

SCRUTINY PANEL

30th October 2014

Section 106 Capital Allocations for Sport Recreation and Leisure

Report of the Director – Places (Development & Economy)

STRATEGIC AIM:	Creating an Active and Enriched Community Creating a sustained environment Building our infrastructure
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1. PURPOSE OF THE REPORT

- 1.1 To receive comments from Scrutiny on the merits of allocating Section 106 funding, including a grant and loan programme to support community sport, recreation and leisure facilities, and the possible process for allocating such funding if a scheme is agreed

2. RECOMMENDATIONS

- 2.1 **That Scrutiny consider the case for a grant and loan programme funded by Section 106 contributions that have or are due to be received for sport, recreation and leisure. Available and expected resources are shown in Appendix A, and a draft process is outlined in Appendix B**
- 2.2 **That Scrutiny consider the case for allocating funding towards replacement or refurbishment of public swimming pool facilities**

3 SECTION 106 FUNDS FOR SPORTS, RECREATION AND LEISURE

- 3.1 RCC's Section 106 process (Supplementary Planning Guidance on Developer Contributions) together with evidence reports produced by Sports Structures in 2009 and 2013 have successfully enabled Sport, Leisure and Recreation Section 106 contributions to be negotiated and included within legal agreements with developers.
- 3.2 The sport, leisure and recreation contributions agreements have all been individually negotiated dependent on the impact of each development. The range of services on which they can be expended includes open space for play, pitches, sports buildings, village / community halls, scout huts, or arts facilities. Some allocations are generic, some specific. There are separate agreements for contributions for other services, such as education (including early years), libraries and museums, which are not within the scope of this paper.
- 3.3 A summary of these agreements and the amounts contained therein is shown below in Section 3.4 below. Appendix A shows in a spreadsheet all Section 106 agreements that have already been paid, or will result in an allocated amount being paid, both for generic off site sport, leisure and recreation; and payments for specific projects or areas including the Hawksmead development (Oakham North) and payment in lieu of the community building. The payment schedule for the

Hawksmead funds is also provided, giving an indication of what has already been received, what is due to be received and the indicative timescales. Over the lifetime of the process, it is expected that significant sums of money will be received.

3.4 **Funds Received**

To date £442,543 has been received in the form of Section 106 contributions for sport, recreation and leisure. A further £3,001,831 has been identified through Section 106 agreements which may be realised by 2021, although not all developments may proceed, which will mean that either funding will not be received, or agreements will have to be renegotiated.

3.5 **Funds Expended**

At present, £655,373 has been expended on projects (Barleythorpe football pitches and Catmose Swimming Pool repairs) with a further £369,000 allocated to the Oakham Enterprise Park Sports Hall. Therefore £1,024,373 has been expended or allocated, £581,830 more than has presently been received, although a further £3,001,831 is expected. Current projections indicate that £535k will be received from the Hawksmead development in lieu of the Community Building by March 2016, with the full £1.338m being received by September 2017.

3.6 **Strategy for Future Use of Funds – Reports and Consultations**

Cabinet Report 280/2013 (3rd December 2013) “Sports, leisure and community facilities” outlined how support for the needs of the County’s active and growing population could be delivered through strategic investment in sports and leisure community facilities. Cabinet noted the report and the Sports & Leisure Infrastructure Delivery Plan (Appendix 1 to Report No. 280/2013), and taking on board feedback from Scrutiny, requested further work to be undertaken. As a result further consultation was undertaken with members of the public, Parish and Town Councils, young people and Sports Clubs, to ensure that the recommendations were consistent with the needs and aspirations of those consulted and those who had not been engaged in the process. Whilst this work was being undertaken, Sport England published new guidance documents, with recommended methodologies:

- a) Playing Pitch Strategy Guidance, published in October 2013
- b) Assessing Needs and Opportunities Guidance for Sport, published in July 2014

Both are comprehensive tools that assist local authorities with meeting the requirements of the National Planning Policy Framework paragraph 73. Officers in the Active Recreation and Planning Policy teams have therefore worked to update the evidence base for sport, leisure and recreation as per this newly published methodology, working together with Nortoft to undertake assessments of the present county sports facilities and open space. This will underpin the Local Plan period 2015 – 2036, and enable the production of a comprehensive Strategy for Sport and Recreation Facilities in Rutland, draft to be completed by November 2014, and reported to Cabinet thereafter.

3.7 **Prioritisation of Funding**

Some of the longer term issues which will be considered by the Strategy include:-

- a) An assessment of need for a replacement public swimming pool in Oakham;
- b) An assessment of need for additional sports pitches;
- c) An assessment of need for public open space (including play areas and youth facilities)

Provision of a replacement swimming pool in particular is likely to require significant capital resources to achieve. A complete new build could cost in excess of £3m. Refurbishment of the existing public pool at Catmose College, which has recently

had remedial structural works to ensure it could operate safely, could be possible at a lower cost, but an assessment of potential options has not yet been undertaken. Scrutiny may wish to comment on a proposal to allocate £0.5m - £1m towards swimming pool improvements. This could be used as match funding towards a future Sport England bid for major facility improvements / replacement, or as direct funding for a more limited refurbishment. Approval for use of allocated funding for this purpose would be conditional on a future report to Cabinet. More detail on the scenario at Catmose College and provisional costings were outlined in Cabinet Report No. 227-2013 (1st October 2013) – “Interim Swimming Pool Report”, and the Special Scrutiny Meeting on 5th September 2013, Report No. 204-2013 – “Catmose Sports Centre Swimming Pool”.

3.8 **Grant or Loan Scheme and the Financial Implications**

One of the recommendations within the Delivery Plan was to provide a grant or loan scheme, which would enable such bodies as local Clubs, Parish Councils, community organisations, contractors working on behalf of the Council, and the Council itself, with the opportunity to access funding for relatively small scale facility improvements. This particular action could be implemented in advance of completion of the Strategy.

There is considerable public interest in the funding which is becoming available. Appendix A, item 4 provides an initial list of projects that officers have been made aware of, which are likely to come forward from Parish Councils and other bodies as part of a Capital Allocations Process (e.g. Ketton Sports Association, Uppingham Town Council, South Luffenham Parish Council). At present there is almost £400,000 worth of notional projects identified, and it is likely that this list will continue to increase.

The funding of the grant or loan will be through S106. At present there is £73,543 of S106 for sports received and unallocated. This means that the Council will have to forward fund the grant or loan and then use S106 when received to repay the advance. The level of forward funding will depend to some extent on whether further S106 is received prior to awards being made and funds being required by successful organisations. There are 4 possible financing options open to the Council:

- a) The Council can borrow in advance of the receiving the S106. Based on forward funding £380,000 (over a period of 7 years) this would incur total interest costs of £42,000 and would have a Minimum Revenue Provision¹ (MRP) cost of £54,000 per annum until the S106 is repaid. Overall the MRP charge would be cost neutral.
- b) Fund through existing General Fund Reserves and then replenish from S106 when received. With this option the only cost would be the lost opportunity of investing the surplus funds, which for £380,000 would be £1,900 (per annum) based on current interest rates.
- c) Use existing unspent non-ring fenced capital grants and replenish, again the only cost would be the lost opportunity cost of £1,900.
- d) If the Council were to loan the money to the organisations there would be no additional costs providing the interest rates the loan were given at were at a similar level to interest rates paid by RCC. The Council may be required to be Financial Conduct Authority (FCA) registered to give the loan. This is currently being investigated and initial discussions with the FCA indicate that the

¹ MRP is a statutory charge that all local authorities must make to set aside a calculated amount for debt repayment.

registration process can take up to nine months to complete and will involve additional costs.

There is a risk with all options that the S106 funds are not received as expected and the Council could be in a position where it would not be able to replenish or repay the advance funding without incurring additional costs or loss of future funding if the option of using unspent non-ring fenced grant was used.

3.9 Draft Scheme Process

Appendix B sets out a draft process for consideration and amendment, comprising an initial one page Project Proposal, which if suitable can be followed up by a full application. Comments are particularly invited on the following issues:

a) Grant or Loan

The draft scheme encompasses both grants and loans, but does not set out the conditions of loans, or whether loans should have a different level of priority. Members may wish to comment on this element.

b) Partnership Funding

Members may wish to comment on whether to require a certain level of match funding, or give a particular weighting to schemes that can demonstrate match funds.

c) 50% Funding

Members may wish to include a section requiring the applicant to explain the consequence of only receiving 50% of the funding for which they have applied.

d) Scoring assessment (final 2 pages of the appendix)

Includes project feasibility and priority. Members may wish to express a view on the scoring system.

e) Retrospective funding

It is proposed that any scheme could only be used to fund future projects, not to retrospectively fund expenditure that has already taken place. Members may wish to comment on this approach.

3.10 Level of Funding

It is proposed that grant funding would be capped at £400,000 in order to manage funds prudently, in advance of the adoption of the Sport and Recreation Facilities Strategy. It should be noted that significant parts of the funding can only be spent in specified localities, not anywhere in the County.

3.11 Draft Timetable

Task	Target Date
Places Scrutiny	30 October 2014
Formal Cabinet	4 November 2014
If approved, launch of grant process	10 November 2014
Initial closing date for project submissions	5 December 2014
Decision / assessment panel	19 December 2014
Cabinet approval of allocations	20 January 2015
Detailed planning and procurement (grantee)	Feb – March 2015
Project delivery phase (grantee)	April – July 2015

4. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	H	Contributions that have been received need to be expended within a given period as defined by each legal agreement. Agreeing a process for allocation will ensure that none of this funding is returned to the Developer and lost to the community.
Viability	L	Funding has been identified, negotiated and secured through legal agreements.
Finance	M	There is funding available for these types of schemes. Whilst it has not yet been received, the likelihood of funds not being received is low. The costs of forward funding, irrespective of the method chosen, are affordable. This funding has been specifically allocated to sport, leisure and recreation infrastructure improvements and cannot be spent on other priorities.
Profile	H	There is significant public awareness of the amount of funding available through Section 106 and there is significant pressure to ensure transparency and delivery of key improvements.
Equality and Diversity	M	The allocations could result in considerable improvements to physical and sensory access to sport, recreation and leisure facilities. An equality impact assessment has not yet been completed, pending comments from Scrutiny.

Background Papers

Cabinet Report 280-2013 (3rd December 2013)
 "Sports, leisure and community facilities"
 Cabinet Report No. 227-2013 (1st October 2013)
 "Interim Swimming Pool Report"
 Scrutiny Report No. 204-2013 (5th September 2013)
 "Catmose Sports Centre Swimming Pool"

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