



## CABINET

Tuesday 7 January 2020

### BECCLES LIDO LTD IMPROVEMENT BID – EXCEPTIONAL CIL FUNDING REQUEST

#### EXECUTIVE SUMMARY

1. In 2010 Waveney District Council Cabinet handed over the ownership of Beccles Lido to a Beccles Lido Ltd, a company with Charitable status, without additional cost to that group.
2. Beccles Lido provides an amenity that benefits the Beccles, East Suffolk and wider communities with a record 48,000 visitors in 2018 from the region and beyond.
3. The Lido saw a reduction in visitors in 2019 (45,000 visitors) and it was considered that the reduction in numbers was in part due to a deterioration in the main pool and its water quality, each of which are big drivers for the new project.
4. The Lido operates a concessions policy which includes discounted swimming fees, in 2019 this offered 31% discount for over 60's, Disabled, Benefits and Concessions. The Beccles Lido also offers free swimming for under 5's and a child rate for children aged 5-18 and Students, plus reduced-price season tickets offering better value for regular swimmers. The admission prices for 2020 will be set before the Lido re-opens in May 2020 and the Beccles Lido Management confirm that their pricing policy aims to align the admission fees with the cost of swimming at other pools in the area. The Lido aims to remain competitive for a swim, but cheap for a day out when compared with other tourist attractions. Often people choose to go to the Lido for the whole day which is different to usage at indoor swimming pools.
5. The project, which commenced in October 2019, will carry out the robust repairs and improvements that are needed to create a modern and efficient swimming pool able to be operated for longer opening hours and a longer season, and for many years to come.
6. The project will also allow the Lido to open for longer hours, a longer season and through the winter, allowing it to attract more visitors and different demographics of user (e.g. winter swimmers who will benefit from a safe environment in which to swim).
7. Applications for funding from the New Anglia Local Enterprise partnership (£46,000) and from Power to Change (£183,000) were refused, nevertheless, Beccles Lido Ltd have been successful in raising £423k of the funding required by the time the project needed to commence.
8. Beccles Lido Ltd have applied for £75k from District Community Infrastructure Funding (CIL) as they are short of this amount of their target to complete the project and open by May 2020. This amount represents approximately 18% of the funds required to deliver the project.
9. Whilst all applications for District CIL funding have been closed during the current review of the CIL Spending processes exceptional bids have been considered. Due the urgent

nature of this funding request the Cabinet Member for Planning and the Major Sites and Infrastructure Team have agreed to put this bid forward for Cabinet to decide as an exceptional case.

10. It should be noted that whilst the project has been supported through some funding by Beccles Town Council, no Neighbourhood CIL has been allocated by any of the local town or parish councils in the vicinity of the infrastructure. There also remains a question about the VAT position of the project (£86k) and a response is awaited from HMRC on this matter.
11. Cabinet are recommended to agree to fund the remaining £75k funding gap through District CIL. Given that this project has not previously been recognised as critical, essential or desirable infrastructure listed in the Waveney Local Plan, as an exceptional and beneficial project it has been tested against the draft CIL Spending Strategy also being considered at the Cabinet meeting. This includes applying the District CIL Application Assessment and Validation criteria (Appendix A) and the Principles of District CIL Allocations criteria (Appendix B)

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	Beccles and Worlingham
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<b>Cabinet Member:</b>	Councillor David Ritchie Cabinet Member with responsibility for Planning and Coastal Management
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<b>Supporting Officers:</b>	Ben Woolnough Major Sites and Infrastructure Manager 01394 444593 <a href="mailto:Ben.woolnough@eastsuffolk.gov.uk">Ben.woolnough@eastsuffolk.gov.uk</a>  Nicola Parrish Infrastructure Delivery Manager 01502 523057 <a href="mailto:Nicola.parrish@Eastsuffolk.gov.uk">Nicola.parrish@Eastsuffolk.gov.uk</a>
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# **1 INTRODUCTION**

## **Spending of Community Infrastructure Levy**

- 1.1 Both former Councils agreed, through Full Council, that decisions on what to spend District CIL on should be made through an annual programming process supported by an annually updated infrastructure plan. Recommendations on what to spend CIL on were made by each Council's Local Plan Working Group and the final decisions were made by each Council's Cabinet. The last Cabinet reports setting out planned awards of annual CIL funding were in September 2018 at the Waveney Cabinet and October 2018 at the Suffolk Coastal Cabinet.
- 1.2 Since becoming East Suffolk Council, a new Local Plan Working Group has been established, however within a recent review of CIL spending arrangements Cabinet will receive details of a new draft CIL Spending Strategy, for approval. This includes the recommendation to form a separate CIL Spending Working Group to deliver and operate the Strategy over the next three year period. Due to these circumstances this report has been prepared directly for Cabinet following consultation with the Cabinet Member for Planning. At present the wider annual CIL spending process has remained on hold pending the commencement of the new Infrastructure Delivery Manager in September and the establishment of a new structure for the East Suffolk CIL spend process, utilising the combined CIL collection funds from both the former Waveney and Suffolk Coastal Districts.
- 1.3 Under existing circumstances, the consideration of awarding CIL funding for individual projects outside of a round of bids is reserved for exceptional circumstances. Due to the specific circumstances of the Beccles Lido improvement project and the need for urgent funding to be received by the end of March 2020, it is appropriate to give consideration to this individual request outside of the normal process.

## **Beccles Lido Project**

- 1.4 Beccles Lido offers the community the ability to get fit, stay healthy and socialise, regardless of age, race, disability or economic status. The pool is used by serious and leisure swimmers, with regular daily lane swimming sessions. It also offers swimming lessons, aquacise and rookie lifeguard training; and all of the local primary schools use the pool for lessons. The Lido is available for private hire and also used by various swimming and sports clubs and for various other water-based activities (including triathlon, scuba diving and canoeing).
- 1.5 The project, which commenced in October 2019, will carry out the robust repairs and improvements that are needed to create a modern and efficient swimming pool able to be operated for longer opening hours and a longer season, and for many years to come. It will also allow the Lido to open for longer hours, a longer season and through the winter, allowing it to attract more visitors and different demographics of user (e.g. winter swimmers who will benefit from a safe environment in which to swim).

1.6 The project includes the following itemised costs:

Type of cost	£ excl VAT	incl.VAT £
Groundworks and pipeworks	£295,950	£355,140
Optional works now deemed essential & confirmed	£20,246	£24,295
Pool liner - Premier Plain liner + Deluxe Grade underlay	£55,528	£66,633
Pool surround – resurface	£22,000	£26,400
Pool railings	£15,827	£18,992
Construction Design Management (CDM)	£2,215	£2,658
Structural Design	£1,200	£1,440
Highly Desirable – replace Heat Exchangers (Having dismantled the 30-40 year old heat exchangers they are end-of-life; they can be refurbished but will still adversely restrict circulation flow/water quality. It is preferable to replace now.)	£18,600	£22,320
<b>Net Cost</b>	<b>£431,566</b>	
<b><u>VAT(20%)</u></b>	<b><u>£86,313</u></b>	
<b>Total Project Costs</b>	<b>£517,879</b>	<b>£517,878</b>

1.7 The VAT value is underlined because it is understood that where a charity is not registered for VAT, charities may still claim exemption from certain types of construction works. A query has been registered with HMRC specialist VAT Team to ascertain if these project costs can be claimed at £0 VAT rate or 5% VAT, as government guidance relating to this area is unclear and appears to indicate this could be a benefit open to the Beccles Lido Charity.

1.8 It should be noted that the amount of funding requested, £75K, is less than the VAT sum which may potentially be reduced or removed. Therefore, if VAT can be recovered there may be no funding gap to fill and no need for CIL funding. This position is reflected in the recommendation.

1.9 Beccles Lido is referred to within the emerging draft Neighbourhood Plan as the only swimming facility which serves the area. It is noted that the priorities in this draft Neighbourhood Plan include the provision of an indoor swimming facility to provide year-round facilities, with no reference to enhancing the existing facilities.

1.10 When considering the priorities for using District CIL funding to support projects, this project can be described as ‘Beneficial Infrastructure’ as it addresses a recently unexpected shortfall accounted for as having an influence on the sustainability of the Local Plan.

#### **Beccles Lido Funding Streams**

1.11 The District CIL Application from Beccles Lido Ltd included information of the current funding sources. Confirmation was also provided that funds from Beccles Town Council

were not Neighbourhood CIL funding (which has a 5 year spending deadline from receipt).

- 1.12 The amount of District CIL being sought represents 14.5% of the total project costs, including VAT.
- 1.13 Beccles Lido have submitted the following information on their collaborative funding sources for Beccles Lido improvements:

<b>Funding Source</b>	<b>Secured Yes/No</b>	<b>If not secured – when will you know</b>	<b>Amount £</b>
Garfield Weston Foundation	Yes		£147,000
Beccles Lido Reserves – accumulated since Lido acquired pool for replacing end-of-life plant and equipment	Yes		£33,594
Beccles Town Council	Yes		£2,000
East Suffolk Council – Exemplar	Yes		£10,000
Beccles Charitable Trust	Yes		£100,000
Sport England	Yes		£100,000
Community Fundraising – cash in bank	Yes		£30,232
Lido Fundraising - Beccles Beer Festival	Yes	Final total pending	£9,000
Community Fundraising – pledged	No	Assured pending project milestones	£1,000
East Suffolk Council – ECB (from Cllrs Brambley-Crawshaw, Elliott and Topping)	No	Verbal assurance	£10,000
<b>Amount being applied for from District CIL Fund</b>			<b>£75,000</b>
<b>Total Funding</b>			<b>£517,826</b>

- 1.14 Whilst it should be noted that no Neighbourhood CIL from the local town and parish councils in the vicinity of the infrastructure is being used to deliver the project, it represents a good demonstration of collaborative spend to deliver local infrastructure and for this reason should be viewed positively. Future CIL bids under the draft CIL Spending Strategy will be expected to demonstrate a similar approach and will clearly need to demonstrate a link to the Local Plan growth.

## **2 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?**

- 2.1 The CIL Spending Strategy and governance arrangements have many links to the East Suffolk Business Plan and the three-pronged strategy contained within it.
- 2.2 **Enabling Communities** – the introduction of CIL across the district ensures that local communities receive funds through the Neighbourhood CIL payments made in line with the CIL Regulations. These additional funds will further enable communities to feel proud of where they live and to support the services and infrastructure within their community.
- 2.3 **Economic Growth** – the CIL Charging Schedule was developed through detailed viability assessment of typical development seen across the district. Introducing CIL has not had an impact on the overall viability of development in the district and will generate funds

which must be used to support the delivery of the infrastructure requirements outlined in the Waveney and Suffolk Coastal Local Plans.

- 2.4 **Financial self-sufficiency** – the CIL Regulations allow for a local authority to retain some CIL funds to cover administrative costs. Retaining 5% of the CIL funds generated across the district will help cover the costs of administering the collection, allocation and spend of CIL and assist East Suffolk to become financially self-sufficient.

### **3 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 3.1 Where CIL is allocated to projects that are not detailed as critical, essential or desirable in the Local Plan there is a risk that there will be insufficient District CIL funds to deliver the infrastructure required to support the local plan. The right infrastructure may then not be provided in the right place at the right time.
- 3.2 In relation to the above matter, a separate paper has been submitted to request resource to deliver a fully functioning digital solution that will enable stakeholders to understand the level of District CIL available to deliver critical, essential and desirable infrastructure and to understand the amounts of Neighbourhood CIL that have been allocated or are due to be allocated to town and parish councils in the short term.
- 3.3 In the interim period discussions will continue with statutory infrastructure providers to ensure that the costing and timescales for delivering the critical and essential infrastructure are reviewed and known projects will feed into the annual Infrastructure Funding Statement, which a new legislative requirement under updated CIL Regulations.
- 3.4 Setting up and administering the CIL spend programme and governance arrangements is covered in existing budgets. However, as described in section 2, 5% of CIL receipts can be retained each year to help cover these costs.

### **4 OTHER KEY ISSUES**

- 4.1 This report has been prepared having considered the results of an Equality Impact Assessment EQIA162525425. No further actions are required. as Beccles Lido Ltd continue to monitor usage of the pools to ensure these are open and accessible to all users.

### **5 CONSULTATION**

- 5.1 No consultation has been necessary for this recommendation.

### **6 OTHER OPTIONS CONSIDERED**

- 6.1 Members have the option of not agreeing the District CIL funding for this project and retaining CIL funds for future use or deferring consideration of this bid as part of a more comprehensive round of bids in September 2020. These options would cause uncertainty over the delivery of the project and the ability for the works to be completed in time for re-opening in May 2020. Weight has been given to the value of this sports and recreation facility in supporting the major planned housing growth for this area and its loss would affect the sustainability of future growth and health and well-being of existing and new communities.

### **7 REASON FOR RECOMMENDATION**

- 7.1 This community led project is an important part of the local infrastructure provision in an area where there will be major planned growth for the future. As a community infrastructure project this represents a good example of a collaboratively funded project

to deliver a substantial community benefit. If full project costs, including the VAT, are considered the District CIL funding would represent 14.5% of the total costs. Despite not previously been recognised as infrastructure to be funded through developer contributions it is beneficial to the long term sustainability of growth in the area. In this instance the bid has been agreed as an exceptional beneficial project due to the project already progressing, the impact of the funding gap, the proportion of total funding and the community and health benefits the facility provides.

#### **RECOMMENDATIONS**

1. That this exceptional case for an award of District CIL funding of £75,000 for the improvements to Beccles Lido is approved by Cabinet, as the CIL spending process review means bidding for District CIL funds remains closed for this year.
2. Where HMRC feedback or other research confirm that VAT could be applied to the project at 5% or £0 rate, the offer of £75,000 District CIL funding should be treated as recoverable forward funding pending final confirmation of the VAT position.
3. That the CIL funding is released to Beccles Lido Ltd on receipt of copy invoices confirming the full construction and plant (equipment) costs related to the funding gap.

#### **APPENDICES**

<b>Appendix A</b>	District CIL Application Assessment and Validation criteria
<b>Appendix B</b>	Principles of District CIL Allocations criteria

#### **BACKGROUND PAPERS**

Community Infrastructure Levy CIL Spending Strategy and Developer Contributions Service Plan – papers at same Cabinet meeting (report ES/0245)