

Committee: Cabinet

Date: 22 June 2021

Wards: all

Subject: Neighbourhood Community Infrastructure Levy Review

Lead director: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Martin Whelton, Cabinet Member for Housing, Regeneration and the Climate Emergency

Contact officer: Tim Catley, Planning Contributions Manager

Recommendations:

That councillors:

1. Note the contents of the Neighbourhood Community Infrastructure Levy (CIL) Review report at Appendix 1.
 2. Endorse the approach to enhanced engagement with ward councillors in order to identify and deliver specific Ward Allocation Scheme investments before the 2022 local elections.
 3. To endorse that a wholesale review of the implementation of Neighbourhood CIL (to include the Ward Allocation Scheme and the Neighbourhood Fund) be carried out following the completion of the 3 years duration of the Ward Allocation Scheme in May 2022 and informed by the results of the Your Merton survey due in late 2021.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Community Infrastructure Levy (CIL) is collected from all qualifying developments in Merton in accordance with Merton's CIL Charging Schedule. Government requires CIL to be spent on infrastructure to support the development in an area. 15% of Merton's CIL collected is Neighbourhood CIL to be spent with local communities. Merton Council devised two processes to do this: the Neighbourhood Fund (from 2018) and the Ward Allocation Scheme (from 2019).
- 1.2 This report has been brought before Cabinet to appraise members of the findings of the review into the spending of Neighbourhood CIL funding carried out throughout the Spring 2021.

- 1.3 The report also seeks members approval of the recommendations arising from the findings of the review.
- 1.4 One of the recommendations seeks additional support and flexibility for the implementation of the Ward Allocation Scheme and another seeks members endorsement for a wholesale review to be carried out once the 3 years duration of the Ward Allocation Scheme is completed after the local elections in May 2022.
- 1.5 Thank you to councillors for participating in the review. Your points raised have led to improvements that will be implemented now and a full review of Neighbourhood CIL in 2022.

2. DETAILS

- 1.1 In accordance with the Community Infrastructure Levy Regulations 2010 (as amended) 15% of the Council's CIL receipts (received from development being constructed in the borough) must be spent upon addressing the demands that development places on an area. This 15% element of CIL income is commonly referred to as "Neighbourhood CIL".
- 1.2 The In September 2017 Merton's Cabinet approved governance for the allocation of Neighbourhood CIL to projects and introduced bidding rounds to provide fairness and transparency. The Neighbourhood CIL funding made available for bids from any person, community group, business or other organisation in Merton is known as "Merton's Neighbourhood Fund". To date bidding rounds have been held once a year with three rounds held so far (one each in 2018, 2019 and most recently from 12th May to 3rd July 2020) and with Cabinet approving allocations to supported bids.
- 1.3 On 19th January 2019 Cabinet resolved to allocate a portion of Neighbourhood CIL receipts to a separate initiative called the "Ward Allocation Scheme", allowing each ward £15,000 to spend on specific small scale public space projects. Cabinet agreed that the Ward Allocation Scheme would operate under separate governance arrangements to that agreed for the Neighbourhood Fund.
- 1.4 This report is concerning both the Neighbourhood Fund and the Ward Allocation Scheme.

The Neighbourhood CIL Review - Scope and Findings

- 1.5 Following the introduction of the Ward Allocation Scheme in April 2019, councillors have sometimes raised concerns over its implementation, surrounding the uptake of the funding both in terms of the numbers of

wards that have benefited from delivered projects funded by the scheme and the majority of the allocation that remained unspent (the Covid19 pandemic severely disrupted at least one year of the three-year Ward Allocation Scheme 2019-2021 while officers and councillors were diverted to other issues).

- 1.6 In response to these concerns, officers decided to undertake a review of the implementation of Neighbourhood CIL spending in Merton. It was thought that this would enable the Ward Allocation Scheme to be looked at both in terms of specific issues that councillors might wish to raise but also in the wider context of the Neighbourhood CIL funding regime in Merton including the regulatory and policy framework within which both Ward Allocation Scheme and the Neighbourhood Fund sits.
- 1.7 The interim review report can be found at Appendix 1.
- 1.8 Section 3 of the report at Appendix 1 sets out the methodology, which includes information gathering, consultation and report preparation.

Information gathering

- 1.9 Paragraphs 4.1 to 4.12 of the report at Appendix 1 set out the information in terms of the performance of both the Ward Allocation Scheme and the Neighbourhood Fund, key facts as follows:

Ward Allocation Scheme

- Only councillors can submit projects for the Ward Allocation Scheme; projects must be chosen from a fixed list to minimise project management spend and to avoid double-counting with what is already paid for within existing council contracts, particularly for greenspaces and highways.
- 55% of wards have submitted applications
- Only 8% of wards have spent any of their £15k allocations
- Only one ward, Lower Morden has spent their entire allocation.
- 80% of applications have been for projects falling under the responsibility of the Green Spaces Team, such as park benches, bins, bulb planting and play equipment.

Neighbourhood Fund

- Anyone can submit a bid to Merton's Neighbourhood Fund; the bidding round is annual and the criteria were agreed by Cabinet in 2017, based on the Community Plan objectives
- Across three bidding rounds £5 m was available for bidders and £4.4m allocated, compared to £7.0m that was requested in bids.
- Distribution by project type: (see figures 10 and 11 in the review report at Appendix 1), there has been a wide range of investments

ranging from shopfront improvements, providing a heating system for a scout hut, and supporting charities such as Commonsense Community Development Trust, the Polka Theatre and Deen City Farm, supporting back-to-work / employability programmes, a community hub for BAME Voice and a digital awareness programme for carers via Carers Support Merton the need for which was shown by the onset of the Coronavirus Pandemic. In general, the Neighbourhood Fund has delivered projects that strongly support key community plan and neighbourhood priority areas including bridging the gap/social capital/town centre, economy and employability, public realm, travel, health and community facility investments.

Consultation

1.10 Paragraphs 4.14 to 4.41 of Appendix 1 set out the consultations carried out with councillors and officers key to the implementation of Ward Allocation Scheme and the Neighbourhood Fund. These included:

- A survey sent to all councillors
- Interviews with 6 councillors including the leaders of each of the political parties in the council, the Cabinet Member for Housing, Regeneration and the Climate Emergency, the deputy Leader of the council

1.11 27 responses were received to the Councillor survey.

1.12 Questions sought in the surveys and followed up in the interviews covered the following topics:

- the overall success of Ward Allocation Scheme and Neighbourhood Fund
- priorities for Neighbourhood CIL investment
- the existing Ward Allocation Scheme project list and ways that it could be improved.
- accessibility and promotion of Ward Allocation Scheme and Neighbourhood Fund

1.13 A summary of the findings expressed by councillors is set out in the following table:

Ward Allocation Scheme	General Neighbourhood CIL/Neighbourhood Fund
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<ul style="list-style-type: none"> • 29% successful 63% unsuccessful 	<ul style="list-style-type: none"> • 52% successful 45% unsuccessful (Neighbourhood Fund)
<ul style="list-style-type: none"> • Delighted (Lower Morden – playground surface repair, bulbs, benches) 	<ul style="list-style-type: none"> • Good outcomes (Neighbourhood Fund – Bridging the Gap)
<ul style="list-style-type: none"> • End to end officer resourcing needed - 87% • Easier form, transparency, updates, designated officer for each service, delays/frustrations • Suits time rich wards 	<ul style="list-style-type: none"> • All priorities are important • More needs to be spent where it is generated • Bidders put off / it's for minority interests & pet projects / “a done deal”
<ul style="list-style-type: none"> • Wider scope - 83% • more flexible - 52% • more money - 61% • Projects “that excite”, less maintenance projects • Public realm, small corners/spaces, markets • Trees - planting, maintenance, street trees • Park wardens, neighbourhood police officers • Fly tipping • Climate Action Group projects 	<ul style="list-style-type: none"> • 36.5% not accessible enough, 23% in the middle/not sure, 40.5% agree it's accessible • More guidance / form overly technical / onerous bid requirements/help for community groups needed • More promotion

1.14 **Neighbourhood Fund conclusions:** Overall the Neighbourhood fund is viewed as a success, with some fantastic investments into schemes delivering on the Community Plan overarching objective of building social capital and bridging the gap. For example, see paragraph 4.31 of the review report at Appendix 1 for the case study of the Towards Employment programme that is benefiting from £110k investment and delivering fantastic improvements to the life chances of young adults in the borough.

1.15 **Ward Allocation Scheme conclusions:** It is clear from councillors who took part in the consultation that there's a majority view that it could do more to meet their expectations, whether it be scope, flexibility, funding or officer support and accessibility.

1.16 A theme that came through especially in interviews across both Ward Allocation Scheme and Neighbourhood Fund is that residents could do with more help in accessing funding including struggling with the technical asks of the Neighbourhood Fund application form, and that these accessibility problems were exacerbated during the past year of

lockdowns, when restrictions made it very difficult for everyone involved to progress proposals.

- 1.17 It was suggested that there are other constraints in terms of some wards inability to progress Ward Allocation Scheme proposals with a small number of wards with well-established community groups in a far better position to move proposals forward raising a question of fairness.
- 1.18 In the officer interviews responses picked up on issues with fairness given the difficulties resourcing the applications that have come in. The difficulty in resourcing applications to date puts into focus what would need to be done to provide the “end to end” support councillors are appealing for especially for the final year of the scheme with wards trying to make up time lost over the past year’s lockdowns due to the Coronavirus Pandemic.
- 1.19 In the interviews officers suggested initial investment in project delivery and engagement resourcing would be helpful to help provide the support for councillors to successfully deliver projects from the existing “menu” list of projects in the final year of delivery, and more outreach/support and promotion for the Neighbourhood Fund bidders in the upcoming 2021 bidding round.
- 1.20 Agreeing with the views of a number of key Cabinet members officer interviewees considered that priorities for Neighbourhood CIL investment could be reassessed with the findings of the Your Merton survey and that this could involve a review of the scope of the Ward Allocation Scheme after the completion of the current scheme next year.

Options and Recommendations

- 1.21 Section 5 of the review report at Appendix 1 explores options for taking Neighbourhood CIL forward in Merton.
- 1.22 **Ward Allocation Scheme:** in terms of expanding scope of the scheme officers recommend that it would be premature to do this at the current time while it still has a year before it closes. It is clear that extra resourcing is required to help deliver schemes, but it is considered that this be best focused on supporting ward councillors in delivering the existing list of project types, with support both for project delivery and engagement to help claw back the time lost because of the Coronavirus Pandemic
- 1.23 Officers intend to use the existing Neighbourhood CIL allocations of £150,000 to Public Space project delivery and £50,000 for resourcing Ward Allocation Scheme implementation to fund the additional resourcing

to help support the delivery of schemes in its final year. On 14 January 2019 Cabinet approved £50,000 “to be set aside in case additional business resource is required to deliver allocations” (paragraph 2.17(b) of the Cabinet Report – Item 12 of the 14 January 2019 Cabinet meeting agenda). As stated above additional business resource is needed in terms of additional staffing to support the final year of delivery. On 7 September 2020 Cabinet approved £150,000 “investment into the Public Space section... to coordinate the delivery of successful Neighbourhood Fund, Ward Allocation and S106 projects...” (paragraph 2.25 of the Cabinet Report – item 6 of the 7 September 2020 Cabinet meeting agenda).

- 1.24 **Neighbourhood Fund:** There are also some immediate steps that can be made in terms of improving the accessibility of the Neighbourhood Fund, including encouraging peer to peer promotion via partner organisations active in the community to improve awareness of the funding and the possibilities and making the bid form more user friendly. Officers will implement these for the 2021-22 bidding round.
- 1.25 In terms of views including in response to calls for an expansion of scope of the Ward Allocation Scheme and how and where the Neighbourhood Fund is spent, officers recommend that a wholesale review would be better carried out after May 2022 to give the council a chance to reflect on the full implementation of the three-year Ward Allocation Scheme, the progress on the accessibility improvements for Neighbourhood Fund, and the findings of the Your Merton survey.

Next steps/further work

- 1.26 The wholesale review proposed for after the completion of the Ward Allocation Scheme in 2022 can build upon the findings of the current review.
- 1.27 The Your Merton survey results may help to prioritise both Ward Allocation Scheme and Neighbourhood Fund criteria and holding the further review in 2022 will facilitate this.
- 1.28 The 2022 review will pick up on further work not included in the review report at Appendix 1, including a survey of Neighbourhood Fund bidders and other borough approaches.

3. ALTERNATIVE OPTIONS

- 3.1 The proposed recommendations and next steps was considered the best option in so far as it strikes the right balance between acting now and

allowing for the consideration of a fuller extent of issues and options for improving the delivery of Neighbourhood CIL spending.

- 3.2 Doing nothing in terms of actions to support the implementation of Neighbourhood CIL would be to lose sight of the issues raised and risk reputational damage and failing to maximise the potential benefits to the borough and its neighbourhoods.
- 3.3 Taking too far reaching actions too early, such as broadening the scope of the Ward Allocation Scheme or revising Neighbourhood Fund investment priorities risks putting too much pressure on resources struggling to claw back time lost in scheme delivery during the Coronavirus Pandemic and not allowing for a more comprehensive exploration of all the considerations and views including the findings of the Your Merton survey of all residents.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.4 Consultation undertaken including the councillor survey and interviews is detailed in the body of the report and in Appendix 1
- 4.5 Further consultation will be carried out for the further review to be undertaken in 2022 as detailed in the body of the report.

5. TIMETABLE

- 5.1 The timetable of actions as set out in the body of the report is summarised as follows:
 - July 2021 – Neighbourhood Fund bidding round to include enhanced community engagement/promotion and bid form improvements
 - 31st March 2022 – Ward Allocation Scheme ends, data and experiences recorded/collated
 - Summer 2022 – Carry out full Neighbourhood CIL review including the Your Merton consultation results, latest legal requirements, further consultation with councillors and bidders.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 Community Infrastructure Levy, 15% of which is used for the Neighbourhood Fund, is payable when CIL-liable developments start to be built, not when planning permission is granted.

- 6.2 The £150,000 for Public Space Neighbourhood CIL and £50,000 for Ward Allocation Scheme support is available for the stated purposes in paragraph 2.23.
- 6.3 Additional financial information is provided on both NCIL and SCIL in the body of the report and Appendix 1

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Council may apply Neighbourhood CIL funding by virtue of the Council Infrastructure Levy Regulations 2010 and the Localism Act 2011 respectively.
- 7.2 Government guidance states that local communities should be engaged and agree with local authorities how best to spend Neighbourhood CIL.

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 Managing risks connected with this project are set out in the body of this report, including in section 3 “alternative options”.

11. APPENDICES – the following documents are to be published with this report and form part of the report

- APPENDIX 1 – LONDON BOROUGH OF MERTON NEIGHBOURHOOD CIL REVIEW REPORT (INTERIM) SPRING 2021

12. BACKGROUND PAPERS

[AGENDA ITEM 4 CABINET MEETING 18 SEPTEMBER 2017 – NEIGHBOURHOOD COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE](#)

[AGENDA ITEM 12 CABINET MEETING 14 JANUARY 2019 – NEIGHBOURHOOD COMMUNITY INFRASTRUCTURE LEVY WARD ALLOCATION SCHEME](#)

INFRASTRUCTURE DELIVERY PLAN NOVEMBER 2020 (FOR DRAFT LOCAL PLAN) [Merton Draft Infrastructure Delivery Plan 2020.pdf](#)

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