

Committee(s): Resource Allocation Sub Committee - For Decision / Recommendations Policy and Resources Committee- For Decision	Dated: 30/10/2024 14/11/2024
Subject: CIL and OSPR Capital Bids (Quarter 2 - 2024/25)	Public
This proposal: Delivers Corporate Plan 2024/29 outcomes Provides statutory duties	Providing Excellent Services Flourishing Public Spaces The City Corporation has a statutory duty to administer Community Infrastructure Levy and On Street Parking Reserve in line with relevant legislation
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?	OSPR: £90,500 CIL: £10,466,000
What is the source of Funding?	City Fund (OSPR and CIL)
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: Katie Stewart, Executive Director, Environment Caroline Al-Beyerty, Chamberlain	For Decision
Report authors: Rob McNicol, Assistant Director – planning policy & Strategy Yasin Razaaq, Capital and Projects Manager	

Summary

The Priorities Board met on 19th September 2024 to consider four bids for allocation from the City's Community Infrastructure Levy (CIL) and On-Street Parking Reserves (OSPR). The Priorities Board recommend to the Resource Allocation Sub-Committee and the Policy and Resources Committee that CIL funding is allocated to the Golden Lane Leisure Centre and Sculpture in the City projects, and that OSPR funding is allocated to the installation of outdoor fitness equipment at Old Watermen's Walk. The Priorities Board do not recommend CIL funding is allocated to works to the London Underground below Brandon Mews, as it is not considered to be eligible for CIL funding.

The Committee's attention is also drawn to the future funding profile for CIL. Given likely income from development, if the Committee agree to allocate funding as recommended in this report it is unlikely that there would be any surplus CIL funding for further projects until the 2026/27 financial year. An assessment of the projects that could otherwise have sought CIL funding is set out in this report.

Recommendation(s)

Members are asked to:

- To recommend (RASC) and approve (Policy & Resources Committee) the following allocations:
 - Golden Lane Leisure Centre: £10.35m from Community Infrastructure Levy
 - Sculpture in the City: £116,000 from Community Infrastructure Levy
 - Outdoor fitness equipment at Old Watermen's Walk: £90,500 from On Street Parking Reserve
- Note the financial position for CIL funding in future years resulting from the above allocations and the implications for other potential infrastructure projects.
- Note the capital review on existing projects being undertaken as part of the 25/26 budget and medium-term-financial plan.

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. To be allocated funding, 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. These criteria do not relate to the necessity for funding of a particular project, but rather the degree to which that project is necessary to support the wider 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.

Quarterly bids received

7. Bids for the City CIL and OSPR were invited from departments in August 2024. Four bids were received which are detailed in this report and summarised in Table 3 below.
8. In July 2024, the Policy and Resources Committee agreed to temporarily limit the quarterly allocation of CIL to those projects that are critical for supporting the City's development needs whilst the City's Infrastructure Delivery Plan (IDP) is refreshed. This work is ongoing; however, the bid received for the Golden Lane

Leisure Centre has a pressing timeline and it is therefore considered important to give consideration to this prior to the completion of the IDP review.

Current Position – CIL

9. As of September 2024, the City Corporation held an opening balance of £17.9m in General City CIL (excluding Neighbourhood CIL 15% and Admin CIL 5%).
10. So far this financial year, the City Corporation has received around £9m in relation to General City CIL, compared to a forecast income of £11.67m. This demonstrates that CIL income this year is likely to meet the projected income and could potentially exceed it. CIL income is dependent on development starts, and there is only around £1m of CIL income expected to become due from development that is known to be commencing in the next two months (there is a 60 day notice period). It is possible that development starts will pick up later in the calendar year, meaning that CIL income could outstrip the forecast, but this is as yet unknown.
11. Given that CIL income is likely to meet the forecast for this financial year, it is not considered necessary to include a contingency in the current year. A contingency has been included, spread between the two years following the current financial year, of £2.5m in each year. This reflects the potential for CIL income to fall as well as increase, depending on development activity and the need to maintain a positive balance at all times in the CIL fund.
12. Further CIL income of £57m is projected up to 2028/29 as shown in Table 1 below. Currently for 2024/25 onwards a further £42m has been committed to several approved schemes leaving an unallocated balance of £27.9m (excluding contingency). These allocations mean that available funding is at its lowest in 2024/25 and 2025/26, with up to £11.9m and £13.2m available in these years respectively, with the latter reducing to £10.7m once the contingency has been factored in.
13. 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 should be 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.

Table 1 - General CIL Financial Summary:

	Prior Years Actual/A pproved £'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)	(78,121)	(11,670)	(10,738)	(11,123)	(11,521)	(11,934)	(135,108)
TOTAL OF CAPITAL, SRP	60,199	17,708	9,377	5,450	4,300	5,200	102,234
Contingency	0	0	2,500	2,500	0	0	5,000
DEFICIT/(SURPLUS) Brought Forward @ 1st April		(17,922)	(11,884)	(10,746)	(13,918)	(21,140)	(27,874)
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(17,922)	(11,884)	(10,746)	(13,918)	(21,140)	(27,874)	

() = income or in hand balance

Current Position – OSPR

14. As of September 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, £97.3m has been committed to approved schemes, therefore unallocated sums of £9.5m (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 Forecast £'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	15,084	11,752	8,271	3,597	4,216	43,644
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)	(35,751)	(14,923)	(8,542)	(6,301)	
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(58,628)	(35,751)	(14,923)	(8,542)	(6,301)	(9,518)	

OSPR and CIL Bids received

15. The following bids were received for CIL and OSPR funding. The bids are summarised below, with further details set out in Appendix 2:

Table 3 – CIL and OSPR Project Bids - Quarter 2 (2024/25):

Proposed Bid	CIL requested £m	OSPR requested £m	Funding Priority
Outdoor fitness equipment at Old Watermen's Walk	-	0.0905	OSPR – environmental improvements projects
Development of Golden Lane Leisure Centre	10.35	-	CIL – Essential
LUL Track Works – below Brandon Mews	6.50	-	CIL - Important
Sculpture in the City – Deinstallation	0.116	-	CIL – Important
Total	£16.966m	£0.0905	

Outdoor Fitness Equipment (Old Watermen's Walk)

16. The project seeks OSPR funding of £90,500 for the installation of outdoor fitness equipment. There are currently no free outdoor gym sites on offer within the Square Mile. Outdoor gyms contribute to several benefits such as improvements in public health, breaking down barriers to physical activity, boosting mental health and wellbeing and regenerating community spaces.

17. The riverside location will offer a bespoke outdoor gym design, which transforms an underused space into a community-friendly hub for exercise. Overall, this project will help achieve the following outcomes:

- Promotes health and wellbeing for our stakeholders and addresses the lack of free-to-use outdoor fitness equipment within the Square Mile.
- Removes old wooden fitness equipment that is not fit-for-purpose, and update with new high-quality equipment.
- Responds to priorities set out in our Sports Strategy that commit to activating our streets and public spaces to encourage physical activity.
- Collect data to better understand and evidence the project's success.
- Technology installed in the PowerSmart pieces allows us to track usage and gather insight in to how often and when the equipment is being used.

18. The project would provide outdoor recreation facilities to which the public have access, in accordance with S55 of the Road Traffic Regulations Act 1984, and therefore is eligible to be funded by OSPR.
19. Recommendation: It is recommended that OSPR is allocated to the fund the outdoor fitness equipment.

Refurbishment of Golden Lane Leisure Centre (GLLC)

20. The bid of £10.35m for CIL has been received for a series of upgrades and repairs to GLLC which would ensure the service at the centre can be sustained. The recommendation to refurbish GLLC to secure the future of the service and the Centre for a further 20 years, was supported in principle by Resource Allocation Sub Committee in July 2024. Funding for the project would broadly be required as follows, although further work to establish precise timescales and funding requirements is continuing, with details expected in the coming weeks.

- Immediate funding: £100k – feasibility and scoping works
- Q4 2024/25: £250k
- Q1 & Q2 2025/26: £800k
- Q3 2025/26 onwards: £9.2m (potentially falling into 2026/27, depending on timescales)

21. Suitability for CIL funding: The leisure centre is identified as infrastructure which can be funded through CIL and a refurbished leisure centre would support wider development of the square mile, particularly new residential development.
22. 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).
23. Recommendation: It is recommended that funding from CIL is allocated to the Golden Lane Leisure Centre project.

LUL Track works – Brandon Mews

24. A bid for £6.5m of CIL has been submitted for works to the London Underground track beneath Brandon Mews to reduce disturbing levels of train noise causing a public health issue.
25. Surveys and investigations have identified a solution. The investigation has shown that moving the points & crossings (P&C's) west onto the floating slab track (under the Barbican gardens) by 20 or 30 metres would provide a huge attenuation to Brandon Mews properties. There would be no disbenefit to other properties if this solution were to be implemented.

26. Suitability for CIL funding: The project is not considered appropriate for CIL funding as the works are not required to support wider development of the area. The existing infrastructure is currently owned and maintained by TfL and LUL. Discussions with TfL are ongoing to explore funding potential.
27. Recommendation: It is not recommended that CIL funding is allocated to this project.

Sculpture in the City – Deinstallation

28. £116,000 of CIL funding is sought for the deinstallation costs of the project. In January 2024 this committee approved a one-off CIL allocation of £80,000 towards the delivery of the Sculpture in the City programme in 2024/25, while stipulating that future funding for the project should be sought from alternative funding sources.
29. In March and April 2024, the Destination City team conducted extensive due diligence and scoping to determine all costs associated with the installation, management and deinstallation of all artworks to enable the 13th edition to go ahead. This work has revealed previously unknown risk implications. Officers identified that full deinstallation costs for the project were not previously considered or factored into budget allocations, and established the estimated cost of £116k to fully deinstall the 13th edition.
30. While future funding of the project is to come from alternative sources, the City of London Corporation will be obliged to deinstall the exhibition, and would be liable for deinstallation costs if other sources of funding are not forthcoming. It is therefore recommended that CIL is allocated for de-installation costs of the current exhibition, and drawn down if necessary.
31. Suitability for CIL funding: The artwork provides improvements to the public realm, and therefore may encourage development in the area.
32. Funding priority (critical/essential/important): The project is identified as important. Wider development could come forward if the infrastructure were not delivered but would not enhance the attractiveness of the area as much as it would with the delivery of the Sculpture in the City project.
33. Recommendation: It is recommended that funding from CIL is allocated to the deinstallation of the current edition of the Sculpture in the City project.

CIL Funding – future pipeline

34. The City Corporation is currently undertaking a review of the Infrastructure Delivery Plan to ascertain likely infrastructure funding requirements for the Square

Mile to support the delivery of the City Plan 2040. This project is ongoing, and expected to conclude in early 2025.

35. The amount of CIL available to be allocated up to the end of 2025/26 is £10.75m (excluding a £2.5m contingency). Should Members agree funding of the Golden Lane Leisure Centre (£10.35m) and the deinstallation of Sculpture in the City (£116,000), the available amount of CIL to be allocated up to the end of 2025/26 would fall to just £280,000.
36. This reduction in future funding would have implications for other projects, meaning that they would either need to find funding from elsewhere or be delayed. An initial assessment of the major projects this could affect is set out below. These are not likely to be a comprehensive survey of potential projects but is intended to give a picture of the likely implications for known infrastructure projects that are currently planned or under development:
37. Major projects that could seek CIL funding in coming years broadly fall within two categories: public realm improvements to the City's streets, which will enhance the Square Mile as a leading destination and attract and enable substantial new development, and major works to the City's infrastructure, particularly to Walbrook Wharf, the Barbican Centre and works to the Barbican podium.

Transport and public realm projects

38. An exercise to identify and prioritise future CIL and OSPR bids for transport and public realm projects and programmes is due to complete in November 2024, with oversight from the Planning and Transportation Committee.
39. Pending this process, initial scoping indicates potential funding requirements of around £21m from CIL up to 2027/28 and upwards of £25m from 2028/29 onwards. It is recognised that this exceeds likely available funds; projects to be deferred or not proceed will be identified through the prioritisation process.
40. Funding for public realm improvements directly contributes to meeting the demands placed on the City from new development. With over 60,000 additional office workers forecast to be coming to the City over the next 15 years, there is a need for the City's public realm to work harder, with more space for people walking and spending time, climate resilience measures, improved accessibility and space for cycling. Several projects have the potential to be delivered alongside or be partially funded by s278 agreements or TfL funding; these funding opportunities could be missed if projects are deferred, and this will inform the prioritisation process. Substantial sums of OSPR would also be used to fund these projects.

Major infrastructure schemes

41. Works to the Barbican podium, the Barbican Centre renewal project and investment in Walbrook Wharf are major forthcoming or ongoing projects to key City infrastructure. Walbrook Wharf plays a vital role in managing the City's waste; without continued operation of the Wharf for waste transfer, additional development in the City could lead to unacceptable impacts on the City's streets due to the vehicle movements required for moving waste out of the City.
42. Improvements to the Barbican Centre and the podium have a less direct connection with facilitating development in the Square Mile; however, the Barbican Centre is an important piece of cultural infrastructure, the future success of which will help to maintain the City's position as a cultural destination. The podium is also an important piece of public realm, with potential to make a greater contribution to the climate resilience of the area.
43. The potential CIL funding requests from these projects is less certain at the current time than for the transport and public realm projects, due to their complex nature and the need for feasibility and scoping work. Each of the projects could seek substantial sums of CIL funding – upwards of £10m each over the coming five years, and potentially substantially more depending on the options progressed. For the below exercise of assessing the scope of the impacts on the CIL surplus, it has been assumed that all three projects would seek £10m over the coming few years from CIL; the actual amounts sought are very likely to be different to this, depending on how these projects progress and informed by available funds.

Impacts on CIL surplus

44. Table 4 below illustrates the potential impacts on surplus CIL funds from the public realm and major infrastructure projects as well as the two CIL bids received this quarter. From this, it is clear that CIL could move into a deficit position next financial year (2025/26) if all the projects set out below were funded from CIL, and that CIL could be overallocated by over £40m by the end of 2027/28.

Table 4 – potential CIL funding requests up to 2027/28

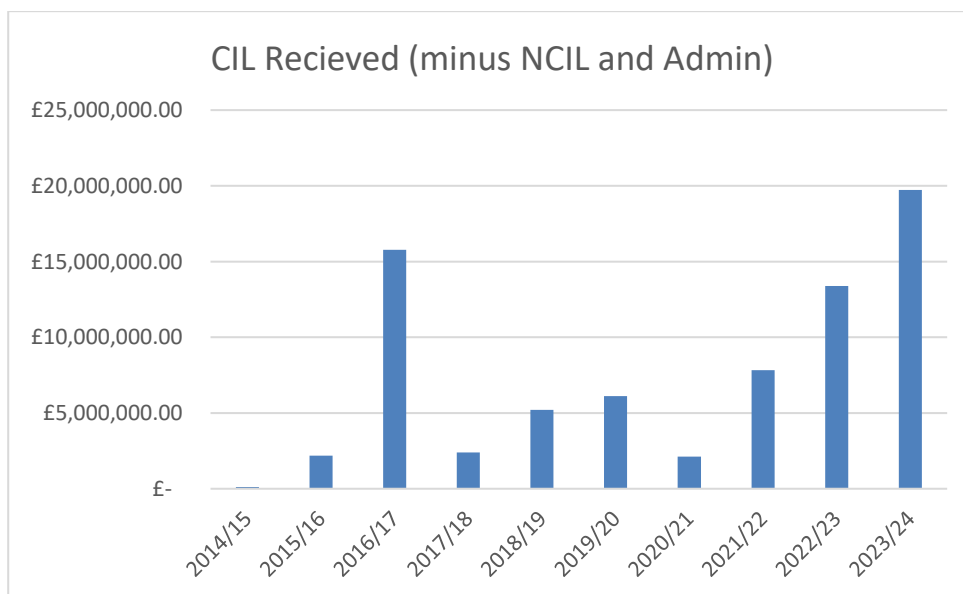
Project	Previous years	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	Total (£000)
CIL income (80% CIL - General Pot)	78,121	11,670	10,738	11,123	11,521	123,173
Existing commitments	-60,199	-17,708	-9,377	-5,450	-4,300	-97,034
Golden Leisure Centre refurbishment	0	-350	-10,000	0	0	-10,350
Sculpture in the City (de-installation)	0	0	-116	0	0	-116
Public realm and transport schemes	0	-100	-2,650	-8,200	-10,300	-21,250

Walbrook Wharf	0	0	-5,000	-5,000	0	-10,000
Barbican podium	0	0	-5,000	-5,000	0	-10,000
Barbican Centre Renewal	0	0	0	-5,000	-5,000	-10,000
Contingency			-2,500	-2,500		-5,000
Income less potential CIL allocations and contingency		-6,488	-23,905	-20,027	-8,079	-40,577
Deficit/surplus	17,922	11,434	-12,471	-32,498	-40,577	

45. While the two bids (Golden Lane Leisure Centre and Sculpture in the City) recommended for approval in this report can be funded from the CIL surplus and income, doing so will mean that funding for the other projects listed in Table 4 would need to be delayed until later years, when CIL income should replenish funds available, or be funded from other sources.

Future CIL income

46. While CIL income has been increasing in recent years (except for a drop during 2021/22, when construction starts were delayed as a result of the Covid-19 pandemic), large amounts are often dependent on large developments commencing, as was seen in 2016/17 with 22 Bishopsgate.



47. Further City CIL (excluding Neighbourhood CIL 15% and Admin CIL 5%) in this financial year (2024/25) is projected to be £11.67m from developments that have or will commence, where the CIL liability is due to be paid by 31st March 2025. This is a calculated figure based on past income.

48. To help corroborate the CIL projections, the planning team have undertaken an exercise to look at potential starts on approved development and schemes that may be coming down the pipeline. This exercise assumes that the vast majority of major schemes will be built out; while this is broadly likely, there is the possibility

that some schemes are not developed or take longer to start; these figures should not therefore be relied upon to allocate CIL. This exercise has shown that CIL income in 2025/26 may be below that assumed in CIL forecasts, before potentially picking up in later years. This will be closely monitored but is broadly within the allowed contingency.

	2025/26	2026/27	2027/28
CIL income projection (£000)	10,738	11,123	11,521
CIL income forecast (from development) (£000)	7,515	15,668	14,135

Financial Implications

49. OSPR currently has forecast available unallocated funds of £9.5m up to 2028/29. If the bid were to receive full funding requested (£90,500), this would reduce the OSPR available balance to £9.43m for the period up to 2028/29.
50. 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.
51. Further City CIL (excluding Neighbourhood CIL 15% and Admin CIL 5%) confirmed to be received in this financial year (2024/25) is projected to be £11.67m from developments that have or will commence, where the CIL liability is due to be paid by 31st March 2025.
52. Further information is expected on the potential timing of the draw down of requested CIL for Golden Lane Leisure Centre. Should the total, £10.35m be drawn upon in 2024/25 and 2025/26, this would reduce the remaining projected balance to £396,000 by the end of 2025/26, excluding contingency. CIL funds cannot move into a negative position. By the end of 2028/29, unallocated CIL would rise to £27.9m, taking into account projects already allocated. However, this does not factor in the other projects that could be eligible for CIL funding over this timeframe.

Capital review

53. There will be a review of the BAU capital programme as part of the budget setting process for 25/26 to establish if funds could be repurposed from projects that are no longer a priority or have completed with residual budget remaining. The results of this review will be presented back to the relevant committees in due course.

Legal implications

54. 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.

Risk Implications

55. The current contract for the operation of Golden Lane Leisure Centre ends on 31 March 2024 and is under discussion. The outcome of funding refurbishment of the centre from CIL (or other funding) could have implications for these discussions, as well as for local risk budgets.

Equalities Impact

56. 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

57. The request to fund the exercise equipment at Old Watermen's Walk from OSPR meets the funding priorities and is in accordance with the applicable legislation, and is recommended for approval.
58. Members are recommended to approve the CIL funding for the Golden Lane Leisure Centre refurbishment and the deinstallation of the current Sculpture in the City exhibition, while noting that funding these projects would largely deplete the CIL funds available to be allocated to other projects up to the end of 2025/26, and would require other potentially CIL-funded projects to be delayed or funded from other sources.

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Appendices

Appendix 1 – Funding Criteria

Appendix 2 – Detailed Bid Criteria