

**PROPOSED CAPITAL PROGRAMME
2016/17 (REVISED) TO 2020/21**

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

The last review of the capital programme was undertaken in October 2015 and the current programme was approved at the Executive Committee meeting on 22 October 2015 (Paper E/417/15). This report brings together revisions and refinements to that programme and the latest information on the estimated total cost and timing of projects through to 2020/21.

Over the past ten years the Authority has committed to a process of replacement and renewal of its sports facilities and acquired almost 800 acres of additional parkland.

During the last five years the Authority has focused on pre Olympic and legacy for the delivery of three major venues on the Authority's land – the Lee Valley White Water Centre, Lee Valley VeloPark and the Lee Valley Hockey and Tennis Centre.

The Authority's capital development programme is geared to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Regional Park. The capital programme beyond this period is yet to be fully determined with major investment schemes identified at particular sites, for example, the Lee Valley Ice Centre and the Lee Valley White Water Centre, and this will impact the future direction of the capital programme and its financing requirements.

In terms of overall financial provision, the proposed capital programme provides for total investment by the Authority of £53.4 million to 31 March 2021, as set out in Table 2 (paragraph 15 of this report).

RECOMMENDATIONS

- Members Approve:
- (1) the revised capital programme for 2016/17 (revised) to 2020/21 as set out in Appendix A to this report; and
 - (2) the proposed capital funding to meet the planned capital programme as set out in Table 2 (paragraph 15 of this report).

BACKGROUND

- 1 A significant programme of capital development and investment is an important part of the Authority's statutory remit, whether funded directly by the Authority or with other partners. The capital programme reflects the Authority's key role as a development and enabling organisation and includes a number of projects which are crucial in achieving the objectives set out in the Strategic Business Plan. Major capital projects will determine the character of the Regional Park for the foreseeable future.
- 2 During the course of this year some existing projects have been the subject of reports to Committee and, where appropriate, these reports have sought Member approval to add to/or amend the capital programme. In addition the Authority has a Member led Land and Property Review Working Group that is identifying potential land acquisitions/disposals to enable future additional resources for capital investment. The Authority is also considering a major replacement and reinvestment in its Ice Centre provision and these areas will impact on the future capital programme.
- 3 This report brings together the results of known approved changes and the latest information on the estimated costs and timing of existing individual projects. It proposes a revised capital programme for the period 2016/17 (revised) to 2020/21 for Members' consideration. This is summarised in Table 2 (paragraph 15) in this report and further detailed in Appendix A to this report.
- 4 One of the key developments in the programme is to provide a five year asset management programme for the Authority's estate. This work is on-going and estimated figures have been incorporated into the revised capital programme attached at Appendix A to this report.

Another key area for planning and development is a Land and Property Strategy. By their very nature land acquisition opportunities in particular, tend to be market led and the Authority has found itself reacting to these, rather than planning ahead for them, in terms of resourcing, strategic requirements and in the context of other demands on the capital programme. Two land purchases in 2016/17 approved by Members highlighted this issue.

Members and officers are looking closely at the estate in its widest sense, in terms of maximising the return, both in terms of how the land is used, new land purchases and potential land disposals where land can be identified which is no longer required for Park purposes, alongside its strategic and financial viability. The Authority is identifying sites for possible disposal, i.e. areas that currently and in the foreseeable future do not provide for Park purposes. Areas for potential disposal are a corner-stone for funding the programme going forward. Part of the terms of reference for the Working Group is also revisiting the Authority's approach to future acquisitions, i.e. identifying key sites and having a funding plan alongside.

This approach provides a more strategic overview to the capital programme of which land disposal/acquisition is a key aspect. The proposed programme includes additional investment in the Land Acquisition and Remediation provision supported by new revenue surpluses that may accrue, subject to budget/levy discussions that will be finalised over the next month.

STATUS OF THE CAPITAL PROGRAMME

- 5 **The capital programme is principally a planning document.** It matches the Authority's investment plans to its estimated projected capital resources over the medium term and enables officers to undertake planning and feasibility work for projects which often have long lead times.
- 6 **Inclusion of a project in the capital programme does not, in itself, commit the Authority or constitute approval to incur expenditure.** For all major projects a full business case based on the Prudential Code including detailed briefs, scheme designs, project costs, funding arrangements and on-going revenue costs (including the cost of capital) will be the subject of specific reports for Member approval.

Likewise, inclusion of the emerging work of the Land and Property Working Group in the capital programme funding schedule does not, in itself, commit the Authority to dispose of any areas of land. For all decisions concerning potential disposal a full appraisal must be carried out covering a strategic evaluation of the disposal which must in the first instance be identified as no longer required for Park purposes. Each area of land considered for disposal will be the subject of a specific report for Member approval which will include the financial, legal, planning and risk implications of doing so.

- 7 In some cases the inclusion of financial provision in the programme reflects an identified or expected need for investment. Although the exact nature and scope of any project may yet need to be determined. In these cases, both the level and timing of expenditure are clearly subject to change.
- 8 The Authority's capital development programme is geared to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Park. The capital programme beyond this period is yet to be determined with major investment schemes identified at particular sites. Future major investment e.g. the Ice Centre, will require a separate business case and funding plan to be in place before committing to the project but indicative figures are included in the plan.

PROJECTED AVAILABLE CAPITAL FUNDING

- 9 Initial indications are that existing capital reserves together with projected new capital inflows from land sales could generate funds of **£70.5 million** to 31 March 2021.
- 10 A key feature of the Business Plan is recognition of the need to work in partnership with other organisations and sectors in order to deliver the Authority's vision for the Park. One objective of this approach is to maximise the opportunities for external funding, using the Authority's resources to attract contributions from partners and funding bodies. Over the last twelve years the Authority has attracted significant external funding/investment towards the capital programme and this is shown in **Table 1** below.

Table 1: External funding secured by the Authority over the past decade

	Grant Received (Actual)	Grant Received as a % of capital expenditure
	£M	%
2005/06	6.8	57
2006/07	4.3	48
2007/08	1.6	43
2008/09	0.8	42
2009/10	0.4	22
2010/11	2.0	16
2011/12	0.5	19
2012/13*	1.0	14
2013/14	0.9	11
2014/15	0.3	10
2015/16	0.5	14
2016/17**	0.4	9
* In addition £17.5m received through sale of land in Olympic Park		
** Estimated for 2016/17		

- 11 The importance of obtaining external funding for the Authority is also reflected in the Authority's Performance Indicators (PIs). The target Members have currently agreed is 50% of external funding when compared to the gross capital expenditure budget. The net impact of the Olympic legacy facilities saw investment of £15 million (by the Authority) to generate assets in excess of £120 million, which are not included in the table above. Currently forward projections for partnership funding against major schemes are not included, although officers are working closely with partners to seek external funding for major projects, for example the Ice Centre.
- 12 The proposed revised capital programme is detailed at Appendix A to this report; the financial provision shown represents the Authority's own capital investment alongside anticipated grant funding. The total net funding requirements of the revised capital programme proposals are **£53.4 million** to 31 March 2021 excluding a £1.3m provision to an earmarked sinking fund to ensure resources are allocated for maintenance and replacement of major components of the Olympic legacy assets, e.g. the pumps and conveyor belts at Lee Valley White Water Centre (LVWWC), Queen Elizabeth Olympic Park infrastructure and core elements of the Lee Valley VeloPark (LVVP) and the Lee Valley Hockey & Tennis Centre (LVH&TC). Officers are reviewing the longer term demands on this fund to ensure sufficient resources are earmarked for these purposes.
- 13 Appendix A to this report does not include the potential impact from the work undertaken through the Park Development Framework (PDF) or the delivery of the Contaminated Land Strategy. Further investment across the themed categories of the PDF and decontamination works may be needed in the longer term and where this occurs officers will need to identify resources required through the normal capital programming process.

New major developments e.g., the Ice Centre, will require significant funding and Members will need to consider options utilising the existing Olympic land sale monies (£17m), new land sales, borrowing, attracting additional third party funding or increasing the levy to secure the resources that projects may require.

The programme does include a provision for smaller scale investment in sites operated by the Trust with the aim to generate further income, footfall and enhance the customer experience at existing venues, these schemes are summarised in Appendix B to this paper.

- 14 Members have previously agreed that a **£1.8 million** annual investment would be made from revenue to capital reserves to enable the Capital Programme to be delivered. This currently represents 17% of the existing levy (£10.8m). The work of the Land and Property Review and Levy Strategy Working Groups is looking to utilise receipts generated from any land disposals to support funding for future capital investment whilst placing less reliance in generating these resources from the tax payer via the levy.
- 15 The estimated and proposed capital resources available to fund the capital programme proposals are set out in **Table 2** below:

Table 2: Capital resources available to fund the capital programme

	Balance B/F	2016/17 Revised	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m	£m
Capital Financing							
Unapplied Receipt	(17.5)	0.0	(0.6)	(22.0)	(6.1)	(15.0)	(61.2)
Capital Fund	(0.0)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.5)
Major Repairs Fund	(2.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(5.0)
Revenue	0.0	(1.0)	(0.5)	(0.5)	(0.4)	(0.4)	(2.8)
Total for Year	(20.0)	(1.8)	(1.9)	(23.3)	(7.3)	(16.2)	(70.5)
Net Capital Allocation							
Balance B/fwd		(20.0)	(17.4)	(12.4)	(11.1)	(0.8)	
Annual Capital Funds	(20.0)	(1.8)	(1.9)	(23.3)	(7.3)	(16.2)	(70.5)
Less: Capital Programme requirements		4.1	6.6	24.4	17.3	1.0	53.4
Less: Capital Provisions		0.3	0.3	0.2	0.3	0.2	1.3
Balance C/fwd		(17.4)	(12.4)	(11.1)	(0.8)	(15.8)	(15.8)

- 16 Table 2 shows that at the end of the five year period to 31 March 2021 capital reserves would be £15.8m, but, this is subject to all estimated land sales being achieved and projects not exceeding their budgetary provision.

ENVIRONMENTAL IMPLICATIONS

- 17 There are no environmental implications arising directly from the

recommendations in the report. However, the schemes contained in the programme clearly have significant environmental implications. These will be considered as part of the detailed development of each scheme/sale and will feature in the individual reports to Members on each proposal.

FINANCIAL IMPLICATIONS

- 18 As part of the budget process Members are reviewing the annual revenue contribution to capital which is currently at £1.8 million. This has a direct impact on the levy. The work of the Land & Property Review Working Group has identified potential new capital resources to fund the programme going forward. A reduction in the direct revenue to capital could therefore be accommodated if these sales materialise, without adversely affecting new investment or asset maintenance. In this paper an estimated reduction of £0.5m is included and officers will include this in the budget papers presented for Members consideration at the December Budget Workshop and the January Executive Committee and Authority meetings.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 21 There are no risk management implications arising directly from the recommendations in this report. The assumptions for future investment rely predominantly on the rationalisation of the Authority's estate to enable re-investment in development and/or improvement in other areas of the Regional Park and therefore to deliver the corporate priorities going forward. Failure to achieve these disposals, may mean major investment projects, for example the Ice Centre, are either pared back to match available resources or deferred until new resources become available. Failure to invest in major repairs may also lead to a deterioration of the existing asset base. Land disposals may also result in adverse publicity or potential legal challenge where local stakeholders/residents/interest groups do not agree with any Authority decision to dispose of areas of land.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/451/16 Part II	Dobbs Weir Campsite Proposed Development – Final Phase	26 May 2016
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Executive Committee E/417/15 Proposed Capital
Programme 2015/16
Revised To 2020/21

22 October 2015

APPENDICES ATTACHED

Appendix A Capital Development Programme Revised 2016/17 to 2020/21
Appendix B Smaller Investment Schemes

LIST OF ABBREVIATIONS

PDF	Park Development Framework
LVWWC	Lee Valley White Water Centre
LVVP	Lee Valley VeloPark
LVH&TC	Lee Valley Hockey & Tennis Centre
PI	Performance Indicator
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)

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Lee Valley Regional Park Authority Revised Capital Development Programme 2016/17 to 21

Project Name	Accountable Officer	Project Manager	Cumulative to 31/03/2016	Revised '2016/17	2017/18	2018/19	2019/20	2020/21	Revised Total Scheme Budget
Land Acquisition & Remediation	Director Corp. Services	Head of Property	1,363	1,260	204	250	450	450	3,977
Signage	Chief Executive	Comms Head of	542	18	0	0	0	0	560
Park Development Proposals	Director Corp. Services	Planning & SP Head of	61	50	159	0	0	0	270
BAP	Director Corp. Services	Head of Parklands	831	51	50	50	50	50	1,082
Infrastructure & Communications Enhancement	Director of Fin & Resources	IT Manager (Trust)	2,359	175	155	100	50	50	2,939
Wifi Across all Venues	Director of Fin & Resources	IT Manager (Trust)	55	0	0	0	0	0	55
Asset Management	Director Corp. Services	AMPD Section Manager	7,980	946	700	700	700	500	11,526
LV White Water Centre Legacy Project	Director Corp. Services	AMPD Section Manager	6,277	28	0	0	0	0	6,305
LV Hockey & Tennis Centre Improvements	Chief Executive	Head of Sport & Leisure	600	107	193	0	0	0	900
LV Hockey & Tennis Centre - SE Grant	Chief Executive	Head of Sport & Leisure	0	(230)	(70)	0	0	0	(300)
LV Hockey & Tennis Centre - English Hockey Grant	Chief Executive	Head of Sport & Leisure	(314)	0	0	0	0	0	(314)
Landscaping (Eton Manor Allotments Site)	Director Corp. Services	Head of Parklands	423	57	0	0	0	0	480
Landscaping Contributions(Eton Manor Allotments Site)	Director Corp. Services	Head of Parklands	(136)	(146)	0	0	0	0	(282)
Dobbs Weir Campsite Re-opening Phase 2-6	Director Corp. Services	AMPD Section Manager	1,148	1,100	800	0	0	0	3,048
Three Mills Development	Director Corp. Services	Head of Parklands	929	5	0	0	0	0	934
Hayes Hill Farm - Development Plan	Director of Fin & Resources	Director Venues (Trt)	137	0	0	0	0	0	137
River Lee Country Park - Natural Play	Director Corp. Services	Head of Parklands	45	7	0	0	0	0	52
Lee Valley Athletics Centre Gym Development	Chief Executive	MD Trust	25	0	0	0	0	0	25
Springfield Marina Amenities Block	Director Corp. Services	AMPD Section Manager	295	0	0	0	0	0	295
Holyfield Hall Farm - Photovoltaic Cells	Head of Parklands	AMPD Section Manager	150	0	0	0	0	0	150

Lee Valley Regional Park Authority Revised Capital Development Programme 2016/17 to 21

Project Name	Accountable Officer	Project Manager	Cummulative to 31/03/2016	Revised '2016/17	2017/18	2018/19	2019/20	2020/21	Revised Total Scheme Budget
				£000	£000	£000	£000	£000	£000
Road Circuit O Loop Gates - Newham	Head of Sport & Leisure	AMPD Section Manager	42	0	0	0	0	0	42
Road Circuit O Loop Gates - Newham - Grant	Head of Sport & Leisure	AMPD Section Manager	(33)	0	0	0	0	0	(33)
Holyfield Hall Farm - Redevelopment	Director Corp Services	Head of Parklands	0	50	150	0	0	0	200
Major Events Infrastructure - LVH&TC	Chief Executive	Head of Sport & Leisure	0	0	500	500	0	0	1,000
Major Events Infrastructure - LVH&TC - Grant	Chief Executive	Head of Sport & Leisure	0	0	(250)	(250)	0	0	(500)
Small Schemes Income Generation	Chief Executive	MD Trust	239	628	4,050	1,500	0	0	6,417
Phase 1 of LVWWC Extreme Attraction	Chief Executive	MD Trust	0	0	0	5,500	0	0	5,500
Lee Valley Ice Centre	Chief Executive	Head of Sport & Leisure	0	0	0	16,000	16,000	0	32,000
Net Programme			23,018	4,106	6,641	24,350	17,300	1,050	76,465
Total Capital Expenditure			23,501	4,482	6,961	24,600	17,300	1,050	77,894
Total Capital Income			(483)	(376)	(320)	(250)	0	0	(1,429)
Net Programme			23,018	4,106	6,641	24,350	17,300	1,050	76,465

Smaller Schemes Investment

Description	ESTIMATED CAPITAL			ESTIMATED REVENUE			
	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Lee Valley White Water Centre							
Temporary Water Park	0	400	0	400	0	0	100
Kitchen & Counter	200	200	0	400	0	75	75
Staff Office Accommodation	0	250	0	250	0	0	0
Storage	TBC	0	0	0	0	0	0
Extend Pavilion	100	0	0	100	10	10	10
Play Area Near Pavilion	50	0	0	50	10	10	10
Extend T Bar	100	0	0	100	10	10	10
Covering Deckling	0	400	0	400	0	100	100
Covering Swale inc Bridge	0	400	0	400	0	75	75
Reception Reconfiguration	0	100	0	100	5	5	5
Other Sites							
Fields Weir Marina	0	500	1,500	2,000	0	0	150
Pickets Lock (Adventure Golf?)	0	800	0	800	0	160	160
Riding Centre Weatherproofing Menage & Livery arena	0	150	0	150	0	15	15
Marina Springfield Island	0	250	0	250	0	50	50
Farm Weatherproofing	0	250	0	250	0	50	50
Athletics Centre Fitness Offer/Kitchen/Servery	0	350	0	350	0	75	75
Total Investment	450	4,050	1,500	6,000	35	635	885

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