

Committee: Cabinet

Date: 19 September 2022

Wards: all

Subject: Merton's Civic Pride Fund – Investing in Neighbourhoods using Neighbourhood Community Infrastructure Levy funding

Lead officer: Adrian Ash, Interim Director of Environment and Regeneration

Lead member: Councillor Eleanor Stringer, Deputy Leader and Cabinet Member for Civic Pride

Contact officer: Tim Catley, Planning Contributions Manager, Future Merton

Recommendations:

1. To approve to the replacement of the Neighbourhood Fund with a new funding regime called the “*Civic Pride Fund – Investing in Neighbourhoods*”
 2. To approve the council’s new overarching priority supported by the three principles set out in paragraph 2.5 as part of bid selection under the new Fund.
 3. To note the proposed timetable for bidding set out at paragraph 5
 4. To endorse the heads of terms and note the draft timetable for consideration of priorities and implementation for a new Ward Allocation Scheme set out at paragraphs 2.12 to 2.13 and 5.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report is being brought before members to approve the creation of a new funding regime called the “*Civic Pride Fund – Investing in Neighbourhoods*”, replacing the previous Neighbourhood Fund that distributed the Neighbourhood Community Infrastructure Levy Funding (NCIL).
- 1.2. The Investing in Neighbourhoods fund forms part of a broader funding portfolio of the council that is proposed to be called the “Civic Pride Fund”, which will also invest in the other aspects of Civic Pride, including supporting the voluntary and community sector (funding for which is being presented to this Cabinet meeting under a separate report).
- 1.3. Members are also being asked to approve the use of the council’s new overarching priority and supporting principles as part of selecting bids
- 1.4. Officers intend to hold bidding rounds once a year with the first during the autumn 2022 and Members are being asked to note the proposed timetable for bidding, assessments and decision making at paragraph 5
- 1.5. £750,000 Neighbourhood CIL funding is estimated to be available to allocate to bids in the Autumn. This is significantly less than amounts available to bidders in previous years due to fewer housing developments

starting on site and thus being required to pay CIL and because the balance of funding available last year was fully allocated to schemes.

- 1.6. Members are also being asked to endorse the heads of terms and note the draft timetable for a new Ward Allocation Scheme set out at paragraphs 2.12 to 2.13 and 5

2 DETAILS

- 2.1. Since 2014 the Council has been collecting Community Infrastructure Levy for Merton and on behalf of the Mayor of London. As at 30th June 2022 Merton has received £6.3 million to be spent on neighbourhood projects. To date £5.58 million of this funding has been approved/spent under the Neighbourhood Fund and the Ward Allocation Scheme.

- 2.2. Examples of projects previously benefitting from the council's Neighbourhood Fund include (see paragraph 12 for the full list of Neighbourhood Fund allocation Cabinet items):

- Neighbourhood Shopping Parade improvements
- The Library of Things
- The Community Fridge
- Towards Employment
- London Borough of Culture - A festival of films across the borough
- Play area enhancements at Colliers Wood and Durnsford Recreation Grounds
- Redevelopment of the Polka Theatre
- Community Champions Programmes
- Wimbledon Windmill Museum sustainable lighting and landscaping
- Community Arts Venue at Cricket Green School
- Deen City Farm – improvements to horse riding arena and landscaping

Civic Pride Fund – investing in neighbourhoods

- 2.3. It is proposed that decisions on allocating Neighbourhood CIL will be considered under the council's new overarching aim/strategic priority of rebuilding pride in Merton, supported by the following three guiding principles:

- Nurturing civic pride
- Building a sustainable future
- Creating a borough of sport

- 2.4. The objective of this approach is to embed decision-making in line with the vision that the administration has for the borough and the legacy of pride that they are committed to leave for our communities. Proposals would also still have to meet the technical Neighbourhood CIL assessment criteria (such as complying with government’s CIL Regulations) .
- 2.5. To reflect this approach it is recommended to recast the Neighbourhood Fund regime as “*Civic Pride Fund – Investing in Neighbourhoods*” which will be within a new portfolio of investment opportunities called the “Civic Pride Fund”.
- 2.6. In addition, under the CIL Regulations, Neighbourhood CIL must be spent on local projects to support the demands development places on areas and can be applied to both capital and revenue costs. Government guidance 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. The council carried out this necessary engagement in 2017 and the engagement results form part of the Fund’s assessment criteria at criterion g.
- 2.7. Therefore, the recommended criteria for assessing proposals for funding under the new *Civic Pride Fund – Investing in Neighbourhoods* are:

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 Council’s overarching priority/aim of rebuilding pride in Merton, supported by three guiding principles namely:
 - i. Nurturing civic pride
 - ii. Building a sustainable future
 - iii. Creating a borough of sport.
 - 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).
- 2.8. The timetable for the first round of bidding under the *Civic Pride– investing in neighbourhoods* is set out at section 5 to this report.
 - 2.9. Another funding regime proposed to fall under the Civic Pride Fund is for voluntary sector strategic partner grants and called “*Merton Civic Pride Fund: Supporting the Voluntary and Community Sector 2023/26 - commissioning requirements*” which is the subject of a separate report to

Members. Merton also provides further funding for the voluntary and community sector through other funds, for example, grants for community centres and contracts for commissioned services.

Ward Allocation Scheme

- 2.10. On 19th January 2019 Cabinet allocated a portion of Neighbourhood CIL receipts to a scheme (separate to the Neighbourhood Fund) called the “Ward Allocation Scheme”, allowing each ward £15,000 to spend on specific small-scale public space projects. The Ward Allocation Scheme allowed ward councillors three years to submit proposals for approval prior to 31 March 2022, when this round of the Ward Allocation Scheme terminated.
- 2.11. Officers carried out a review of the operation of both schemes over the Spring 2021 and at the 22 June 2021 Cabinet meeting resolved for officers to undertake a further review in late 2022 following the end of the first round of the Ward Allocation Scheme.
- 2.12. It is recommended that Members endorse preparations to occur in the Autumn/Winter 2022-23 towards approving a new Ward Allocation Scheme.
- 2.13. The work over the autumn/winter is proposed to be as follows:
 - a. the review would pick up on the findings of the review carried out in the Spring 2021 referred to at paragraph 2.6 and consider reflections following the final 9 months of the Ward Allocation Scheme when a large proportion of activity occurred.
 - b. Work on the assumption that a new Ward Allocation Scheme will be implemented in the next three years, including allowing councillors more focussed time and more officer support to work up projects with their communities in the first year (for example, until April 2024) and having a second phase over two years for delivering these projects in each ward.

3 ALTERNATIVE OPTIONS

- 3.1. Decision makers may choose to not approve focussing decision making towards the new administration’s priorities. However this may restrict the scope for the council to invest Neighbourhood Community Infrastructure Levy towards its preferred proposals. Any investment decisions are subject to challenge on grounds of fairness and transparency and favouring one proposal over another without a justification based on policy or priorities formally adopted and published would pose a risk to the council thereof.
- 3.2. It is still recommended to retain the existing assessment criteria approved by Cabinet in September 2017 as those criteria have been introduced to ensure investment decisions comply with the CIL Regulations 2010 (as amended) and statutory government guidance.

- 3.3. The council could retain the Neighbourhood Fund name however the recasting of the funding regime within the Civic Pride banner highlights its position within a group of funding opportunities within the Civic Pride portfolio and helping the council to demonstrate to its communities that funding is being directed to its strategic priorities
- 3.4. The council could take a different path with respect to the Ward Allocation Scheme, however launching a new ward-based scheme of Neighbourhood CIL allocations without consideration of lessons learnt or deciding not to allocate funding on a ward basis will miss the opportunities to deliver a new and improved Ward Allocation Scheme in the current electoral period and what it offers in terms of sharing Neighbourhood CIL funding amongst all wards.
- 3.5. Launching a Ward Allocation Scheme for spending straight away would require a reduction of funding available to the Civic Pride Fund for bids in the Autumn 2022 (reducing the Neighbourhood Fund from +£700,000 to c£350,000, in order to fund the Ward Allocation Scheme. Considering the amount of Neighbourhood CIL funding is already low compared to previous years this would unacceptably impact upon the effectiveness of the new fund in its inaugural year.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that administration of it should be proportionate to the level of receipts.
- 4.2. As part of the preparations for spending Merton Neighbourhood CIL funding public consultation was carried out over the winter 2016-17 when neighbourhoods were asked for their investment priorities in accordance with statutory government guidance. The findings of this consultation informed the assessment criteria approved by Cabinet in September 2017 that is used in the decision making on allocations. Respondents were supportive of investing in a wide range of project typologies across all areas of the borough, with no one typology standing out significantly.

Bids for the Civic Pride Fund – Investing in Neighbourhoods

- 4.3. Bids for the *Civic Pride – Investing in Neighbourhoods Fund* will be sought during autumn 2022.
- 4.4. It will be advertised in advance on the Council's website, via a press release and social media and via peer-to-peer publicity.
- 4.5. A dedicated email address/telephone number will be highlighted to bidders to help them through the bidding process.

5 TIMETABLE

- 5.1. *Civic Pride – Investing in Neighbourhoods*:
 - Open for bids – 5 weeks in Autumn 2022 (Target start date late September/early October).

- Bid collation/assessments – November/December 2022/January 2023
- decision making – February 2023 Cabinet
- Grant agreements and programming with successful bidders – from March 2023

5.2. Ward Allocation Scheme (draft timetable):

- review previous scheme and consider opportunities for new scheme- autumn/winter 2022-23
- seek Cabinet approval for new scheme launch – February 2023
- prioritisation and application phase - March 2023 to April 2024
- delivery of projects – to March 2026

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. As at 30 June 2022 £732k of Neighbourhood CIL was available new bids following commitments/expenditure under the Neighbourhood Fund and Ward Allocation Scheme.
- 6.3. Forecasts based on planning permissions that attract Merton’s CIL mean that the council expects to receive circa £300,000 of Neighbourhood CIL income per annum, excluding from strategically significant developments. Further income is likely to increase the budget available for new allocations to c£850k by the end of Autumn 2022.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under the CIL Regulations the majority of CIL must be spent on development by funding the provision, improvement, replacement, operation or maintenance of infrastructure (s.216(1) *Planning Act 2008* and *Regulation 59, CIL Regulations 2010*) with 15% of CIL receipts able to be spend on a wider range of measures that address the demands that development places on an area commonly referred to as “Neighbourhood CIL” (*Regulation 59F, CIL Regulations 2010 as amended*).
- 7.2. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that administration of it should be proportionate to the level of receipts. It will be important that the eligibility criteria for access to the fund are clear and that the decision making process is fair and transparent. The proposals set out in this report would appear to fulfil that requirement.

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 as amended with the new council's overarching priority/guiding principles, 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 as amended with the new council's overarching priority/guiding principles, 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

- none

12 BACKGROUND & ASSOCIATED PAPERS

- Cabinet 19th September 2022: Merton Civic Pride Fund – Supporting the Voluntary and Community Sector 2023/26
- 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 22 June 2021: Minutes and Agenda Item 8 – Neighbourhood Community Infrastructure Levy Review -
<https://democracy.merton.gov.uk/ieListDocuments.aspx?MId=3972>
- Neighbourhood Fund 2018 approvals – delegated approval pack -
<https://www.merton.gov.uk/assets/Documents/2018-04-06%20Neighbourhood%20Fund%20decision%20and%20call%20in%20pack.pdf>
- Neighbourhood Fund 2019 approvals – 15 July 2019 Cabinet Meeting (Item 12) -
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3396&Ver=4>
- Neighbourhood Fund 2020 approvals – 7 September 2020 Cabinet Meeting (Item 6) -
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3691&Ver=4>
- Neighbourhood Fund 2021 approvals – 8 November 2021 Cabinet Meeting (Item 9) -

<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3976&Ver=4>