

Q2 CAPITAL PROGRAMME BUDGET MONITORING 2022/23

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending in 2022/23 compared to the current capital programme.

Appendix A to this report provides a financial summary of current schemes within the capital programme and shows that overall net capital expenditure for the year end is currently projected to be £20.780 million, and in line with the approved budget.

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 Authority Committee initially approved the capital programme for 2022/23 at its meeting on 20 January 2022 (Paper A/4313/22). This report compares the actual spend with the current programme.
- 2 Where there is a significant variance, resulting in a projected under or over spend for a particular project, a brief explanation for the variance is provided below by the Accountable Officer for that scheme.
- 3 Where slippage is projected and reported, those resources remain earmarked for the particular schemes in question in future years. Where an under spend is reported these savings are added back into capital funds.
- 4 The original annual budget for 2022/23 was £16.026 million net expenditure. However, reprofiling due to prior year slippage, along with the inclusion of other identified schemes, has meant the current capital budget is now £21.771 million. The projected net capital position for the year is £20.713 million, in line with the revised budget

SPECIFIC SCHEMES

- 5 The review of major schemes in 2022/23 is detailed below.

6 Lee Valley Ice Centre Redevelopment

The Ice Centre Redevelopment has continued to progress well but there have been further pressures on the Mechanical and Electrical installation due to changes around internal partition walls on the first floor which house much of the cables and connections. This has delayed installation and the contractor Buckingham has obtained permissions from the London Borough of Waltham Forest (LBWF) for extended hours for internal works only. The revised completion and handover date at of 23 December remains currently, but there is a risk that this date could slip into January. The project remains within budget.

7 Ice Centre Funding

The redevelopment of the Ice Centre has always been anticipated to be fully funded from external borrowing, with the original strategy one of short-term loans during the construction phase, to be converted to long-term loans on completion. This was subsequently amended to allow greater flexibility with borrowing due to the increase in lending rates.

Officers have continued to adopt the more cash and affordability efficient approach of short term loans, rather than locking in long-term debt, and have to date borrowed £20million on terms of up to one year.

Due to the current volatility in rates, we have continued with this approach as it gives us greater freedom and adaptability to respond should rates drop. Over the last few weeks, we have seen long term rates increase to around 6% in late September, and then fall to 4.6% at the beginning of November. Our Medium Term Financial Forecast is based on rates being around 4%, and whilst we can secure this rate in the short-term market, we wait for when it may be appropriate to take longer-term borrowing.

Having short term borrowing also allows us to easily apply and repay loans should we benefit from future capital receipts, without charges that would be associated with repaying long-term loans.

We will continue to update Members on borrowing in future quarterly Capital Outturn reports.

8 Asset Maintenance

The Authority's has developed an Asset Management (AM) programme across the assets and open spaces that it is directly responsible for. This is a rolling programme of major one-off and planned/cyclical maintenance over 10 years. The programme is funded by annual direct contributions from revenue to ensure that the programme is fully funded to cover both lower and higher maintenance years.

The annual AM budget is amended each year to take into account where additional maintenance is required, or is deferred to future years.

The annual AM profiled budget is expected to be around £1million, and includes schemes carried over from the prior year. Works are largely progressing in line with the programme at the 6 month stage. The largest project being Lee Valley Athletics Centre track replacement at £483k which was completed in October.

Where AM works can be identified as capital in nature, these can then be capitalised, although the revenue funding will be assigned to these schemes so as not to further increase the charge to revenue that would occur with an unfinanced capital spend.

9 Hostile Vehicle Mitigation

Whilst this project has seen significant delays due to the planning process, this permission is now imminent and following that the procurement process can be commenced. However due to extended material delivery times on such specialist items it is not envisaged that this project will complete in the financial year. It will be most likely in progress with a projected spend of around 50% of its value at £250,000.

10 Lee Valley White Water Centre Pumps Replacement

The updating of pumps and controls on both courses is now in progress, two new pumps have been ordered and are due for delivery in the latter part of this calendar year. Controls are being replaced as they become available, this project will complete within the financial year.

11 Landscape, Open Space and Investment Projects

Officers have been reviewing the Landscape and Open Space project list (Paper E/711/20) for any schemes that may progress. Listed below are some that are progressing, in addition to those others are in the pipeline and these will start progress throughout 2023 and onwards, such as Cheshunt Lakes S106, and Lea Bridge Station mitigation, although the progress of these will be dependent on the release of funds when the trigger points of the developments are met.

Middlesex Filter Beds

This project has now been agreed to progress and further investigations are underway as an unknown element of Thames Water pipes has come to light. Once this element is understood the scheme will be tendered and delivered or it may have to be reassessed as to its viability. Members will be updated as to how this project is progressing.

East India Dock Basin

Surveys have now been completed and we have a firm idea of costs for the silt removal and gate repair. The final element of the study on water circulation will be complete in the next two months. Permissions for silt dispersal have been applied for from PLA (Port of London Authority) and MMO (Marine and Maritime Organisation). This has now enabled two funding streams to be pursued.

A Levelling Up Funding (LUF) bid has been constructed with London Borough of Tower Hamlets (LBTH) to seek funding for a potential £10m project which would pull in public realm and connectivity linkages to East India Dock Basin and Bow Creek. This funding stream would allow the Basin project to progress encompassing silt removal, gate restoration and a visitor centre on site (projected at £5m). The contribution in match funding required is 15% and would mean our contribution would be in the region of £850,000. This bid was submitted by 6 July with a decision expected by the end of December 2022.

The second funding stream to be looked at is National Lottery Heritage Fund

(NLHF) and we have successfully passed the Expression of Interest Stage and been invited to submit a full bid by NLHF. Working with our LBTH colleagues and using much of the information gathered for the LUF bid we will construct a bid over the summer with a view that if the LUF bid fails we will submit a bid to HLF in March 2023. Match funding for this stream is a minimum of 5% but we should also aim for more if possible. This route also allows other partners to contribute more and potential match funding from other streams will be available. If this route is taken a full paper will be taken to Members.

St Pauls Field

The consultant's designs are been reviewed and the scheme is within budget. Final amendments to the design are being completed and final drawings to RIBA stage 4 will be produced. A preliminary ecological assessment has been commissioned which we expect to propose further surveys. Any further surveys can run concurrent with a planning application which we expect to start in spring 2023. We plan to procure contractors during 2023 for delivery over the winter 2023/24 with final spend occurring in early 2024.

Three Mills Enhancement

Works to reprofile the Green are completed. The project was undertaken due to historic poor drainage issues which had been exacerbated by a number of successful musical events. The project involved the export of 1150m³ of compacted soil and the import of 4750m³ of new soil to create a dome shape with a perimeter land drain.



Fig 1 Pre-enhancement works



Fig 2 Post site works

12 Venue Investment Projects

Executive Committee approved a list of venue investment projects at the meeting on 16 November 2021 (Paper E/743/21) which will enhance venues and deliver cost savings, additional income and new income streams.

The projects will be delivered over a number of years, with a number being initiated in the current financial year.

Campsites Glamping Units and Playgrounds

Orders for the new pods at each campsite have been placed, three are up and running at Sewardstone, the final three are due delivery to Dobbs Weir in September.

Lee Valley White Water Offices

This project has been successfully procured and the contract awarded at a cost of just under £500K; the project commenced on 26 September with a target completion date of 19 December.

CAPITAL BUDGET PROGRAMME FORWARD PLAN TO 2026/27

- 13 Sports venues investment projects are being progressed but are still to be agreed with GLL Ltd, to ensure that any agreed project delivers a return to the Authority over the lifetime of the Leisure Services Contract. Any investments proposed will be brought back to Members for consideration.
- 14 A provisional commitment against projects at both East India Dock Basin, and St Pauls Field has been incorporated into the longer-term capital programme.

The East India Dock Basin contribution will be dependent on the final funding stream that is secured. Our provisional commitment of £850K will just meet the 15% match funding for LUF and is comfortable for the NLHF if the final project

projection remains under £5m. As more detailed designs and costs are developed or revised we will keep Members informed of any impact on the capital programme.

The St Pauls Field commitment is currently funding the Landscape Architects design and feasibility work and by the autumn we will have a clearer idea of the potential costs of an agreed scheme and the capital costs to deliver the final option.

ENVIRONMENTAL IMPLICATIONS

- 15 There are no direct environmental implications arising from the recommendations in this report. However, within each project a full evaluation of environmental implications is undertaken and reported to Members as part of the overall project brief.

EQUALITY IMPLICATIONS

- 16 There are no equality implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 17 A variance during the year on the capital programme can result in additional/reduced investment income being earned in the year as cash balances deposited in the Authority's approved bank accounts change.

HUMAN RESOURCE IMPLICATIONS

- 18 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 19 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 20 Failure to deliver a capital project within an agreed timescale could lead to adverse publicity. It may also mean that the Authority fails to achieve its corporate objectives within the time span that was originally anticipated and/or result in revenue budget variations as part of the Medium Term Financial Plan where the investment is intended to generate new income streams.

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/775/22	Q1 Capital Programme Budget Monitoring 2022/23	22 September 2022
Executive Committee	E/766/22	Q4 Capital Programme Budget Monitoring 2021/22	26 May 2022

Executive Committee	E/754/22	Q3 Capital Programme Budget Monitoring 2021/22	24 February 2022
Authority	A/4313/22	Proposed Capital Programme 2021/22 (Revised) to 2026/27	20 January 2022
Executive Committee	E/740/21	Q2 Capital Programme Budget Monitoring 2021/22	21 October 2021

APPENDIX ATTACHED

Appendix A Capital Monitoring 2022/23 Q2 Outturn

ABBREVIATIONS

LBWF	London Borough of Waltham Forest
LBTH	London Borough of Tower Hamlets
AM	Asset Maintenance
PLA	Port of London Authority
MMO	Marine & Maritime Organisation
LUF	Levelling Up Funding
NLHF	National Lottery Heritage Funding

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LEE VALLEY REGIONAL PARK AUTHORITY
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 2

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Actual to 30 Sep 2022 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
ANNUAL EARMARKED PROVISION							
Biodiversity Action Plan	-	-	87	23	50	-37	Carry forward
IT Infrastructure & Communications	-	-	170	90	140	-30	Carry forward
Asset Management	-	-	1,067	784	1,067	0	Programme Delivery Profiling
PROJECT SPECIFIC BUDGETS							
Lee Valley Ice Centre Redevelopment	30,000	13,250	16,750	6,518	16,000	-750	
Olympic Park Hostile Vehicle Mitigation	495	5	490	0	250	-240	In Progress
Dobbs Weir Campsite Final Phase	27	0	27	27	27	0	Scheme Complete
Olympic Rings	50	0	50	0	45	-5	
Eton Manor Feasibility	25	0	25	25	25	0	
White Water Pumps Replacement	800	0	800	275	816	16	
LANDSCAPE, OPEN SPACE & INVESTMENT PROJECTS							
East India Dock Basin - Feasibility	85	10	75	25	75	0	
Middlesex Filter Beds Sluice	240	0	240	2	240	0	
St Pauls Field - Feasibility	15	4	11	12	12	1	
Waltham Abbey Gardens	20	0	20	0	20	0	Contribution/Match Funding
Three Mills Enhancement Works	330	0	330	214	330	0	
VENUES INVESTMENT PROJECTS							
Non-Sports Venues							
Campsites - Playgrounds	75	28	47	30	30	-17	
Campsites - WIFI Upgrade	30	0	30	0	30	0	
Campsites - Glamping Pods	168	99	67	56	101	34	Budget units only - no siting
Marinas - Welding Tents	10	0	10	0	10	0	
Holyfieldhall Farm - Calf Nursery/Milk Storage	62	0	62	0	60	-2	
Feeder Pillars (Springfield)	75	0	75	0	75	0	
Laundry Room Extend (Springfield)	45	0	45	0	25	-20	New machines only
Craning Pad Extension (Stanstead)	3	0	3	0	3	0	Scheme Complete
Holyfieldhall Farmhouse Conversion	250	0	250	0	100	-150	In Progress

LEE VALLEY REGIONAL PARK AUTHORITY
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 2

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Actual to 30 Sep 2022 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
Sports Venues							
Velopark - LED Lighting	700	210	490	512	612	122	Additional works - Scheme Compete
WhiteWater - Offices, Meeting Rooms	450	0	450	0	470	20	
Whitewater - Slalom Ramp	100	0	100	0	100	0	Tri party funding total cost £350k est
TOTAL PROGRAMME			21,771	8,593	20,713	-1,058	
CAPITAL PROGRAMME FINANCING							
Borrowing			16,750		16,000		
AM Reserve			1,067		1,067		
Capital Fund			290		290		
Capital Receipts			3,664		3,356		
TOTAL FINANCING			21,771		20,713		