the requirements for bids with Ward Councillors in advance*

A briefing session on CIL will be organised for all ward councillors which will include a list of project types that can be subject of bids, individual responsible officer contacts for different type of proposals and what to expect in terms of governance, bidding and implementation process. This would take place in advance of April 2019. The publicity would explain the standard application/approval process as set out at e) above setting out how members of the public can be involved in making applications and the role of ward councillors in supporting applications that meet the criteria including their responsibilities with respect of prioritising applications for submission to the Council.

The Neighbourhood Fund – main Neighbourhood CIL funding

- 2.18. The criteria for proposals to qualify for funding under the Ward Allocation Scheme as recommended above would be very specific and funding is only available for proposals costing up to £15k per ward. Any schemes above that threshold can be considered for funding under the Neighbourhood Fund, which comprises the amounts of Neighbourhood CIL available to projects more generally.

- 2.19. Proposers can submit bids under the second call for bids for the Neighbourhood Fund, which is due to be carried out early in 2019 in parallel with promotion and publicity of the Ward Allocation Scheme set out at (f) above. The process to bid for both sources of funding will be made clear in the associated publicity. The bids will be considered for the Neighbourhood Fund in accordance with the governance arrangements and selection criteria approved by Cabinet on 18th September 2017. Funding will be available for spending in 2018-19 financial year.

3 ALTERNATIVE OPTIONS

- 3.1 Continuing with the £5k per ward allocation per year would not be an effective use of Neighbourhood CIL funding given the issues identified at para 2.7 above.
- 3.2 Other authorities have taken various approaches to spending Neighbourhood CIL. Some authorities are pooling their entire Neighbourhood CIL to spend on projects approved centrally as a priority for the council generally. Others are allocating all Neighbourhood CIL for ward councillors (to make a decision on projects) for the ward where the development that provided the funding.
- 3.3 The recommended approach would help avoid the issues experienced at other boroughs that have been accused of not fairly distributing NCIL or, for authorities that hand the money over to the ward councillors, problems with getting ward Councillors to agree on projects between themselves or with the authority, leading to only a small amount of money being spent.
- 3.4 It would allow for the continued operation of the allocation of Neighbourhood CIL to projects preferred by the Council in accordance with the selection criteria/neighbourhood priorities approved by Cabinet in September 2017 while providing a significant portion of the money to be shared equally between all wards for public realm projects deliverable within one electoral term.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 None for the purposes of this report.

5 TIMETABLE

- 5.1 Funding would be available for each ward to be allocated to projects from the first quarter of 2019-20 financial year for the remainder of the current electoral term or until the £15k allocation runs out.
- 5.2 As set out in paragraph 2.17(f) information will be presented to Ward Councillors in advance of April 2019 setting out parameters of the scheme and points of contact.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 Allocations under the proposed Ward Allocation Scheme would commence from 2019-20 and last until 2021-22.

- 6.2 Allocations to specific projects from the £5k per ward scheme in 2018-19 to date will be retained. Any balances from the £5k per ward funding yet to be allocated to specific projects will be put back in to the main Neighbourhood CIL pot available for allocations from 2019-20 onwards.
- 6.3 Objective d) of Paragraph 2.17 sets out provision for £50k of Neighbourhood CIL funding across all wards (subject to review/revision) to help support additional in-house administration/support with respect of delivery of approved projects not covered by existing staffing allowances.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 Under the CIL Regulations Neighbourhood CIL must be spent on local projects to support the demands development places on the area.
- 7.2 The Ward Allocation Scheme would accord with these requirements and Government guidance which states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, 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.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 N/A

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

- 11.1 Appendix 1 – London Borough Neighbourhood CIL Arrangements

12 BACKGROUND PAPERS

- 12.1 [Item 9, Agenda, Cabinet Meeting 15th January 2018 – Merton's Neighbourhood Fund](#)
- 12.2 [Item 4, Agenda, Cabinet Meeting 18th September 2017 – Neighbourhood Community Infrastructure Levy Governance](#)

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