

## **Q4 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. Figures are 'near final' but are likely to be subject to minor changes during the remainder of the closure of accounts process.

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 £18.040 million, which represents a net overspend against the profiled 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 £18.040 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 project reached Practical Completion (PC) on 11 May 2023 and was immediately handed over to Greenwich Leisure Ltd (GLL) after completion of the Lease and associated Deed of Variation.

The Venue will now undergo a period of snagging works along with GLL undertaking their mobilisation process ready for a public opening on 17 June. The snagging / defects period will run for the next 12 months with all the warranties and protections in place post that.

There are commercial discussions ongoing between the contractor, Buckingham, and the Authority and Members will be updated on these in due course.

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 Public Works Loans Board (PWLB) long term rates around 5.0%. 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 regard 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.

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 have been sought. However due to significant increased material costs on specialist items which are vastly in excess of the current approved budget, it has required a review of the overall scheme scope and it is not envisaged that this project will commence for several months while updated plans are devised. The full project budget will need to be rolled forward and delivery will be later in the 2023/24 financial year.

## **10 Lee Valley White Water Centre Pumps Replacement**

The updating of pumps and controls on both courses is now in progress, and two new pumps were installed in February 2023. Controls are being replaced as they become available, this project will complete early in the next 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 progressing 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. Consultants are close to having an agreed pumping solution and we are confident we will be 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**

Final sampling will be undertaken in the next few months and this will allow the application for a licence to disperse silt into the Thames.

The National Lottery Heritage Fund (NLHF) bid has now been drafted and is in the final stages of editing for submission on 25 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.

A badger survey has been completed and a set of method statements for works are now available for the contractor brief for procurement. The planning application has been drafted and once a flood risk assessment has been written we expect to submit in June. We have started the process to procure contractors and landscape architects for the delivery stage which is still on track for starting this Autumn.

### **North Wall Road**

North Wall Road is north of Lee Valley VeioPark and jointly owned with the London Legacy Development Corporation (LLDC). It is a hard landscape which has had little value for either organisation. An application to the Mayor's Green and Resilient Spaces Fund for a development grant was successful for £40k and we are in the process of starting the development work on this project. A landscape architect will be procured to develop concept designs and engage with the local community as well as work with ourselves and LLDC to come up with a project which we will then be able to apply for delivery funding to the GLA to complete the project.

## **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 has been available for use as from early February. The final account will be around £500k which is due to additional elements of work being added to the contract. This will increase the level of income 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 was

revised and we have completed the works to build the ramp in a new position as solely a ramp with no bridge connections. Works on the ramp commenced in April 2023 and were completed on 15 May 2023 with minimal disruption to the programme at Lee Valley White Water Centre. Partial project funding from British Canoeing of £150,000 has been secured (Executive 23 March 2023 E/808/23), with the Authority's total contribution, including design stage, of around £170,000.

### **CAPITAL RECEIPTS**

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

Members agreed that funding of the Venue Improvement Programme (Paper E/743/21) would come from this receipt, with agreement at Authority (Paper A/4330/23) 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.

---

Author: Keith Kellard, 01992 709 864, [kkellard@leevalleypark.org.uk](mailto:kkellard@leevalleypark.org.uk)

### **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**

AM	Asset Maintenance
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 4

Appendix A to Paper E/810/23

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
<b>ANNUAL EARMARKED PROVISION</b>						
Biodiversity Action Plan	-	=	87	80	-7	Programme Delivery Profiling
IT Infrastructure & Communications	-	=	170	100	-70	Programme Delivery Profiling
Asset Management	-	-	1,067	1,093	26	Programme Delivery Profiling
<b>PROJECT SPECIFIC BUDGETS</b>						
Lee Valley Ice Centre Redevelopment	30,000	13,250	12,750	13,933	1,183	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	5	490	0	-490	Slippage/In Progress
Dobbs Weir Campsite Final Phase	27	0	27	23	-4	Scheme Complete
Olympic Rings	50	0	50	0	-50	Slippage
Eton Manor Feasibility	25	0	25	25	0	Stage Complete
White Water Pumps Replacement	800	0	800	885	85	Additional works - Scheme Complete
<b>LANDSCAPE, OPEN SPACE &amp; INVESTMENT PROJECTS</b>						
East India Dock Basin - Feasibility	85	10	75	51	-24	Stage Complete
Middlesex Filter Beds Sluice	240	0	240	0	-240	Slippage/In Progress
St Pauls Field - Feasibility	15	4	11	18	7	Stage Complete
Waltham Abbey Gardens	20	0	20	0	-20	Contribution/Match Funding
Three Mills Enhancement Works	330	0	330	331	1	Near Complete
<b>VENUES INVESTMENT PROJECTS</b>						
<b>Non-Sports Venues</b>						
Campsites - Playgrounds	75	28	47	30	-17	Scheme Complete
Campsites - WIFI Upgrade	30	0	30	21	-9	Scheme Complete
Campsites - Glamping Pods	168	99	67	147	80	Budget units only - no siting
Marinas - Welding Tents	10	0	10	0	-10	Programme Delivery Profiling
Feeder Pillars (Springfield)	75	0	75	0	-75	Programme Delivery Profiling
Laundry Room Extend (Springfield)	45	0	45	24	-21	New machines only

LEE VALLEY REGIONAL PARK AUTHORITY  
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 4

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
Craning Pad Extension (Stanstead)	3	0	3	0	-3	Programme Delivery Profiling
Dobbs Weir Bungalow (Renovation)	50	0	50	8	-42	Programme Delivery Profiling
Sewardstone House (Renovation)	40	0	40	21	-19	Programme Delivery Profiling
<b>Sports Venues</b>						
Velopark - LED Lighting	700	210	490	642	152	Additional works - Scheme Complete
WhiteWater - Offices/Meeting Rooms	450	0	450	495	45	Additional works - Scheme Complete
Whitewater - Slalom Ramp	100	0	100	32	-68	Tri party funding total cost £300k
Riding Centre Mechanical Horse	65	0	65	0	-65	Programme Delivery Profiling
<b>Land Disposals</b>						
Mile & Langley Nursery		113		81		Disposal Complete
<b>TOTAL PROGRAMME</b>			<b>17,614</b>	<b>18,040</b>	<b>426</b>	
<b>CAPITAL PROGRAMME FINANCING</b>						
Borrowing			12,750	13,933		
AM Reserve			1,067	1,093		
Capital Fund			290	290		
Capital Receipts			3,507	2,724		
<b>TOTAL FINANCING</b>			<b>17,614</b>	<b>18,040</b>		