

Committee(s): Resource Allocation Sub Committee - For Decision / Recommendations Policy and Resources Committee- For Decision	Dated: 11/07/2024 11/07/2024
Subject: CIL and OSPR Capital Bids (Quarter 1 - 2024/25)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	These bids span all 6 outcomes of the Corporate Plan
Does this proposal require extra revenue and/or capital spending?	Yes - subject to decisions agreed, ring-fenced monies held will be committed to future approvals
If so, how much?	up to £14.41m CIL and £2.58m OSPR
What is the source of Funding?	City Fund (including CIL and OSPR)
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: Bob Roberts, Executive Director Environment Department & Caroline Al-Beyerty, Chamberlain	For Decision
Report authors: Chhaya Patel – Principal planning Officer, City Development and Investment Unit Yasin Razaaq, Capital and Project Manager, Chamberlains	

Summary

The Priorities Board met on 11th June 2024 to consider bids for allocation from the City's Community Infrastructure Levy (CIL) and On-Street Parking Reserve (OSPR).

Members are asked to consider the bids detailed in this report for allocation from the City's Community Infrastructure Levy (CIL) and On-Street Parking Reserves (OSPR). For CIL and OSPR funding within City Fund 6 bids were received, one bid did not satisfy the finding criteria. Five bids are summarised below (see paragraph 15, Table 3 for detailed programmes). Details of the bid of £2.4m for the Museum of London fabric improvement works were approval by Policy and Resources (22 Feb 2024); Finance Committee (under urgency) and Court of Common Council (7 March 2024) and are included in this report for information.

- **Transforming Fleet Street: £9,000,000 total form CIL** (£50,000 for financial year Q4 2024/25; £350,000 for financial year 2025/26; £1,400,000 for financial year

2026/27; £2,000,000 for financial year 2027/28; and £5,200,000 for financial year 2028/29).

- **Golden Lane Leisure Centre podium damage and repair: £750,000 from CIL** for financial year 2024/25.
- **Museum of London Highway Strengthening Works to Charterhouse Street: £4,660,000 from CIL** (£2,796,000 for financial year 2024/25; and £1,864,000 for financial year 2025/26).
- **Vision Zero Safer Streets: £2.4m from OSPR** (£115,000 for financial year 2024/25; £1,285,000 for financial year 2025/26; and £1,000,000 for financial year 2026/27).
- **Riverside Lighting Upgrade (Blackfriars Bridge to Tower of London): £180,000 (OSPR)** for financial year 2024/24.

These are put before the committee for consideration for funding in financial years 2024/25 to 2028/29 - The Priorities Board agreed to recommend all the projects listed.

Policy and Resources Committee to review the projects as recommended by priorities board against the CIL and OSPR funding priorities detailed in the body of the report, and to agree the funding recommendations of the Priorities Board.

Recommendation(s)

Members of the Resource Allocation Sub Committee are asked to recommend to Policy and Resources Committee to:

- Agree to allocate £14.41m of CIL to transforming Fleet street, Golden Lane Leisure Centre podium damage repairs and Museum of London Highways Strengthening works on Charterhouse Street projects and £2.58m of OSPR to Vision Zero Safer Streets and Riverside Lighting Upgrade projects.
- Note that a CIL bid for the City of London School was received, which does not meet the criteria for allocating CIL.
- Note that the Museum bid of £2.4m has approval by Policy and Resources (22 Feb 2024); Finance Committee (under urgency) and Court of Common Council (7 March 2024).

Main Report

Background

CIL funding criteria and prioritisation

1. The Community Infrastructure Levy (CIL) Regulations 2010 require the City Corporation (as a CIL charging authority) to apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. National Planning Practice Guidance provides that “Local authorities must spend the levy on infrastructure needed to support the development of their area and they will decide what infrastructure is needed. The Levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support the development.”
2. “Infrastructure” is defined by Section 216 of the Planning Act 2008 to include:
 - roads and other transport facilities;
 - flood defences;
 - schools and other educational facilities;
 - medical facilities;
 - sporting and recreational facilities; and
 - open spaces.
3. CIL bids will therefore need to fund projects that are (a) a type of infrastructure, and (b) needed to support the wider development of the Square Mile. Projects are categorised into one of three priorities:

Critical:

Lack of infrastructure is a physical constraint to growth; development cannot come forward if the infrastructure is not provided.

Essential:

Development cannot come forward in a sustainable and acceptable way if the infrastructure is not provided.

Important:

Development can come forward if the infrastructure is not delivered, but some sustainability goals will need to be compromised and some adverse impacts accepted.

4. The project works themselves are not assessed in relation to the above criteria but whether the project is critical, essential, or important to support development of the area and development coming forward.
5. For OSPR funding bids will need to demonstrate that they meet one of the following criteria as set out in Section 55(3A) of the Road Traffic Regulation Act

1984 (as amended) and the London Local Authorities and Transport for London Act 2003:

- Revenue funding for highway and cleansing maintenance operations;
 - Investment in off-street car parks;
 - Projects which are aligned to the outcomes of the Transport Strategy, with additional priority given to projects necessary for the delivery of Vision Zero by reducing serious and fatal collisions and improve accessibility.
6. Recommended prioritisation of CIL/OSPR will also take account of the extent to which projects support delivery of other strategies and initiatives, including the Climate Action Strategy and Destination City.
 7. The Indicative costs of agreed schemes will then be incorporated into medium term financial plans (CBF: Financial Forecasts) to assess financial impact in context of each corporation fund.
 8. Any fully approved bids will be required to go through City of London Corporation's gateway process before progressing to the next stage.

Current Position

9. As of 31st March 2024, the City held an opening balance of £17.953m in General City CIL (excluding Neighbourhood CIL 15% and Admin CIL 5%). Further CIL income of £57.264m is projected up to 2028/29 as shown in Table 1 below. Currently for 2024/25 onwards a further £22.45m has been committed to several approved schemes (including the Museum of London allocation of £2.4m listed in Table 3, approved by Court of Common Council) leaving an unallocated forecast balance of £52.767m.

Table 1 - General CIL Financial Summary:

	Prior Years Actual/Approved £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 / Later Years Forecast £'000	TOTAL £'000
TOTAL INCOME (80% CIL - General Pot)	(78,152)	(12,108)	(10,700)	(11,083)	(11,480)	(11,891)	(135,416)
TOTAL OF CAPITAL, SRP	60,199	12,068	4,032	4,050	2,300	0	82,649
DEFICIT/(SURPLUS) Brought Forward @1st April		(17,953)	(17,993)	(24,662)	(31,695)	(40,875)	(52,767)
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(17,953)	(17,993)	(24,662)	(31,695)	(40,875)	(52,767)	

10. As at 22nd May 2024, the City held an opening balance for 2024/25 of £58.6m in OSPR. Further OSPR surplus monies of £48.2m is projected up to 2028/29 as shown in Table 2 below. Currently for 2024/25 onwards, £94.7m has been committed to approved schemes, therefore unallocated sums of £12.1m (forecast until 2028/29) is available to be allocated to new schemes.

Table 2 - OSPR Financial Summary:

	2023/24 Actual £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecas t £'000	TOTAL £'000
Expenditure - salaries, enforcement contract, other running expenses	2,771	4,022	4,143	4,267	4,395	4,527	24,124
Income - PCN's, parking meters, suspended bays, dispensations	(12,991)	(13,099)	(13,492)	(13,897)	(14,314)	(14,743)	(82,535)
NET REVENUE SURPLUS GENERATED IN YEAR	(10,220)	(9,077)	(9,349)	(9,630)	(9,919)	(10,216)	(58,411)
TOTAL OF CAPITAL, SRP & REVENUE COMMITMENTS	7,085	14,233	13,280	5,440	2,766	2,783	45,588
TOTAL BIDS (AGREED BY PRIORITIES BOARD)	725	14,789	10,467	7,271	3,597	4,216	41,064
TOTAL CAPITAL BIDS & MAJOR SCHEME DEPENDENCIES AND ON-HOLD	0	2,638	5,145	2,300	5,797	0	15,880
DEFICIT/(SURPLUS) Brought Forward @1st April	(56,218)	(58,628)	(36,046)	(16,503)	(11,122)	(8,881)	
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(58,628)	(36,046)	(16,503)	(11,122)	(8,881)	(12,098)	

11. It should be noted that these figures are based on projected future income levels and will need to be reviewed regularly. Additionally, the CIL and OSPR ring-fenced funds cannot move into a deficit position in any one financial year. Phasing of schemes will be crucial to avoid this happening. Officers are of the view that a sufficient contingency is retained unallocated across all years to minimise the risk

of a deficit position. A contingency in CIL funds of approximately £5m would be roughly equivalent to a 25% reduction in forecast CIL income for the next two consecutive years.

12. The Secretary of State for Transport issued a call for evidence on the 11th May 2024 to look at whether government should remove any suggestion there is a “profit motive” for local councils issuing penalty charge notices (PCNs) for contraventions of moving traffic restrictions. This would be done by requiring any surpluses that councils might generate from PCNs to be repaid to His Majesty’s Treasury after the costs of enforcement have been repaid. The call for evidence period began on 17 March 2024 and ran until 25 May 2024.
13. The loss of income is estimated to be in the region of £1.9m pa for the City, however, early assessment of offsetting enforcement costs is likely to be £1.76m, resulting in a net reduction in income of £154k if such a motion were to be passed. This net position is a potential drop in net funds available for the OSPR if central government decide to recoup from all London Boroughs.
14. This consultation was initiated by the Department for Transport at the request of HM Government prior to the call for a General Election. Officers will work with the DfT to understand whether this moves forward under a new government, and if it does, what changes to primary legislation will be required. The likely timescales suggest this is likely to be a risk to the OSPR in the medium to long term.

Options

15. The project options for allocation of funding for CIL and OSPR are listed in table 3 below. Further details in relation to each bid is set out in Appendix 2.

Table 3 – CIL and OSPR Project Bids - Quarter 3 (2023/24):

Proposed Bid	CIL requested £m	OSPR requested £m	Funding Priority
For information only. Museum of London Fabric and infrastructure improvements (As approved by Policy and Resources Committee; Finance Committee; and the Court of Common Council)	(2.4)		CIL – Important
Transforming Fleet Street	9.0	-	CIL - Essential
Golden Lane Leisure Centre - Podium/drainage repair	0.75	-	CIL – Important
Museum of London/ General Market Highways strengthening works to Charterhouse Street	4.66	-	CIL – Important
Vision Zero Safer Streets	-	2.4	OSPR - highways or road improvement projects.
Riverside Lighting Upgrade (Blackfriars Bridge to Tower of London)	-	0.18	OSPR - highways or road improvement projects
Total	£14.41 (Excluding MoL- £2.4 approval)	£2.58	

Proposals

Museum of London – relocation programme (For Information only)

16. A bid for £2.4m of CIL has been submitted, following the approval by Policy and Resources (22 Feb 2024); Finance Committee (under urgency) and Court of Common Council (7 March 2024) of the allocation of CIL to facilitate acceleration of the relocation of the Museum. The bid sets out those aspects of the project relating to physical improvements to the fabric of the existing market buildings, against which the CIL funding could be specifically allocated. This sum is included here for information and has been factored into the allocations and totals of Tables 1 and 4 along with a previous bid of £44.60m approved in 2023.
17. Suitability for CIL funding: The museum of London is identified as a type of infrastructure which can be funded through CIL. The delivery of the new London Museum is part of the strategic vision for the future of the Smithfield area set out

in the City Plan 2040 and will assist in the stimulation of wider regeneration across the northeast of the City.

Funding priority (critical/essential /important): The project is identified as important. Wider development could come forward if the infrastructure were not delivered however, the project would ensure the sustainable development of the market buildings and support further development of the area.

Transforming Fleet Street

18. Over the next five years, the Fleet Street area is expected to see an increase in workers and pedestrians of over 25% as a direct result of the current increase in development activity (which will also generate significant CIL receipts). £9m of CIL funding is sought to deliver the transformation of the area with improvements to crowded footways, safe pedestrian crossings, improved cycling experience, public realm enhancements, on street loading facilities and amending the Police checkpoints on Fleet Street. External funding from the Fleet Street Quarter Business Improvement District is confirmed (£500k) subject to the success of this funding bid in addition to S278 agreements and associated funding from three major developments under construction. This is a key project for implementing the Fleet Street Area Healthy Streets Plan, adopted in November 2023. Further details can be found in Appendix 2.
19. Funding is sought to 2029/30 which is when we expect the developments currently being considered and making their way through the planning process to near completion.
20. Suitability for CIL funding: The enhancements proposed to the highway and public realm are a type of infrastructure. This infrastructure is also necessary to support development of the area, given the ongoing and projected increases in the number of workers in the area. The project is aligned with the Climate Action Strategy, improving climate resilience by introducing tree planting and sustainable drainage systems.
21. Funding priority (critical/essential/important): The project is identified as essential (development cannot come forward in a sustainable and acceptable way if the infrastructure proposed is not provided).

Golden Lane Leisure Centre (GLLC) – podium damage and drainage repair

22. £750k of CIL funding is sought for works to rectify damage to the podium above the leisure centre in the area indicated on the plan at Appendix 2. The work would involve repairs to the leaking podium and replace/repair of the drainage system. Details of the project and finances can be found in Appendix 2.

23. Members will be aware of the City's Sports Strategy and proposals for the future of GLLC. However, repair of the damaged podium is a necessity for the continued provision of leisure centre functions despite decisions on its future.
24. Suitability for CIL funding: Public leisure centres are a type of infrastructure. The City Corporation's CIL handling notes states that it is unlikely that projects seeking to maintain or repair existing infrastructure would be necessary to support wider development of the Square Mile. However, within the last 12 months planning permission has been granted for two major redevelopments for student accommodation and a further five consents have been granted for smaller scale residential developments. This increase in the residential population will increase the demand for leisure facilities in the City. Therefore, the proposed programme of work would ensure that the GLLC can continue to provide the appropriate level of service for users and supports development of the area.
25. Funding priority (critical/essential/important): The project is identified as important. Wider development could come forward if the infrastructure were not delivered; however, that development could lead to some minor adverse impacts if potential users of the leisure centre have to travel further afield or do not take advantage of the health and leisure opportunities that GLLC offers.

Museum of London – Highway Strengthening Works

26. Further to the allocation approved in 2023 for strengthening works (£3.50m) to west Smithfield and Charterhouse Street, a new bid of £4.66m has been received for highways strengthening works to Charterhouse Street (west) above the General market basement/ shared access road to stabilise deterioration of the structure. The project and finances are detailed in Appendix 2.
27. During the design, investigation and construction works to West Smithfield officers discovered that the Victorian brick arched highway lids over the General Market basement were structurally faulty and in far worse condition than previously envisaged. Major intervention is needed to strengthen the structures to take normal highway loads and provide a robust base on which to apply the comprehensive waterproofing solution. The previous CIL allocation provided for works to Charterhouse Street including the central carriageway and both north and south pavements. Additional funding is sought to continue these works to the northern pavement. It will be necessary to divert multiple utility cables, rebuild and strengthen the existing smoke vent which will necessitate strengthening the surrounding pavements.
28. Suitability for CIL funding: The museum of London is identified as a type of infrastructure which can be funded through CIL. However, the allocation is for works to strengthen the existing roads would not be necessary to support wider

development of the Square Mile but are necessary for the Museum development to be delivered.

29. Funding priority (critical/essential /important): The project is identified as important. Wider development could come forward if the infrastructure were not delivered however, the City has ambitious plans for the Museum of London relocation which is listed as an essential project in the City's Infrastructure Delivery Plan and listed in the City's Infrastructure Funding Statement. The Museum of London move to West Smithfield is a key component in the Destination City vision. It will act as the north-western gateway to Destination City, at the heart of the Culture Mile BID and will provide opportunities for investment for a range of uses.

City of London School

30. A bid for £3.5 million of CIL funding has been received for the City of London School, to contribute to a major improvement project for the school, which would deliver a new courtyard building, levelling out the courtyard and improvements to Peter's Hill entrance and a potential one storey extension to the fifth floor of the junior school building, including internal remodelling, and roof top terrace, alongside Catering/UKPN Upgrade Works package for the school building.
31. This bid is not recommended for approval for allocation as it does not meet the criteria of being a form of infrastructure that is necessary to support wider development of the Square Mile.
32. Suitability for CIL funding: The funding of the enhancement of the City of London School are not required to support wider development of the Square Mile. While the children of some City workers may attend the school, and the School has ties to the Square Mile and the City Corporation, the provision of school places at the City of London School doesn't facilitate wider development in the City, and there is no clear link between development (whether commercial or residential) in the City and the need for education at this specific school, particularly given its status as an independent fee-paying educational establishment. The City Corporation has a statutory obligation to support the City of London School. However, this does not override the statutory funding requirements for the types of projects to which CIL funding can be applied.

Vision Zero Safer Streets Programme

33. The Vision Zero Safer Streets Programme seeks £2.4 million of OSPR funding to investigate and deliver safer streets proposals at the ten priority locations identified in the Vision Zero Plan 2024–2028 (adopted February 2024) One additional site has been identified through recent injury collision data. The project prioritises locations with the highest collision and injury rates. See further detail of the project at Appendix 2.

34. This funding request relates to six locations listed in appendix 2. The principal outcome is to identify and deliver improvements to reduce the risk of fatal and serious collisions at these locations, contributing to the Transport Strategy ambition of zero people killed or seriously injured while travelling in the City by 2040. Secondary outcomes will include wider Healthy Streets improvements in support of the Transport Strategy and relevant Healthy Streets Plans, such as increased pedestrian priority and accessibility improvements. The project is identified as Priority 3 - Projects that support the outcomes of the Transport Strategy, with additional priority given to projects that would support the delivery of Vision Zero by reducing serious and fatal collisions and projects that would improve accessibility.

Riverside Lighting Upgrade (Blackfriars Bridge to Tower of London)

35. Riverside Lighting Upgrade (Blackfriars Bridge to Tower of London) project seeks OSPR funding of £180k to replace some of the light fixtures which are near the end of their serviceable life and install over 70 new lanterns that can accommodate the City's control units. The City of London's Lighting Strategy sought to use innovative lighting control systems and LED lighting units to better control its highway lighting, enabling the right level of light to be delivered in the right place at the right time.
36. As well as benefits to the public realm, there would be significant cost benefit savings in energy usage and maintenance costs over time. The cost of repairing or replacing the existing fixtures are considerable and over time replacement fittings will become more costly and difficult to source. Due to the Illuminated River scheme, Thames Tideway and other works along the river, the riverside lighting was deferred from the main programme of upgrade works. The project is identified as Priority 1 and 3 for Highway Cleansing and maintenance operations and would support the outcomes of the Transport strategy, Climate Action Strategy, the delivery of Vision Zero by reducing serious and fatal collisions and projects Destination City, improve accessibility and safety to an underused part of the Riverside. Further details of the funding criteria can be found in Appendix 1.

Financial Implications

37. CIL general (excluding Neighbourhood CIL 15% and Admi CIL 5%) currently has forecast available funds of £52.767m up to 2028/29 (see Table 1). If all bids were to receive full funding requested of £14.41m, this would reduce the City CIL available balance to £38.357m for the period up to 2028/29. Table 4 provides a summary of the general CIL forecast with the spend profile of proposed bids factored in.

Table 4 – Projection of Planned CIL Expenditure to be financed to 2028/29

	Prior Years	2024/25	2025/26	2026/27	2027/28	2028/29 / Later Years	TOTAL
-	Actual/Approved £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	£'000
TOTAL INCOME (80% CIL - General Pot)	(78,152)	(12,108)	(10,700)	(11,083)	(11,480)	(11,891)	(135,416)
TOTAL OF CAPITAL, SRP	60,199	15,664	6,246	5,450	4,300	5,200	97,059
DEFICIT/(SURPLUS) Brought Forward @ 1st April		(17,953)	(14,397)	(18,852)	(24,485)	(31,665)	(38,357)
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(17,953)	(14,397)	(18,852)	(24,485)	(31,665)	(38,357)	

() = income or in hand
balance

38. OSPR currently has forecast available unallocated funds of £12.098m up to 2028/29. If all bids were to receive full funding requested (£2.58m), this would reduce the OSPR available balance to £9.518m for the period up to 2028/29.
39. It should be noted that these figures are based on future income levels that are projections and will need to be refined each year. Furthermore, the CIL and OSPR ring-fenced funds cannot move into a deficit position in any one year, so phasing of schemes will be crucial to avoid this happening.
40. Further City CIL (excluding Neighbourhood CIL 15% and Admin CIL 5%) confirmed to be received in this financial year (2024/25) is estimated to be £12.108m from developments that have commenced, and the CIL liability is due to be paid by 31st March 2025.

Legal implications

41. The proposed projects have been considered against the criteria for the use of CIL and OSPR and the ranking of each is set out above. The OSPR bids are in accordance with the Road Traffic Regulation Act 1984 and the London Local Authorities and Transport for London Act 2003.
42. The CIL bid would comply with Section 216 of the Planning Act 2008 and Regulation 59 of the Community Infrastructure Levy Regulations 2010 as the CIL would be applied to the provision, improvement, replacement, operation or maintenance of infrastructure (as defined) to support the development of the City.
43. Consideration should also be given to the list published by the City Corporation under Regulation 121A(1)(a) which is the City's statement of the infrastructure

projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL (other than CIL to which regulation 59E or 59F applies). The City's list which was approved in May 2024 and consists of:

- Public Realm and Streets
 - Eastern Cluster Public Realm
 - Secure City Programme
 - Barbican and Golden Lane Healthy Streets Plan
 - Public Realm Security
 - St Paul's Gyratory
 - Sculpture in the City
 - Transforming Fleet Street

- Parks, Open Spaces and Recreation
 - Finsbury Circus Reinstatement
 - Museum of London - buildings and highway Infrastructure project

- Community Services
 - Golden Lane Community Centre
 - Barbican Library Refresh

- Infrastructure and Utilities
 - Citigen Energy Network Feasibility
 - Walbrook Wharf – Waste transfer station

44. The legislation does not prevent the funding of qualifying infrastructure, which is not on this list, however this list is likely to create an expectation that sufficient CIL will be retained to contribute to the infrastructure set out. The Infrastructure Funding Statement (IFS) is updated annually.

Risk Implications

45. There are no risks associated with development in the City not being brought forward if the Critical and essential infrastructure projects are not progressed.

Equalities Impact

46. There are no direct equalities implications associated with the proposals within this report. Individual projects can have a positive or negative impact on equalities and each project will undertake an Equalities Impact Assessment as part of the project procedure, so that the equalities implications of the decisions to progress the projects are fully understood.

Conclusion

47. The guidance for allocating CIL firstly identifies if the type of project is infrastructure in accordance with Test 1 and Test 2 requires the board to consider if the infrastructure proposed is needed to support the development of the City. For CIL funding priorities projects are identified as Critical, Essential, or Important.
48. The requests for OSPR meet the funding priorities and are in accordance with the applicable legislation.
49. The Policy and Resources Committee are asked to identify to approve the allocation of CIL/OSPR funds as recommended by Priorities Board.

Appendices

Appendix 1 – Funding Criteria

Appendix 2 – Detailed Bid Criteria

Chhaya Patel Principal Planning Officer (CIL and Planning Obligations) – City Development and Investment Unit - Environment

Email: Chhaya.patel@cityoflondon.gov.uk

Yasin Razaq Capital and Project Manager – Chamberlains

Email: Yasin.razaq@cityoflondon.gov.uk