Open Agenda

Regeneration and Leisure Scrutiny Sub-Committee

Wednesday 2 February 2011
7.00 pm
Town Hall, Peckham Road, London SE5 8UB

Supplemental Agenda

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Date: 28 January 2011

Agenda Item 8

Item No.	Classification: Open	Date: 2 February 2011	Meeting Name: Regeneration and Leisure Scrutiny Sub Committee
Report title:		REGENERATION FUNDING SPENT LOCALLY OVER THE LAST 5 YEARS – supplementary questions	
Ward(s) or groups affected:		All	
From:		Information submitted by Economic Development & Strategic Partnerships and Regeneration & Neighbourhoods	

INTRODUCTION

1.1 The committee received a report at the last meeting detailing regeneration funding spent locally over the last 5 years, including funds generated by Section 106 and grants made available under 'Cleaner, Greener , Safer', with mapping to assess where money has been spent by Community Council area, with particular reference to considering how this money has impacted on employment and enterprise.

1.2 At the meeting the committee resolved to look at opportunities to rebalance regeneration spending so that poorer areas are invested in and to ensure that regeneration spending is not concentrated on the richer areas.

1.3 Officers were asked to return with the following information :

1.3.1 Provide more detail of what has been included in the figures for expenditure on the Walworth area, with particular regard to spending on Elephant and Castle and Aylesbury. Details should relate to particular regeneration projects and outcomes in concrete term.

1.3.2 Provide more detail, including the criteria, on the Improving Local Retail Environments programme especially why it is mainly spent in Borough and Bankside.

1.3.3 Provide more information on Cleaner, Greener, and Safer (CGS) funds, including the criteria used to set the amount of funds allocated to each community council area including clarity on if the funding levels relate to number of wards in the community council area. Explain why Peckham has the lowest expenditure/ allocation. The Chair suggested that discretionary allocations such as CGS could be used to rebalance the pattern of s.106 spending.

1.3.4 Provide a briefing on Community Infrastructure Levy (CIL) and whether this provides opportunities to spread regeneration spending more evenly across the borough (or more targeted at areas of need) than can be achieved with s.106

1.3.5 Provide a briefing on Tax Increment Financing (TIF) and whether there is potential to use this in Southwark and again achieve more even spend or spend which is more targeted at need.

QUESTION 1: EXPENDITURE ON THE WALWORTH AREA

2.1 **Provide more detail of what has been included in the figures for expenditure on the Walworth area, with particular regard to spending on Elephant and Castle and Aylesbury. Details should relate to particular regeneration projects and outcomes in concrete term**

2.2 As reported in the submitted report of the 30th November 2010 the total Elephant & Castle expenditure (Capital & Revenue) in the Walworth Community Council area was £27.6m. This can be further detailed as follows:

Capital			
E&C Heygate Acquisitions	-	£18.5m	
Elephant Visual Impact	-	£ 2.4m	
Total	-		**£20.9m**
Revenue			
E&C Development Team	-	£ 4.9m	
Social Regeneration projects	-	£ 1.8m	
Total	**-**		**£ 6.7m**
Total Expenditure			**£27.6m**

2.3 During this period a total of 133 leasehold residential units were acquired together with 3 commercial units in the Heygate redevelopment area. At the beginning of this financial year (10/11) there were 24 remaining residential units to be acquired.

2.4 The Elephant Visual Impact project includes the revitalisation of St Mary's Churchyard (£1.4m), refurbishment of the annex at Charlotte Sharman School (£0.7m) and the Elephant & Castle Bridge Lighting project (£0.3m). These schemes were funded by LDA grant.

2.5 The outputs associated with the E&C Development Team have delivered an adopted Masterplan for the area, procurement and appointment of a commercial partner, procurement and appointment of developers/housing associations for 9 early housing sites (598 new units of housing) as well as the re-housing of the vast majority of tenants and leaseholders in the Heygate Estate.

2.6 The Social Regeneration projects delivered in the area were Community Advocacy & Training, Business support projects, Community Warden Support, Youth projects and Community & Facilities Development. Similar to the Elephant Visual Impact projects these schemes were funded by LDA grant.

2.7 The total expenditure reported in the November report for Aylesbury Regeneration area (Walworth Community Council area) was £43.3m. This expenditure was largely attributable to the leasehold acquisition programme for the estate as well the production of a Masterplan, detail design and procurement costs of the now on-site Phase 1a and procurement/design guidance/advice for subsequent phases. In addition the overall expenditure figure is inflated due to the inclusion of the capital and revenue expenditure of the Aylesbury New Deal for Communities scheme which was grant funded by the Government Office for London. The lifetime expenditure of the NDC was £56.2m over a ten year period which completed on 31st March 2010. Summary expenditure details are as follows:

Capital			
Aylesbury Acquisitions	-	£14.8m	
NDC Funded Capital schemes	-	£18.0m	
Total	**-**		**£ 32.8m**
Revenue			
Aylesbury Masterplan	-	£ 1.5m	
Phase 1a	-	£ 1.6m	
Stakeholder Engagement	-	£ 0.4m	
Subsequent Phases	-	£ 0.5m	
NDC Funded Revenue Projects	-	£ 6.4m	
Total	-		£ 10.4m
Total Expenditure			**£ 43.2m**

2.8 During this 5 year period a total of 104 units of leasehold housing have been acquired together with 9 commercial units.

2.9 As noted above the NDC grant funded other LBS initiatives in the area as well as undertaking projects in their own right. Details of grants above £0.5m allocated to specific schemes are provided below:

Environmental works/Play Equipment	-	£0.6m
Thurlow Lodge Refurbishment	-	£0.5m

Information Shop	-	£1.0m
Amersham Demolition & Feasibility	-	£0.7m
Walworth Academy	-	£1.4m
Michael Faraday	-	£2.3m
Burgess Park/Chumleigh Gardens	-	£4.6m
Surrey Square School	-	£1.1m
Pembroke House Refurbishment	-	£0.6m
Capital Grant – voluntary sector	-	£0.5m
Acquisition William IV	-	£1.4m
Feasibility/Implementation studies	-	£1.0m
Other NDC Capital Projects	-	£2.3m
Total Expenditure	**-**	**£18.0m**

2.10 The outputs associated with the Aylesbury Regeneration have delivered a full Masterplan for the regeneration area which was formally adopted by full Council in January 2010. In addition the current on-site phase 1a (261 units of housing) was procured and fully designed before being handed over to the successful developer/housing association. In addition consultation and studies has taken place throughout the area in terms of the Masterplan, Phase 1A and future phasing of the overall project.

A summary of the large NDC Revenue project in this period are as follows:

Health Project/Initiatives	-	£0.6m
Community Safety	-	£1.2m
Youth Projects	-	£0.4m
Training/Employment/Education	-	£2.2m
Community Services	-	£2.0m
Total Expenditure	**-**	**£6.4m**

QUESTION 2: CRITERIA FOR IMPROVING LOCAL RETAIL ENVIRONMENTS

3.1 Provide more detail, including the criteria, on the Improving Local Retail Environments programme especially why it is mainly spent in Borough and Bankside.

3.2 Twenty four sites were chosen by the community councils to benefit from this programme. The main criteria were:

- that the parades should be outside of town centre areas;
- unlikely to receive other investment;
- and not having received investment before.

3.3 The allocation of funding was determined by the number of shop units in the parades chosen for investment by the community councils. The reason why currently it appears that it is being mainly invested in the north is the parades in the Borough and Bankside area have been completed. However we are currently on site in a number of the community council areas so the expenditure will become more geographically equitable.

3.4 The allocated funding per community council is shown in the table below.

Community Council Area	Allocated Budget
Borough and Bankside	353,080
Bermondsey	968,760
Camberwell	407,400
Dulwich	995,920
Nunhead and Peckham Rye	488,880
Peckham	203,700
Rotherhithe	353,080
Walworth	434,560

3.5 In addition the programme started in 2008/09 and was due to finish in 2010/11 but due to the complexity of the programme and the approach adopted to involve traders in the decision making process, a few of the retail parade schemes have been delayed. To try and ensure that no trader will be disadvantaged by the re-programming in what is a particularly difficult trading environment, the programme officers are working with central finance to look at the potential to re-profile the capital spend into 2011/12. A decision on this will be made in February.

QUESTION 3: CLEANER, GREENER AND SAFER (CGS)

4.1 **Provide more information on Cleaner, Greener, and Safer (CGS) funds, including the criteria used to set the amount of funds allocated to each community council area including clarity on if the funding levels relate to number of wards in the community council area. Explain why Peckham has the lowest expenditure/ allocation. The Chair suggested that discretionary allocations such as CGS could be used to rebalance the pattern of s.106 spending.**

4.2 CGS allocations from 2004/05 through to 2006/07 were set on a base allocation to all Community Councils (£250,000) with an additional allocation of £1 million targeted to the borough's 16 Priority Neighbourhoods (as determined in 2003/04). This allocation formula recognised the link between Community Council areas and deprivation and need identified in the Neighbourhood Renewal Strategy.

4.3 In 2007 Council and Southwark Alliance moved to a quadrant approach for tackling deprivation (with two Community Councils covered by each area) and the formula for dividing the money between the areas was updated to take account of the 2004 Index of Multiple Deprivation (IMD) score of each Community Council area. Due to the increase in the overall programme (from £3m to £3.25m) an increase from £250,000 to £300,000 was made in the base allocation for each Community Council. This then leaves a balance (£850,000) which is allocated based on the extent of each area's deprivation, and weighted to reflect the size of the population. The recommended allocations agreed by the Executive in April 2007 are set out in table 1 below.

4.4 Below is allocation for previous 3 years of CGS

	2004-05	2005-06	2006-07
Bermondsey CC	£369,000	£369,000	£369,000
B&B CC	£400,000	£400,000	£400,000
Camberwell CC	£425,000	£425,000	£425,000
Dulwich CC	£309,000	£309,000	£309,000
NPR CC	£353,000	£353,000	£353,000
Peckham CC	£443,000	£443,000	£443,000
Rotherhithe CC	£315,000	£315,000	£315,000
Walworth CC	£387,000	£387,000	£387,000

4.5 Year 1 2003-04 was as follow:

CGS 2003-04	
Bermondsey CC	£400,000
B&B CC	£350,000
Camberwell CC	£400,000
Dulwich CC	£250,000
NPR CC	£425,000
Peckham CC	£375,000
Rotherhithe CC	£300,000
Walworth CC	£250,000

4.6 To date these budget allocations have been confirmed by the Lead member every year since. Actual expenditure has also varied between Community Council's and detail of spend to date is given in table 2 below.

Table 2

2007-8/ 2011

Community Council	Population (2001)	2004 IMD weighted by population	Base Share of CGS allocation	Share of IMD-adjusted balance	CGS allocation (rounded)
Bermondsey	36,289	35.7	£300,000	£106,131	£406,000
Borough & Bankside	27,394	32.9	£300,000	£97,668	£398,000
Camberwell	36,786	38.2	£300,000	£113,288	£413,000
Dulwich	32,968	23.5	£300,000	£69,695	£370,000
Nunhead & Peckham Rye	35,329	36.7	£300,000	£109,071	£409,000
Peckham	20,524	46.3	£300,000	£137,519	£437,000
Rotherhithe	28,290	33.3	£300,000	£98,767	£399,000
Walworth	39,131	39.7	£300,000	£117,861	£418,000
Total	256,712	-	£2,400,000	£850,000	£3,250,000

4.7 In relation to the chairs comments regarding s 106, while such an approach would address the apparent disparity between Community Council in capital resources available for public realm improvements s106 funding cannot be considered to be consistent or reliable source of funding and although identified at the early stages of development may not always come on stream within reasonable timescale to satisfy community expectation

QUESTION 4: COMMUNITY INFRASTRUCTURE LEVY (CIL)

5.1 **Provide a briefing on Community Infrastructure Levy (CIL) and whether this provides opportunities to spread regeneration spending more evenly across the borough (or more targeted at areas of need) than can be achieved with s.106**

Background

5.2 The Community Infrastructure Levy (CIL) came into force on 6 April 2010, under the *Community Infrastructure Levy Regulations 2010* made under the Planning Act 2008.

5.3 CIL is a new "tariff" style charge to be levied by local authorities. It will be based upon the total cost of additional infrastructure that is needed in the area. CIL is intended to fill the funding gaps that remain once existing funding sources (to the extent that they are known) have been taken into account and also the potential effect of the imposition of CIL upon the economic viability of development.

5.4 CIL money can be spent anywhere in the borough. It would not be restricted to infrastructure needed for a particular development. However, there is some uncertainty as to whether this will continue due to the provisions in the Localism Bill to amend the Community Infrastructure Levy Regulations 2010.

5.5 The money raised can be used to fund a wide range of infrastructure throughout the borough that is needed as a result of development. This includes transport schemes, flood defences, schools, hospitals and other health and social care facilities, parks, green spaces and leisure centres.

5.6 Authorities may also pass money to bodies outside their area to deliver infrastructure which will benefit the development of their area, such as the Environment Agency for flood defence. If they wish, charging authorities will also be able to collaborate and pool their revenue from CIL to support the delivery of 'sub-regional infrastructure', for example, a larger transport project where they are satisfied that this would support the development of their own area.

5.7 CIL will be required for most development, however it is not required for:

- Non-residential development under 100 square metres
- Householder applications (e.g. conservatories)
- Applications from registered charities
- Most permitted development (i.e. development that doesn't require planning permission)
- Affordable housing developments
- Truly exceptional circumstances

5.8 CIL will be levied based upon a charging schedule established by the local authority. Differential CIL rates can be charged for different types of development or for development in different zones (but only based on development economic viability criteria). To allay the concerns of the development industry, the Government has been at pains to highlight that CIL should not be used to fill in existing gaps in infrastructure provision except to the extent aggravated by new development. CIL would be payable at the start of development and may be payable by the developer or other interests.

5.9 CIL must be charged in pounds per square metre on the net additional increase in floorspace of any given development. This will ensure that charging the levy does not discourage the redevelopment of sites

5.10 The CIL charging schedule will be subject to consultation and independent examination, and will then become part of the Local Development Framework.

5.11 CIL is intended to be used to bridge infrastructure funding gaps arising from new development. Levy monies will be available for use by authorities to fund infrastructure and are likely to be used in particular to support housing growth and economic development. CIL provides the opportunity to secure greater contributions, and address the cumulative impact of smaller development, in addition to larger development. Developers will have a clear idea of the costs up front, allowing this to be factored in at an early stage, and potentially leading to more delivery.

The relationship between the Community Infrastructure Levy and planning obligations

5.12 CIL is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms. As a result, there may still be some site specific impact mitigation requirements without which a development should not be granted planning permission. Some of these needs may be provided for through the levy but others may not, particularly if they are very local in their impact. Therefore, the facility to enter into a negotiated planning obligation using section 106 of the Town and Country Planning Act 1990 will remain.

5.13 However, in order to ensure that planning obligations and CIL can operate in a complementary way and the purposes of the two instruments are clarified, the Regulations scale back the way planning obligations operate. Limitations are placed on the use of planning obligations in three ways:

- Putting the Government’s policy tests on the use of planning obligations set out in Planning Circular 5/05 on a statutory basis for developments which are capable of being charged the Levy;
- Ensuring the local use of the levy and planning obligations does not overlap; and
- Limiting pooled contributions from planning obligations towards infrastructure which may be funded by the levy.

5.14 On the local adoption of the levy or nationally after a transitional period of four years (6 April 2014), the Regulations restrict the local use of planning obligations for pooled contributions towards items that may be funded via the levy.

5.15 However, where an item of infrastructure is not locally intended to be funded by the levy, pooled planning obligation contributions may be sought from no more than five developments to maintain the flexibility of planning obligations to mitigate the cumulative impacts of a small number of developments.

Changes to CIL Regulations

5.16 The Coalition Government announced in November 2010 that it would retain CIL, with a number of amendments to give more benefit to the local neighbourhood. The Government intends to reform the CIL Legislation and accompanying regulations. The Government has included provisions in the Localism Bill to amend the Community Infrastructure Levy Regulations 2010 to give local communities more control over the levy, and make it more responsive to local needs.

5.17 Under the new proposals, communities that support the construction of new homes will receive direct and substantial extra funding to spend as they wish.

5.18 Other anticipated changes to the CIL regulations will include:

- More control for councils over the levy. Independent examiners will ensure councils do not set unreasonably high levies, but councils will control the detail of what type of levy rate is charged, including what rates are set for specific areas and types of development; and
- Allowing councils to set their own flexible payment deadlines and offer the developers the option to pay by instalments.
- The Government will require charging authorities to allocate a meaningful proportion of their levy revenues raised in each neighbourhood back to that neighbourhood to spend on the infrastructure that local people consider is most needed. This could include either by contributing to larger projects funded by the council, or funding smaller local projects like park improvements, playgrounds and cycle paths
- Councils will be required to monitor the use of the levy and provide regular reports to ensure that local people understand how new development brings benefits to their area.

QUESTION 5: TAX INCREMENT FINANCING

6.1 **Provide a briefing on Tax Increment Financing (TIF) and whether there is potential to use this in Southwark and again achieve more even spend or spend which is more targeted at need.**

6.2 Due to pressures on officer time a response will be given by the Finance department at the next meeting.

Agenda Annex

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