

Community Infrastructure Levy (CIL) Allocation 2022

Deputy Leader and Cabinet Member for Economic Growth and Development



Date: 14th February 2023
Agenda Item: 7
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Cabinet

Key Decision? YES
Local Ward Members All wards affected

1. Executive Summary

- 1.1 This report introduces a proposal for the allocation of this round (2nd of 2022) of Community Infrastructure Levy (CIL) funding. It sets out the CIL process and amount of funding available as well as introducing the bids received from community groups and other organisations through the latest call for submissions in September 2022. It recommends awarding the funding available to the council's strategic priorities and specifically to projects that support delivery of a new leisure centre at Stychbrook Park in Lichfield city and additional 3/4G pitches in the district.

2. Recommendations

- 2.1 That Cabinet approves the allocation of up to **£1.45m** of the Community Infrastructure Levy (CIL) funds to the highest scoring bid from Lichfield District Council to develop 7 projects, identified through community engagement, to extend sport and leisure activities and facilities across the district.
- 2.2 That Cabinet approves the allocation of **£100,000** of the CIL funds to Chasetown Football Club for the development of a 3/4G football Turf Pitch, in line with the findings of the Sport England's Strategic Outcome Planning Model.
- 2.3 That Cabinet agrees to retain the remaining CIL monies for a future bidding round.
- 2.4 That Cabinet recommend to Council an update to the Medium-Term Financial Strategy (MTFS) based on the capital and revenue implications included within the financial implications section of this report.

3. Background

- 3.1 The Community Infrastructure Levy (the levy) allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed because of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces, and leisure centres.
- 3.2 The process for allocating and spending CIL is essentially broken into four stages:

- Stage 1 – Approve the criteria and governance process and confirm CIL pot available
- Stage 2 – Call for bids / submissions
- Stage 3 – Evaluate bids received against the approved criteria and make recommendations to Cabinet
- Stage 4 – Award funding and monitor progress and spend

3.3 The governance procedure for awarding CIL was last revised in July 2021¹. The assessment criteria are regularly reviewed and amended, most recently in February 2022² as part of the last allocation of funds when £860,000 was awarded and £740,000 was retained for future rounds. In October 2021 Council approved that the award of CIL is delegated to the Cabinet Member, however on this occasion as there are implications for the MTFS we are bringing the decision to Cabinet rather than seeking to gain approval via that route.

3.4 The CIL strategic pot has accrued monies of approximately **£1.558 million**. On the 26 September 2022 the bidding process for applications for CIL funding opened and expressions of interest were invited to spend this funding on strategic infrastructure projects. A total of 12 bids were received; a summary of these is in **Appendix 1**.

3.5 While the submissions received for the large part have great merit, the scheme is once again significantly over-subscribed and therefore require a prioritisation approach to be adopted. All submitted bids have been scored by officers of the Strategic Infrastructure Group (SIG) and the resulting score and rank is shown in **Table 1** below.

3.6 The highest scoring bid was submitted by the council and is a project to support of the development of 7 new or extended sport and leisure facilities across the district, and 2 bids (Chasetown FC and Staffordshire County Council(SCC)) scored equally to rank 2nd. If funding is allocated to the top scoring bid it will only leave enough fund the Chasetown FC bid; it is therefore proposed to allocate £100,000 of CIL to this second ranked bid rather than the SCC bid based on the remaining funds available.

Table 1

No	Bid	Score	%	Rank	No	Bid	Score	%	Rank
1	Chasetown FC – Toilet Block	11	12.94	11	2	Chasetown FC – 3G pitch	44.5	52.35	2
3	Fradley & Streethay Parish Council	35.5	41.76	5	4	Integrated Care Board (NHS) - Brereton	37	43.53	4
5	Integrated Care Board (NHS) - Samuel Johnson	32	37.65	6	6	LDC Sport & Leisure Activities	46.5	54.71	1
7	Lichfield Sports Club	29.5	34.71	8	8	Lichfield Waterworks Trust	5	5.88	12
9	Staffs CC - Burntwood Improvements Scheme	44.5	52.35	2	10	Swim Foundation (Star Foundation)	31	36.47	7
11	Burntwood Town Council - Oak Community Pub	21	24.71	9	12	Whittington & Fisherwick PC	21	24.71	9

¹ Report to [Cabinet 8 June 2021](#)

² Report to [Cabinet 8 February 2022](#)

- 3.7 Awarding CIL to both projects will greatly enhance the sport and leisure facilities we have in the district and present the opportunity to improve the health and wellbeing of our residents. The council project will fund 7 activities as set out in **Table 2** that were identified by residents of the district in an online survey in December 2023.
- 3.8 The table below shows residents preferred new sport and leisure activities and their priority order along with a location identified by officers.

Table 2

Priority	Option	Description	Location
Priority 1	Aqua Park	Water based activities to include, outdoor swimming, paddle boarding, aqua scramble, and café.	Stowe Pool, Lichfield
Priority 2	Climbing Wall	Mixed ability climbing wall (Sports Hall or Squash Court).	Burntwood Leisure Centre
Priority 3	Soft Play	Pre-school soft play facility	Burntwood Leisure Centre
Priority 4	Adventure Golf	Replace mini golf with adventure golf	Beacon Park, Lichfield
Priority 5	Obstacle Course	Introduce competitive obstacle course racing for running, cycling clubs / Develop clubs, training, target timings and	Beacon Park, Lichfield
Priority 6	Paddle / Tennis	Resurface Burntwood courts / Introduce 3 x Paddle Tennis courts in Lichfield	Beacon Park, Lichfield
Priority 7	3/4G Pitch*	Create 1 x 3G pitch for rent by community / sports groups	Lichfield City

* Note - Sport England's Strategic Outcome Planning Model identified a need for 2 x 3G pitch facilities

- 3.9 Cabinet is therefore asked to recommend to Council to award CIL of **£1.45 million** to the council to develop a range of sports and leisure activities and **£100,000** to Chasetown Football Club for the development of a 3/4G football Turf Pitch. It is also recommended to retain remaining funds of £8000 to the next CIL bidding round, which will provide additional time for the Strategic CIL pot to accrue further funds.
- 3.10 The remaining applicants will receive formal confirmation following the decision making of Cabinet. Applicants will be encouraged to submit a bid to the next funding round in 2023 and will also be given advice on other potential funding solutions for their project.

Alternative Options	<ol style="list-style-type: none"> To not allocate the funding to the two top scoring projects and instead allocate the funding to other projects that have submitted bids. This means that we will be unable to have the essential sport and leisure facilities that have been identified for the district. To not allocate any funding and continue to accrue monies to create a larger pot that can be used for delivery of some of the projects that currently have not fully secured match funding or new projects in a further bidding round.
Consultation	Residents were asked for their views on preferred leisure facilities through an online survey in mid-December 2022. This received 1464 responses. The views of Overview and Scrutiny Committee on 8 February 2023 were (to be added).

Financial Implications

The detailed financial implications related to the recommended projects are shown below:

Capital Investment						
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Aqua Park	-	-	-	-	-	0
Climbing Wall	50	50				100
Soft Play	50	50				100
Adventure Golf	150	150				300
Obstacle Course		150				150
Paddle Tennis	200	200				400
3G Pitch - Lichfield	200	200				400
Sub Total Council Projects	650	800	0	0	0	1,450
3G Pitch - Chasetown	100					100
Total Budget	750	800	0	0	0	1,550

Operating Budget – at this stage, this modelling assumes operation by LWMTS						
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Aqua Park	(15)	(25)	(45)	(45)	(45)	(175)
Climbing Wall		(30)	(60)	(60)	(60)	(210)
Soft Play		(35)	(70)	(70)	(70)	(245)
Adventure Golf		(50)	(100)	(100)	(100)	(350)
Obstacle Course		(20)	(45)	(45)	(45)	(155)
Paddle Tennis		(35)	(75)	(75)	(75)	(260)
3G Pitch - Lichfield		(35)	(75)	(75)	(75)	(260)
Sub Total Income	(15)	(230)	(470)	(470)	(470)	(1,655)
Operating Costs			130	130	130	390
Operating Surplus	(15)	(230)	(340)	(340)	(340)	(1,265)
Potential Corporation Tax @ 25%	4	58	85	85	85	316
Sinking Fund			155	155	155	465
Total Distributable Income	(11)	(173)	(100)	(100)	(100)	(484)

What if Income is 10% lower & operating costs are 10% higher	(10)	(155)	(55)	(55)	(55)	(330)
What if Income is 20% lower & operating costs are 20% higher	(9)	(138)	(10)	(10)	(10)	(177)
What if Income is 10% higher & operating costs are 10% lower	(12)	(190)	(145)	(145)	(145)	(637)
What if Income is 20% higher & operating costs are 20% lower	(14)	(207)	(190)	(190)	(190)	(791)

The operation of these activities could be by the Council, the Company (assumed in the modelling above) or third-party operators and the income and expenditure budgets will be based on the optimum delivery option.

Approved by Section 151 Officer

Yes

Legal Implications

The criteria and guidance for the allocation of funds has regard to the Community Infrastructure Legislation regulations as amended 2019.

Approved by Monitoring Officer

Yes

Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Supports the priority of 'Enabling People' through provision of facilities so they can live healthy and active lives. 2. Supports the priority of 'Shaping Place' through delivery of projects consistent with the adopted & emerging Local Plans and supporting IDP & IFS. 3. Supports the priority of 'Developing Prosperity' through, enhancing the district and providing certainty for investment. 4. Supports the priority of being a 'Good Council' by accountability, transparency, and responsiveness by allocating funds for bids received and which are readily deliverable.
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Equality, Diversity and Human Rights Implications	The projects have been assessed against the council's equality objectives and comply with legislation.
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Crime & Safety Issues	The leisure centre and projects identified will increase physical activity among residents, which is important in building a cohesive community. The leisure centre and improved leisure facilities will provide diversionary activities that should reduce crime and build resilience in the community, particularly among younger adults.
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Environmental Impact	The projects and new leisure centre will be required to conform to up-to-date Building Control regulations and conditions attached to any planning consent required.
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GDPR / Privacy Impact Assessment	A Privacy Impact Assessment indicates commercial sensitivity is contained within some of the bids, whilst due diligence checks will potentially use confidential information known to the Council. This information is exempt from publishing in the public domain.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Reputational risk to the Council if decisions of Cabinet are challenged by the bid applicants	Likelihood – Yellow Impact - yellow Risk - yellow	Communication with bid applicants to explain our approach and rationale. Advice provided on future bid rounds and potential other funding sources for their projects.	Likelihood – Green Impact – yellow Risk - Green
B	The monies allocated do not deliver the projects submitted / the project is delayed.	Likelihood – Yellow Impact -yellow Risk - yellow	Careful project management to ensure delivery of the projects.	Likelihood – Green Impact – yellow Risk - Green
C	The cost of delivering the projects increases due to inflation or changes in specification	Likelihood – Yellow Impact -yellow Risk - yellow	A project contingency budget has been included in the project budget.	Likelihood – Green Impact – yellow Risk - Green
D	The projects have an adverse impact on the Climate Change pledge approved by Council	Likelihood – Yellow Impact -yellow Risk - yellow	Proposals will need planning permission and will need to be considered having regard to policies in the adopted Local Plan, up to date building regulations and terms of conditions of the grant agreement contract.	Likelihood – Green Impact – yellow Risk - Green
E	The Company breaches the 20% TEKKAL exemption due to the	Likelihood – Red	Financial modelling based on the approved Business Plan and known plans has been undertaken. The 20%	Likelihood – Green

	external income of (£425k) per annum	Impact -Red Risk - Red	level would be breached if the income and expenditure was accounted for by the Company. The optimum delivery option will continue to be evaluated based on legal and tax advice.	Impact – Green Risk - Green
F	The Council breaches its partial exemption limit and is unable to reclaim VAT of c£100k per annum related to exempt activities	Likelihood – Red Impact -Red Risk - Red	Financial modelling will need to be undertaken based around the level of exempt income such as football pitch hires utilising the series of lets exemption etc. The optimum delivery option will continue to be evaluated based on legal and tax advice.	Likelihood – Yellow Impact - Yellow Risk - Yellow
G	Operation of the activities results in an additional Corporation Tax Liability for LWMTS therefore reducing the level of income that could be distributed to the Council through dividends.	Likelihood – Red Impact -Red Risk - Red	The financial modelling provided above assumes operation of these activities through the Company with a Corporation Tax payment at a rate of 25% from 1 April 2023. The payment of Corporation Tax will reduce the level of distributable profit available to the Council. The optimum delivery option will continue to be evaluated based on legal and tax advice.	Likelihood – Yellow Impact - Yellow Risk - Yellow

Background documents

Cabinet report 8 June 2021
 Report to Full Council 12 October 2021
 Report to Overview & Scrutiny 20 January 2022
 Report to Cabinet 8 February 2022

Relevant web links

[Cabinet report 8 June 2021](#)
[Report to Full Council 12 October 2021](#)
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