

LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

23 JANUARY 2025 AT 10:30

Agenda Item No:

7

Report No:

E/876/25

**PROPOSED CAPITAL PROGRAMME
2024/25 (REVISED) TO 2028/29**

Presented by the Head of Finance

EXECUTIVE SUMMARY

The last full review of the capital programme was undertaken in January 2024 and the current programme was approved at the Authority meeting on 18 January 2024 (Paper A/4348/24). 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 2028/29.

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 incorporates the major development scheme at Lee Valley Ice Centre, and significant investment in Sports Venues, but beyond this period is yet to be fully determined with major investment schemes and this will impact the future direction of the capital programme and its financing requirements.

In terms of overall financial provision, the proposed capital and asset management programme provides for total investment by the Authority of up to £12.2 million to 31 March 2029, as set out in Appendix B of this report. This is spread across open spaces and venues investment, along with general asset maintenance.

RECOMMENDATIONS

- Executive Committee Recommend to Authority:
- (1) the revised capital programme for 2024/25 (revised) to 2028/29 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 Appendix B to 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 developer and enabling organisation and includes a number of projects which are

crucial in achieving the objectives set out in the Strategic Business Plan. Continuous investment in major and minor capital projects is key to ensuring that the Regional Park achieves and maintains its status as a world class destination and plays its full part in response to the climate change agenda.

- 2 Reductions to self-contributions towards investments, the hangover from the Covid-19 pandemic, and inflationary pressures of recent years have all impacted on the potential development of the capital programme over the past few years. Projects such as third party investment at Picketts Lock, Lee Valley White Water Centre, and Eton Manor, have been delayed. More minor but important projects at Leisure Services Contract (LSC) venues have recently been approved and implemented (Lee Valley Athletics Centre Gym, Lee Valley Riding Centre Equine Simulator, Lee Valley White Water Slalom Ramp, Lee Valley VeloPark Gym, LED investment at all venues), and further schemes are being developed. Open spaces schemes, such as Middlesex Filter Beds, St Pauls Field, and East India Dock Basin are also completed or underway. A further investment scheme at Sewardstone Campsite for additional hard standing pitches is progressing, subject to planning consent being given.
- 3 This report brings together the results of known approved changes and the latest information on estimated costs and timing of existing individual projects. It proposes a revised capital programme for the period 2024/25 (revised) to 2028/29 for Members' consideration. This is summarised in paragraph 18 in this report and further detailed in Appendices A and B to this report.
- 4 The key recent project in the capital programme was the development of Lee Valley Ice Centre, with a £30million budget for the project. Whilst the venue has been operational since July 2023, we are still in the defect and snagging stage, which was impacted by the contractor, Buckingham Group Contracting Ltd, entering administration in August 2023. The final account won't be fully known until later in 2025/26 when the administration process is concluded. The remaining estimated spend is included in the programme. However, even with this additional defect/snagging works, and including the initial fit out of the venue after construction stage, as well as some additional finalisation works, we are still forecasting that we will deliver the venue at a cost under the £30million budget.

Another key aspect is the asset maintenance and management programme for the Authority's estate. A major condition survey of the Authority's venues and major infrastructure assets is currently being undertaken with an aim to provide clarity on the investment sums required by the Authority and Greenwich Leisure Ltd (GLL) to maintain this part of the estate. This is in addition to an already established and ongoing program of maintenance of Authority venues, infrastructure, and open spaces. Estimated Authority expenditure has been incorporated into the revised capital programme attached at Appendix A to this report. GLL has a contractual requirement to manage and maintain the assets they currently manage, and there is a significant asset management programme included in the LSC. The combined asset maintenance programme is set out in Appendix D to this report.

Aside from these, the capital programme beyond the current year, 2024/25, just includes profiled spend of already approved projects, but no new schemes. This just means that currently there are no projects that have been worked up to a stage to include within the programme, but this gives the Authority capacity to review its future investment requirements.

The Authority has adopted a Land and Property Strategy for the consideration of land acquisition and disposal. Officers guided by Members have reviewed the

Authority's estate in its widest sense, with the aim of maximising the return, in terms of how the land is used, new land purchase opportunities, and disposals where potentially marginal land can be identified as no longer required for Park purposes.

This approach provides a more strategic overview to the capital programme of which land disposal/acquisition is a key aspect and potential disposals can provide for funding further developments in the programme in the longer term.

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 ongoing revenue costs (including the cost of capital) will be the subject of specific reports for Member approval.

Likewise, any land identified for potential disposal **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 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 investments will require separate business cases and funding plans 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 borrowing and major repairs revenue contributions will provide funds of £19.64million to 31 March 2029.
- 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 strand of this approach has been to look for opportunities for external funding, using the Authority's resources to attract contributions from partners and funding bodies.

In recent years the ability to attract external grant funding to support the capital programme has become very limited. The Authority has therefore shifted its strategic approach to realising more of its funding from utilising its own asset base. This has identified potential new capital resources to support the funding of the programme as well as key strategic sites for investment. Any income that is generated can be used to develop the Park further through the capital programme.

11 **Partnership Funding**

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, at Lee Valley White Water Centre, Picketts Lock, Eton Manor, and East India Dock Basin.

- 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 any anticipated borrowing. The total net funding requirements of the revised capital and asset maintenance programme proposals are **£12.18 million** to 31 March 2029.

- 13 Appendix A to this report does not include the potential impact from any new work undertaken through the Park Development Framework (PDF), works resulting due to contaminated land, nor the outcome of the condition surveys. 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.

14 **Revenue Contribution to Capital**

The proposed revenue contribution to support the capital and asset maintenance programme in 2025/26 has been included at £1.5million, an increase of £0.250million from that in 2024/25, and is in line with the current Medium Term Financial Plan. This contribution will support the Asset Maintenance programme, and represents 13.7% of the current 2024/25 levy (£10.966million). Remaining capital resources will come from existing capital receipts and borrowing.

- 15 The estimated and proposed capital resources available to fund the capital programme proposals are set out in Appendix B to this report and summarised below. This shows the annual accounting balances, movements into the funds, and expenditure from them
- 16 Table 1 summarises the capital financing, and shows that at the end of the five year period to 31 March 2029 capital reserves would be £7.460million. Caution should be taken here though as, as explained below, this does not mean we have direct access to this to finance future capital expenditure, and reference needs to be made to our cash availability.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/98 £m
Opening Resources	10.084	7.221	6.936	6.915	7.081
Annual Contributions/ Borrowing/Financing	2.636	2.421	1.500	1.500	1.500
Capital Expenditure & Asset Maintenance	(5.499)	(2.705)	(1.521)	(1.334)	(1.121)
Surplus Capital Resources	7.221	6.936	6.915	7.081	7.460

Table 1: Summary of Capital Expenditure and Financing

- 17 The Capital Strategy report (Paper E/875/25) sets out more details on the financing of capital expenditure, but ultimately capital can be financed in two ways – direct up-front financing, or by debt (either internal or external).

Up front financing involves the application of capital grants, contributions, capital receipts, or a direct charge to revenue, whereas debt financing is by external borrowing, or use of own cash reserves. Capital financed by debt will subsequently place a burden on future year's revenue budget, and thus the Levy.

- 18 However, actual availability of funds to finance the capital programme should be looked at only with reference to all other reserves and liabilities, and the actual cash holdings. This therefore provides a link between both the Capital Strategy (Paper E/875/25), and Levy & Budget (Paper E/874/25) papers, and the capital budget.

Appendix C to this report sets out the available reserves, both capital and revenue, against the capital debt financing and cash flow liabilities. It shows the expected cash balance at year end.

At 31 March 2025, we expect to hold £14.2m of available reserves, of which, as per table 1 above, £7.2m are classed as capital reserves. However, due to our underlying net borrowing requirement of £9.6m, which is principally made up of the historic internal borrowing, we do not have the cash capacity to cover all reserves. With the necessity to cash back general reserves, as well as the cash-flow need to cover short-term liabilities, this means that the majority of capital resources are not directly cash backed.

The implication of this is that with the exception of low value, or short-term, quick return of investment, projects, we would only be able to fund a capital programme with one of external borrowing, external grant funding, or new capital receipts.

THIRD PART INVESTMENTS

- 19 Whilst not directly funded by the Authority, there are a number of major income generating investments being looked at by us along with third party partners, which Members will be aware of:

- development of Area 4 at Lee Valley White Water Centre;
- potential visitor accommodation at Water Works Centre;

- Picketts Lock Centre; and
- Eton Manor.

In addition, the Authority is also looking at Spitalbrook in Broxbourne with a view to potentially opening this up to wider public use.

ENVIRONMENTAL IMPLICATIONS

- 20 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

- 21 As part of the budget process over the last couple of years, Members have reviewed the annual revenue contribution to capital and asset maintenance, with the proposal to increase it to a minimum of £1.5million from 2025/26. Whilst realising some level of capital receipts from the Authority's estate to enable re-investment may identify potential new capital resources to support funding of the programme going forward, there is no certainty of this being achieved. Nor is the prospect of securing direct funding from third parties. Members should therefore consider that an increase in direct capital support from revenue may be required in future years, either in the form of contributions, or internal and external borrowing.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 24 There are no risk management implications arising directly from the recommendations in this report. The assumptions for future investment and funding rely partly on contributions from the disposal of some marginal sites 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. If the Authority does not achieve some land disposals then it may mean major investment projects are either pared back to match available resources, deferred until new resources become available, or funded by borrowing (which would have a direct impact on the Levy). Failure to invest in major repairs may also lead to a deterioration of the existing asset base.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Authority	A/4348/24	Proposed Capital Programme 2023/24 Revised To 2027/28	18 January 2024
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APPENDICES ATTACHED

Appendix A	Capital Development Programme Revised 2024/25 to 2028/29
Appendix B	Capital Programme Financing Forecast 2024/25 to 2028/29
Appendix C	Analysis of Current Reserves
Appendix D	Combined Asset Maintenance Programme

LIST OF ABBREVIATIONS

PDF	Park Development Framework
LSC	Leisure Services Contract
GLL	Greenwich Leisure Ltd
PDF	Park Development Framework

	TOTAL BUDGET £000s	Prior Year Spend £000s	Forecast					Total Spend £000s
			2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	
Asset Management	n/a	n/a	1,407	1,765	1,521	1,334	1,121	7,148
PROJECT SPECIFIC BUDGETS								
Lee Valley Ice Centre Redevelopment	30,000	28,832	791	300	-	-	-	29,923
Olympic Park Hostile Vehicle Mitigation	495	22	365	90	-	-	-	477
White Water Pumps Replacement	1,040	1,034	14	-	-	-	-	1,048
Holyfieldhall Farm Operational Change	155	59	96	-	-	-	-	155
Landscape, Open Space & Investment Projects								
East India Dock Basin - Feasibility	125	94	32	-	-	-	-	126
East India Dock Basin - De-silting works (Provisional)	500	tbc	tbc	tbc	tbc	tbc	tbc	-
Middlesex Filter Beds Sluice	240	0	240	-	-	-	-	240
St Pauls Field	450	75	360	-	-	-	-	435
North Wall Road	60	47	8	-	-	-	-	55
Non-Sports Venues Investment Projects								
Workshop Extension (Springfield)	100	0	0	tbc	tbc	tbc	tbc	-
Scout Hut Refurb (Springfield)	50	0	0	tbc	tbc	tbc	tbc	-
Sewardstone - Development *	450	0	0	450	-	-	-	450
Sports Venues Investment Projects								
White Water - Offices, Meeting Rooms	500	519	13	-	-	-	-	532
White Water - Slalom Ramp	340	371	9	-	-	-	-	380
LSC LED Lighting *	1,522	0	1,366	-	-	-	-	1,366
Velopark Spectator Barrier	300	9	290	-	-	-	-	299
Velopark Health & Fitness Offer	508	0	508	-	-	-	-	508
NET PROGRAMME		31,062	5,499	2,605	1,521	1,334	1,121	43,142
Financing								
External Borrowing			(191)	(100)	0	0	0	
Internal Borrowing			(508)	0	0	0	0	
Asset Maintenance Reserve			(1,407)	(1,765)	(1,521)	(1,334)	(1,121)	
External Grant Funding			(600)	(200)	0	0	0	
Revenue Contributions			(71)	(521)	0	0	0	
Capital Receipts			(2,722)	(19)	0	0	0	
NET FINANCING			(5,499)	(2,605)	(1,521)	(1,334)	(1,121)	

Capital Resources	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	TOTAL £000s
Opening Balance		(10,083.9)	(7,220.7)	(6,936.4)	(6,915.4)	(7,081.4)	
Movement in Resources							
Capital Receipts	(9,964.0)	(16.0)	0.0	0.0	0.0	0.0	(9,980.0)
Financing of Ice Centre Expenditure from Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset Maintenance Reserve Contributions	(119.9)	(1,250.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(7,369.9)
External Grants	0.0	(600.0)	(200.0)	0.0	0.0	0.0	(800.0)
Debt Financing of Capital	0.0	(699.0)	(100.0)	0.0	0.0	0.0	(799.0)
Revenue Financing of Capital	0.0	(70.8)	(520.7)	0.0	0.0	0.0	(591.5)
		(2,635.8)	(2,320.7)	(1,500.0)	(1,500.0)	(1,500.0)	(19,540.4)
Total Available Resources	(10,083.9)	(12,719.7)	(9,541.4)	(8,436.4)	(8,415.4)	(8,581.4)	(19,540.4)
Capital & Asset Management Expenditure							
Lee Valley Ice Centre Redevelopment		791.0	300.0	0.0	0.0	0.0	1,091.0
Olympic Park Hostile Vehicle Mitigation		0.0	0.0	0.0	0.0	0.0	0.0
Landscape, Open Space & Investment Projects		2,793.0	540.0	0.0	0.0	0.0	3,333.0
Non-Sports Venues Investment Projects		0.0	0.0	0.0	0.0	0.0	0.0
Sports Venues Investment Projects		0.0	0.0	0.0	0.0	0.0	0.0
Velopark Health & Fitness Offer		508.0	0.0	0.0	0.0	0.0	508.0
Asset & Infrastructure Management		1,407.0	1,765.0	1,521.0	1,334.0	1,121.0	7,148.0
Total Capital/AM Expenditure		5,499.0	2,605.0	1,521.0	1,334.0	1,121.0	12,080.0
Closing Balance		(7,220.7)	(6,936.4)	(6,915.4)	(7,081.4)	(7,460.4)	(7,460.4)
Capital Related Fund Balances							
Usable Capital Receipts Reserve	(9,964.0)	(7,257.8)	(7,238.5)	(7,238.5)	(7,238.5)	(7,238.5)	
Asset Maintenance (Major Repairs) Reserve	(119.9)	37.1	302.1	323.1	157.1	(221.9)	
	(10,083.9)	(7,220.7)	(6,936.4)	(6,915.4)	(7,081.4)	(7,460.4)	

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
USABLE RESERVES					
Revenue Reserves					
General Fund	(5,266.0)	(5,266.0)	(5,257.9)	(5,212.2)	(4,958.7)
Other Earmarked Reserves	(1,437.3)	(1,422.3)	(1,475.0)	(1,527.7)	(1,580.4)
Donations Reserve	(268.4)	0.0	0.0	0.0	0.0
Sub Total Revenue Reserves	(6,971.7)	(6,688.3)	(6,732.9)	(6,739.9)	(6,539.1)
Capital and Asset Based Reserves					
Asset Maintenance Reserve	37.1	302.1	323.1	157.1	(221.9)
Usable Capital Receipts	(7,257.8)	(7,238.5)	(7,238.5)	(7,238.5)	(7,238.5)
Sub Total Capital Reserves	(7,220.7)	(6,936.4)	(6,915.4)	(7,081.4)	(7,460.4)
Total Usable Reserves	(14,192.4)	(13,624.7)	(13,648.3)	(13,821.3)	(13,999.5)
Capital Financing & Borrowing					
CFR (pre-2007)	8,434.1	8,096.7	7,772.8	7,461.9	7,163.4
CFR (Ice Centre)	22,799.8	22,315.2	21,728.0	21,140.7	20,553.5
CFR (Velopark)	508.0	435.4	362.9	290.3	217.7
CFR (Long Term Debtors)	869.7	867.3	864.6	861.6	858.3
External Borrowing	(23,000.0)	(23,000.0)	(21,840.0)	(21,250.0)	(20,660.0)
Net Internal Borrowing	9,611.6	8,714.6	8,888.3	8,504.5	8,132.9
Cash Flow - General Liabilities	(3,273.7)	(2,871.2)	(2,668.5)	(2,465.6)	(2,262.3)
Net Closing Cash Balance	(7,854.5)	(7,781.3)	(7,428.5)	(7,782.4)	(8,128.9)

	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	2028-29 £000s
Authority AM Programme					
Waterworks Visitor Centre	8	20	0	0	0
Lee Valley Ice Centre	0	0	0	210	0
Lee Valley Marina (Springfield)	30	0	535	0	0
Lee Valley Athletics Centre	30	0	0	0	0
Lee Valley Campsite (Sewardstone)	0	15	0	0	20
Myddelton House	26	50	0	15	0
Myddelton House Gardens	35	28	0	5	13
Broxbourne Riverside	5	0	0	0	0
Old Mill Meadows - Broxbourne	0	60	0	0	0
Lee Valley Marina (Stanstead Abbots)	0	500	0	0	50
River Lee Country Park	7	0	0	0	0
Lee Valley Park Farm (Holyfield Hall)	0	0	35	0	0
Rye House Gatehouse	10	0	0	0	0
Lee Valley White Water Centre	282	99	0	120	0
Lee Valley Velopark	320	430	500	555	500
Lee Valley Hockey & Tennis Centre	107	53	16	11	71
Wildlife Discovery Centre	5	25	0	0	7
Open Spaces General Provision	143	130	130	130	180
Abbey Gardens	34	30	30	30	30
Gunpowder Park	0	0	25	8	0
East India Dock Basin	115	75	0	0	0
Footpaths and Access Routes General Provision	250	250	250	250	250
Sub Total Authority AM Programme	1,407	1,765	1,521	1,334	1,121
GLL Buildings and Equipment Lifecycle costs (As per LSC LOBTA)					
Lee Valley Velopark	184	504	391	113	171
Lee Valley Hockey & Tennis Centre	63	22	42	235	185
Lee Valley White Water Centre	73	179	244	277	168
Lee Valley Athletics Centre	262	38	63	68	138
Lee Valley Riding Centre	78	30	94	57	34
Lee Valley Ice Centre	25	30	35	40	45
Sub Total LSC Lifecycle Costs	685	803	869	790	741
Miscellaneous Repairs & Renewals	100	100	100	100	150
Total Building And Equipment Maintainance	2,192	2,668	2,490	2,224	2,012