

## **Q3 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 £17.074 million, and in line with the approved budget.

### **RECOMMENDATION**

Members Note: (1) the report.

### **BACKGROUND**

- 1 Authority 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 £17.614 million. The projected net capital position for the year is £17.074 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 continued further pressures on the Mechanical and Electrical installation due to available labour and materials. This has delayed the installation of some of the buildings critical systems such as the fire alarm and to help mitigate the loss of time, 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 of 28 February remains currently, but there is a risk that this date could slip if there is any further delays with materials, labour or weather. The project remains within budget and in line with its original design.

## **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 £25million on terms of up to two years.

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 around 4.5%. 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.

The capital receipt we received with regards to the disposal of Mile and Langley Nursery in January 2023 will allow us to pay down £5million of the borrowing need.

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

## **8 Asset Maintenance**

The Authority 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 9 month stage.

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, planning permission has now been granted and revised budget costs can now be sought so that funding can be confirmed. However due to extended material delivery times on such specialist items it is not envisaged that this project will commence in this financial year. The full project budget will need to be rolled forward and delivered prior to the Lee Valley VeloPark next major event.

## **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 delivered and are being installed w/c 6 February. Controls are being replaced as they become available, this project will complete within the financial year. The costs of this project have increased by £200,000 as further outdated components have been discovered during the upgrading works.

## **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 established that the option of breaching the navigation is non-viable due to the proximity of a water main. We have now progressed to the position that the only option is a pumping solution. Consultants are now looking with officers at the options here and a secure generator housing or suitable electric feed is being investigated. If a generator is the only available solution we have asked consultants to look at bio fuel options and Hydrotreated Vegetable Oil (HVO) is being investigated. We envisage this works taking place over the next few months and will have an agreed pumping solution ready for implementation to commence in the early autumn. Members will be updated as to how this project is progressing and when completion is expected once contractors have been procured.

### **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 has also been completed and we have a draft specification for the design stage ready to go out to tender. Permissions for silt dispersal with PLA (Port of

London Authority) and MMO (Marine and Maritime Organisation) have progressed well and we are in the final stages of agreeing a sampling plan prior to applying for permission to disperse into the Thames.

Unfortunately the recent Levelling Up Funding (LUF) bid which was submitted with London Borough of Tower Hamlets (LBTH) was unsuccessful.

We are now progressing a National Lottery Heritage Fund (NLHF) bid following successful passing of the Expression of Interest Stage. Working with our LBTH colleagues and using much of the information gathered for the LUF the bid will be constructed to enable a submission in May 2023. Match funding for this stream is a minimum of 5% but we should also aim for more if possible. This option also allows other partners to contribute more and potential match funding from other streams will be available.

### **St Pauls Field**

The St Paul's Field project will deliver a new footpath from Meadgate Road in Nazeing to Dobbs Weir Road. This will open up an area of the Park which has been inaccessible to the public, delivering a countryside and lakeland pathway for pedestrians and cyclists.

The consultant's final designs have been approved and the drawings to enable us to go out to tender will be completed by the end of March. The final ecological assessment (specifically the Badger survey) has been commissioned and will take place in Spring. Once the drawings are received a planning application will be submitted along with procurement of contractors during the middle of 2023 for delivery over the winter 2023/24, with final spend occurring in early 2024 as projected previously.

### **North Wall Road**

North Wall Road is north of Lee Valley VeloPark and jointly owned with the London Legacy Development Corporation (LLDC). It is a hard landscape which has had little value for either organisation. Since London 2012 this area has not been adopted fully and has become an area for antisocial behaviour and inappropriate use. A partnership with LLDC has started to look at this area and a potential greening, rewilding or extension to the Olympic Park project. An application to the Mayors Green and Resilient Spaces Fund for a development grant is being constructed for submission in February. The funding for development will see concepts and ideas for this area developing a greening or rewilding project to a position that funding can be applied for or if capital from the Authority and LLDC is available this project could be progressed. The project is in the very early stages and if development grant funding is successful we will report back to Members on the progress and any potential required match funding.

## **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 and new income streams.

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

Significant projects still in progress include:

### **Lee Valley White Water Offices and Meeting Rooms**

This project has been successfully completed and is available for use as from early February. The final account will be around £520k which is due to additional elements of work being added to the contract. This will increase the level of income Greenwich Leisure Limited (GLL) will be able to generate for use of the area, and will see an adjustment to the Leisure Operator Base Trading Account (LOBTA) and Management Fee payments.

### **Lee Valley White Water Slalom Ramp**

The Initial scheme came in at well over the available budget so the scheme has been revised and we are now intending to build the ramp in a new position as solely a ramp with no bridge connections. A planning application has been submitted and a contractor/structural engineer is being appointed through a public sector framework agreement. Revised costings for the scheme are currently being prepared and the scheme is due to complete by mid May 2023.

## **CAPITAL RECEIPTS**

- 13 The Authority has received a capital receipt of £7.75m in respect of the disposal of Mile and Langley Nursery (Executive, 23 June 2022, Paper E/772/22), which will result in a net usable receipt of around £7.5m.

Members agreed that the funding of the Venue Improvement Programme (Executive, 18 November 2021, Paper E/743/21) would come from this receipt, with agreement at Authority (Paper A/4330/23, 19 January 2023) that the remainder be utilised to part finance the Ice Centre Redevelopment.

## **ENVIRONMENTAL IMPLICATIONS**

- 14 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**

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

## **FINANCIAL IMPLICATIONS**

- 16 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**

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

## **LEGAL IMPLICATIONS**

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

## RISK MANAGEMENT IMPLICATIONS

- 19 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

Authority	A/4330/23	Proposed Capital Programme 2022/23 (Revised) to 2026/27	19 January 2023
Executive Committee	E/785/22	Q2 Capital Programme Budget Monitoring 2022/23	17 November 2022
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

## 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
GLL	Greenwich Leisure Limited
LOBTA	Leisure Operator Base Trading Account
LLDC	London Legacy Development Corporation

LEE VALLEY REGIONAL PARK AUTHORITY  
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 3

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Actual to 31 Jan 2023 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
<b>ANNUAL EARMARKED PROVISION</b>							
Biodiversity Action Plan	-	-	87	37	63	-24	Programme Delivery Profiling
IT Infrastructure & Communications	-	-	170	120	140	-30	Programme Delivery Profiling
Asset Management	-	-	1,067	947	1,018	-49	Programme Delivery Profiling
<b>PROJECT SPECIFIC BUDGETS</b>							
Lee Valley Ice Centre Redevelopment	30,000	13,250	12,750	11,435	12,750	0	
Olympic Park Hostile Vehicle Mitigation	495	5	490	0	0	-490	Slippage/In Progress
Dobbs Weir Campsite Final Phase	27	0	27	24	24	-3	Scheme Complete
Olympic Rings	50	0	50	0	0	-50	Slippage
Eton Manor Feasibility	25	0	25	25	25	0	
White Water Pumps Replacement	800	0	800	456	1,040	240	
<b>LANDSCAPE, OPEN SPACE &amp; INVESTMENT PROJECTS</b>							
East India Dock Basin - Feasibility	85	10	75	46	75	0	
Middlesex Filter Beds Sluice	240	0	240	2	2	-238	Slippage/In Progress
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	331	331	1	Scheme Complete
North Wall	0	0	0	0	0	0	In progress
<b>VENUES INVESTMENT PROJECTS</b>							
<b>Non-Sports Venues</b>							
Campsites - Playgrounds	75	28	47	30	30	-17	
Campsites - WIFI Upgrade	30	0	30	14	30	0	
Campsites - Glamping Pods	168	99	67	130	130	63	Budget units only - no siting
Marinas - Welding Tents	10	0	10	0	10	0	
Feeder Pillars (Springfield)	75	0	75	0	75	0	
Laundry Room Extend (Springfield)	45	0	45	24	24	-21	New machines only
Craning Pad Extension (Stanstead)	3	0	3	0	3	0	
Dobbs Weir Bungalow (Renovation)	50	0	50	8	55	5	
Sewardstone House (Renovation)	40	0	40	0	40	0	

LEE VALLEY REGIONAL PARK AUTHORITY  
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 3

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Actual to 31 Jan 2023 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
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**Sports Venues**

Velopark - LED Lighting	700	210	490	592	592	102	Additional works - Scheme Complete
WhiteWater - Offices	450	0	450	414	520	70	Additional works - Scheme Complete
Whitewater - Slalom Ramp	100	0	100	0	0	-100	Tri party funding total cost £350k est
Riding Centre Mechanical Horse	65	0	65	0	65	0	

**TOTAL PROGRAMME**

<b>17,614</b>	<b>14,647</b>	<b>17,074</b>	<b>-540</b>
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**CAPITAL PROGRAMME FINANCING**

Borrowing	12,750	12,750
AM Reserve	1,067	1,018
Capital Fund	290	290
Capital Receipts	3,507	3,016

**TOTAL FINANCING**

<b>17,614</b>	<b>17,074</b>
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