

**Q1 CAPITAL PROGRAMME BUDGET MONITORING 2023/24**

Presented by Head of Finance

**EXECUTIVE SUMMARY**

This report summarises capital spending in 2023/24 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 £7.310 million, which is in line with the profiled approved budget.

**RECOMMENDATION**

Members Note: (1) the report.

**BACKGROUND**

- 1 Authority initially approved the capital programme for 2023/24 at its meeting on 19 January 2023 (Paper A/4330/23). Additional approvals for investment at Lee Valley VeloPark (Paper A/4340/23) and LED lighting as Leisure Services Contract (LSC) venues (Paper E/802/23) has updated the programme. 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 2023/24 was £6.837 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 £8.470 million. The projected net capital position for the year is £7.310 million, in line with the revised budget.

## **SPECIFIC SCHEMES**

5 The review of major schemes in 2023/24 is detailed below.

### **6 Lee Valley Ice Centre Redevelopment**

The Ice Centre Redevelopment project reached Practical Completion 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 opened to the public on 17 June. There are a number of snagging / defects that were being remedied until Buckingham Group Contracting Limited (BGCL) filed for administration in August due to escalating contract losses (unrelated to the Ice Centre Redevelopment). They were unable to continue trading, and issued a notice of intention to appoint Administrators.

On 4 September 2023, BGCL entered into administration, with Grant Thornton being appointed Administrator. At this point BGCL officially ceased to continue with any contracts that they were involved with. The Administrator is currently in dialogue with a view to novating certain contracts.

Snagging works on site have had to stop but none of the outstanding works are operationally critical and the outstanding works will be completed once it's known what the future of BGCL is.

There were positive commercial discussions between the contractor, BGCL and the Authority and an agreed settlement was ready for finalising just prior to the announcement from BGCL regarding administration.

The Authority remains in a positive commercial position in regards to the project due to the retention monies and sub-contractor warranties in place.

Irrespective of the difficulties that BGCL are experiencing, as the Ice Centre Redevelopment is fundamentally complete, 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 the Authority greater freedom and flexibility to respond should rates drop. Over the last few weeks we have seen Public Works Loans Board (PWL) long term rates at around 5.5%. Our Medium Term Financial Forecast is based on rates being around 4%. The rates in the short-term market are around 5.20%, although our current borrowing is between 4.10% and 4.40%. It would therefore be prudent to 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 once our current loans for the Ice Centre Redevelopment project become due for refinancing in March 2024.

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. Main areas included in the programme for 2023/24 include:

- Lee Valley Marina Springfield, asbestos roof replacement;
- Marina lighting upgrades;
- Footpath maintenance;
- Bridge maintenance and repairs; and
- Abbey Gardens.

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**

This project has seen a number of delays due to both the planning process and a significant increase in material costs. This has seen a significant rise in costs above the current approved budget. As a result, the scheme is now in a redesign phase, which may result in a change to the overall scheme costs. It is now likely that the project will not be delivered in the current financial year.

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

The updating of pumps and controls on both courses is now completed including the Controls. The costs of this project have increased by £200,000 as further outdated components were discovered during the upgrading works. Additionally we have identified that chillers are required to be replaced at a cost of £105k, this will be funded from the AM programme due to savings elsewhere.

## 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**

TConsultants are working up proposals for an interim secure generator housing whilst the option of a suitable electric feed continues to be investigated. It has been difficult to engage with Thames Water where the potential electric feed would come from a sub-meter on their land. Bio fuel options and Hydro-treated Vegetable Oil (HVO) are being investigated along with the secure generator housing. Consultants are progressing the required works and we expect to procure contractors in the next few months with completion this winter. 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 is nearly complete and this will allow the application for a licence to disperse silt into the Thames.

The National Lottery Heritage Fund (NLHF) bid has been submitted and we are due a decision at the end of September.

### **St Pauls Field**

The St Paul's Field project will deliver 3.25km of 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 planning application has been submitted and we are awaiting a decision. There has been very little objection or comment and we are confident we will be procuring contractors very shortly. Lanpro Landscape Architects have been appointed to contract administer the delivery of the project and will support development of specification and contractor procurement. A licence will be applied for to close a badger set whilst the works takes place and an ecology consultant has been appointed to undertake the work. The project is on track to be delivered by the end of March 2024.

### **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. Land Use Consultants have been appointed to undertake the development of proposals and run engagement sessions with the local community. This will produce RIBA Stage 2 proposals by the end of March 2024. Officers will report back to Members on the designs, costs and outcome of the development work early next year. Delivery funding will be investigated but it is currently unclear from the GLA if the Green and Resilient Spaces funding stream will continue and we are likely to know further details on this early in 2024.

## 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; the welding tents for example are proving hard to source to our exact requirements; as such any element not viable we will return the allocated money into the capital account and report back.

### **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 were completed on 15 May 2023. Partial project funding from British Canoeing of £150,000 has been secured (Paper E/808/23), with the Authority's total contribution, including design stage, of around £200,000.

### **Lee Valley Athletics Centre Gym Refurbishment**

The scheme is an upgrade of the existing Health and Fitness areas at the Athletics Centre, which involves the refurbishment of the strength and conditioning areas and equipment replacement; refurbishment and remodel of the Cross Fit Box area; modernisation of changing rooms; a more formalised and flexible studio space; and modernisation of the main reception area. This is currently in progress and will complete by October.

### **Lee Valley Riding Centre Equestrian Simulator**

A scheme to refurbish one of the existing stables at Lee Valley Riding Centre and install an interactive equestrian simulator was completed in August and is now available for booking. The simulator can replicate a number of different riding scenarios and can be tailored to the needs of each rider. The project was delivered on budget, with the Authority providing the capital financing to GLL.

### **Lee Valley VeloPark Spectator Barrier**

The scheme is to remove the current track barrier and handrail around the indoor velo circuit and replace it with a clear perspex screen that will be around 1400mm high. This will not only enhance significantly the spectator experience but also allow the venue to achieve accreditation to stage UCI events when the new governance comes into place next year. This is after a review by UCI into the major incident when a rider and bike traversed the old barrier and injured a spectator during a UCI event held at the Velodrome last year. The details and design have been approved by UCI and the cost of the scheme is approx £300,000.

## **CAPITAL RECEIPTS**

- 13 The Authority has received a small capital receipt of £11,250 in respect of the disposal of land at the rear of 42 South Street, Stanstead Abbots. This will be added to the general capital receipts pool and utilised to part finance future capital expenditure.

## **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**

Executive Committee	E/810/23	Q4 Capital Programme Budget Monitoring 2022/23	25 May 2023
Executive Committee	E/800/23	Q3 Capital Programme Budget Monitoring 2022/23	23 February 2023
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

### **APPENDIX ATTACHED**

Appendix A Capital Monitoring 2023/24 Q1 Outturn

### **ABBREVIATIONS**

AM Asset Maintenance

<b>BGCL</b>	<b>Buckingham Group Contracting Limited</b>
<b>NLHF</b>	<b>National Lottery Heritage Funding</b>
<b>GLL</b>	<b>Greenwich Leisure Limited</b>
<b>LLDC</b>	<b>London Legacy Development Corporation</b>
<b>LSC</b>	<b>Leisure Services Contract</b>

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LEE VALLEY REGIONAL PARK AUTHORITY  
CAPITAL PROGRAMME MONITORING 2023/24 QUARTER 1

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2023/24 £000s	Actual to 31 Jul 2023 £000s	Projected Outturn at 31/03/2024 £000s	Projected Variance £000s	Comment
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**ANNUAL EARMARKED PROVISION**

Biodiversity Action Plan	-	-	50	3	50	0	Expected on budget
IT Infrastructure & Communications	-	-	140	50	140	0	Expected on budget
Asset Management	-	-	942	278	950	8	Expected on budget

**PROJECT SPECIFIC BUDGETS**

Lee Valley Ice Centre Redevelopment	30,000	27,100	2,300	1,056	2,300	0	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	5	490	0	0	-490	Slippage/In Progress
White Water Pumps Replacement	1,040	885	155	149	149	-6	Additional works - Scheme Complete
Holyfieldhall Farm Operational Change	155	0	155	24	155	0	On target

**LANDSCAPE, OPEN SPACE & INVESTMENT PROJECTS**

East India Dock Basin - Feasibility	85	61	24	14	24	0	Stage Complete
East India Dock Basin - De-silting works	500	0	500	0	50	-450	Provisional Budget
Middlesex Filter Beds Sluice	240	0	240	0	40	-200	Slippage/In Progress
St Pauls Field - Feasibility	25	22	3	5	5	2	Stage Complete
St Pauls Field	300	0	300	0	350	50	Provisional Budget
North Wall Road	40	0	40	0	40	0	

**VENUES INVESTMENT PROJECTS**

<b>Non-Sports Venues</b>							
Feeder Pillars (Springfield)	75	0	75	0	50	-25	
Workshop Extension (Springfield)	100	0	100	0	100	0	
Scout Hut Refurbishment (Springfield)	50	0	50	0	50	0	
Laundry Room Extend (Stanstead Abbotts)	70	0	70	1	70	0	
Dobbs Weir Bungalow (Renovation)	55	8	47	71	71	24	
Sewardstone House (Renovation)	40	21	19	12	19	0	

**Sports Venues**

WhiteWater - Offices/Meeting Rooms	500	496	0	42	42	42	Additional works - Scheme Complete
Whitewater - Slalom Ramp	340	32	308	315	315	7	Scheme Complete

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CAPITAL PROGRAMME MONITORING 2023/24 QUARTER 1

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2023/24 £000s	Actual to 31 Jul 2023 £000s	Projected Outturn at 31/03/2024 £000s	Projected Variance £000s	Comment
LVRC Equestrian Simulator	65	0	65	0	65	0	0 Scheme Complete
LVAC Health & Fitness Refurbishment	575	0	575	0	575	0	0 In progress
LSC LED Lighting	1,522	0	1,522	0	1,400	-122	
Velo Spectator Barrier	300	0	300	0	300	0	
<b>TOTAL PROGRAMME</b>			<b>8,470</b>	<b>2,020</b>	<b>7,310</b>	<b>-1,160</b>	
<b>External Funding</b>							
Whitewater - Slalom Ramp	-150	0	-150	-150	-150	0	
North Wall Road	-40	0	-40	0	-40	0	
<b>TOTAL INCOME</b>			<b>(190)</b>	<b>(150)</b>	<b>(190)</b>	<b>0</b>	
<b>CAPITAL PROGRAMME FINANCING</b>							
Borrowing			2,300		2,300		
External Funding			190		190		
AM Reserve			942		950		
Revenue Projects			190		190		
Capital Receipts			4,848		3,680		
<b>TOTAL FINANCING</b>			<b>8,470</b>		<b>7,310</b>		