

## **2021/22 CORPORATE WORK PROGRAMME 6 MONTH UPDATE**

Presented by the Chief Executive

### **SUMMARY**

The main focus for the organisation over the first 6 months of 2021/22 has been to maximise income generation and to generally get the Authority budget into a stronger position, following the impact of the pandemic. A projected end of year budget surplus of £800k is a positive position at this stage.

The work programme shows good progress on a number of fronts. The Ice Centre construction is well underway, with The Wave scheme and Eton Manor schemes gaining some momentum. In addition, the Leisure Services Contract is at an important stage and other key work areas, such as, exploring commercial opportunities and planning for the 10<sup>th</sup> anniversary of the London 2012 Games are moving forward.

### **RECOMMENDATION**

Members Note: (1) the report.

### **BACKGROUND**

- 1 As reported to Members at the April Authority meeting and presented at the AGM in July, the context for the 2021/22 work programme is the need to recover and rebuild in response to the impact of the pandemic. Recover a strong financial position and rebuild the activities programme and investment plan for the Regional Park.
- 2 The budget for 2021/22 was set in January when there was a great deal of uncertainty around how and when the Park would open back up and what level of Government support would be in place in 2021/22. The budget was cautious with its income projections and a healthy contingency was built in. In order to deliver this budget and to start recovering the Authority's financial position a significant savings package of circa £1mill was required. Around £600k of savings were found through a voluntary redundancy programme with the rest coming from service efficiencies. In addition, the levy was increased by 2%, which follows a decade of levy reductions.

## **THE WORK PROGRAMME FOR 2021/22 HAS FOUR MAIN STRANDS**

- 3
  - Maximise income generation
  - Progress major developments
  - Deliver against a range of corporate projects and initiatives
  - Develop a 2022-27 business plan
- 4 In the first 6 months of 2021/22 the main objective has been to maximise income from the venues as they have opened back up, whilst also fully capitalising on the Government support measures, such as the furlough scheme (ended on 30 September).

## **6 MONTH BUDGET POSITION**

- 5 Nearly 70% of the Authority's income derives from its income generating activities, with 30% coming from the levy. 70% of the income generation occurs during the peak period, between April and October. The main focus for the organisation therefore, has been to maximise income, against a backdrop of operating constraints from the Covid restrictions (in the early part of the period) and some natural caution from customers as sport and leisure facilities reopened. In addition, the organisation has continued its tight control on expenditure and sought to take advantage of all Government and local authority Covid related support.
- 6 The 6 month budget picture forecasts a **net £800k surplus** at year end. The key over performance areas are as follows:
  - Furlough grant - £510k received for the period April-September;
  - Local Authority grants - £182k;
  - Campsites and Marinas - £250k (a strong staycation market);
  - Events - £130k (music events at 3 Mills in Bow and the Showground site in Waltham Abbey);
  - Business Rates refund - £136k (outcome of rates appeal for Lee Valley VeloPark);
  - Property Management - £150k (the main contribution comes from the 3 Mills rent review which has seen the rent increase from £425k to £592.5k per annum).
- 7 The 6 main sports venues have traded well during the 6 months. However, income generation was affected significantly during the April - July period when restrictions were still in place. As a result, an additional £1mill will be needed to support these venues in 2021/22. This support is included in the £800k surplus position.

## **2022/23 BUDGET PROCESS**

- 8 The budget exercise for 2022/23 has started with senior officer team discussions. Chairman/Vice Chairman discussions will take place in November with the Member Budget Workshop in December and the budget set by the Authority in January 2022.

- 9 There a number of important considerations for the 2022/23 budget:
- the year 1 management fee for the Leisure Services Contract;
  - impact of the increase in energy costs; and
  - investment plan for income generation and cost savings.

## **WORK PROGRAMME**

### **10 Major Developments**

#### **a) Ice Centre**

The Ice Centre redevelopment project is progressing well. The past 3 months have focused on the closure/demolition of the old centre and preparing the ground for the new centre's foundations. Despite volatility in the building trade, caused by supply chain challenges and cost increases of some materials, the Ice Centre project is not currently affected. The building contract between the Authority and Buckingham, the contractor, has taken into account the pressures in the construction industry with the contract price and risks allocated accordingly.

The next 3 months will focus on the foundation works, the steel frame and the utilities infrastructure. Officers continue to work closely with GLL on the final internal layout detail around catering and the gym.

#### **b) The Wave (Inland Surfing Facility)**

Back in April The Wave (TW) scheme was on hold, due to TW Company, in light of the pandemic, having to revisit the business model and funding options. Over the past few months TW scheme has developed a fresh momentum with TW Company close to securing the capital funding and recently it entered into the Pre Planning Application process with the London Borough of Enfield (LBE).

The 130 acre Pickets Lock (PL) site is Metropolitan Open Land (MOL) and therefore comes with a number of planning challenges e.g.: impact on open space, impact on biodiversity and transport/car parking. In addition, there are a number of existing operations on the site (Odeon, wedding venue and Lee Valley Athletics Centre) and the TW scheme, which will occupy around 100 acres of the site, needs be framed as part of a wider masterplan. Officers are working closely with TW and LBE to work through the planning issues and develop the masterplan.

The Authority entered into a second Exclusivity Agreement (EA) with TW in December 2019 and this expires in November 2021. The EA commits both parties to the scheme for the period agreed. For TW project to proceed a further extension to the EA will be required and so a report will be taken to the November Executive Committee seeking approval.

The provisional timeline for the scheme is submission of planning application autumn 2022, start building TW summer 2023 and open summer 2024.

**c) Eton Manor**

Before the pandemic the Authority procured a developer to develop a hotel on the site and following a 12 month pause, in April 2021 the developer was keen to get the development back on track. In the past few months the Authority has been in discussions with University College London (UCL) who are looking to enhance the sport and leisure offer on Queen Elizabeth Olympic Park (QEOP) ahead of their new campus opening on QEOP in 2022. The UCL campus will eventually host 4,000 students. UCL is interested in the potential of the Eton Manor site, both in terms of current offer and additional facilities.

The Authority's objective is to increase the footfall and activity levels on the site, ensuring long-term viability and maximum utilisation of sporting facilities. The Authority and UCL have recently jointly funded and commissioned a feasibility study and masterplan to look at options for investment. The hotel development is still very much part of the thinking in line with the procurement and the developer will be involved in the exercise.

The study will be completed towards the end of 2021 and soon after officers will present the outcomes to Members.

**d) East India Dock Basin**

The partnership with London Borough of Tower Hamlets (LBTH) continues and a stakeholder group has been established. In addition to the Authority and LBTH this group comprises Ballymore, Regal Homes, Trinity Buoy Wharf and One Housing i.e.: local developers and operators with an interest in East India Dock Basin. The group had its first meeting in August and will meet on site in November.

The technical studies for the lock gates, silt and water have been commissioned with work starting end of October. This work will be completed March/April 2022.

Discussions regarding funding continue with Heritage Lottery Fund (HLF). The HLF has been positive with its advice and has suggested that an expression of interest is submitted once the technical studies have been completed and the stakeholder/partner positions determined. Possible funding support from Homes England is also being explored and a meeting will take place early in 2022.

**e) Spitalbrook**

There has been no significant progress with the Spitalbrook site over the past 6 months due to the balancing of priorities. Officers are in the process of getting drone footage of the site. This will provide Members and officers with a good understanding of the 200+ acre site and in the first instance might be more useful than a site visit.

There will be an Authority/Borough of Broxbourne senior officers' discussion on how to take the site forward in the next month or so and a Member discussion will be arranged in the next couple of months.

## **CORPORATE PROJECTS & INITIATIVES**

### **11 i) Procurement of the Grounds Maintenance Contract**

The procurement process has been completed with the 10 year contract awarded to Glendale Services. The annual fee of £688k did not exceed the estimated budget. The new contract starts on 1 November 2021.

### **ii) Leisure Services Contract (LSC)**

The LSC is the subject of another paper on the Authority agenda. In short, good progress has been made with GLL, both in terms of agreeing a year 1 management fee and preparing for the mobilisation process ahead of the LSC start date of 1 April 2022.

### **iii) London Legacy Development Corporation (LLDC) Transition Plan**

The LLDC in consultation with the GLA, the 4 local Boroughs and other key stakeholders such as the Authority has been determining post 2025 governance and estate management arrangements for QEOP. The Chairman and Chief Executive are due to meet with the LLDC Chairman and Chief Executive in late October. Members will be briefed on the latest position in November.

### **iv) Restoration of Abercrombie Lodge for Office Use**

Due to supply chain issues the completion of works to bring Abercrombie Lodge back into office use have been put back to January 2022. Officers are assessing the short term use of the building and also exploring the potential for leasing, as office space, to a third party.

### **v) Commercial Opportunities**

The London 2012 venues on QEOP have failed to achieve any significant commercial partnership over the past 9 years. The LLDC and the Authority have tried, individually, to secure sponsorship and/or naming rights but without much success. Both organisations have decided that joining forces and looking at our assets collectively perhaps offers the best chance of attracting commercial interest. A fresh piece of work has been commissioned, which will assess LLDC and LVRPA assets, including the new Ice Centre and Lee Valley White Water Centre, to look at how these can be packaged and produce a list of target sectors and companies.

The assessment of assets stage will be completed early in 2022. This will be followed by the marketing stage during 2022 and this work will be commissioned separately.

Following the assessment of assets stage there will be a detailed report to Members on the outcomes and also a discussion on the parameters for any commercial arrangement concerning Authority venues.

**vi) 10 Year Anniversary of the 2012 Olympic and Paralympic Games**

Officers are currently creating a set of suggested activities to capitalise on the 10 year anniversary of London 2012.

The track cycling events for the Commonwealth Games at Lee Valley VeloPark provide a tangible endorsement of the Authority's legacy approach, with an expected sell out event 10 years, almost to the day, since the Games.

Officers are creating plans for an exhibition to be held at Lee Valley VeloPark. This will showcase the incredible success of Team GB in the Olympics and Paralympics. There will be a refocusing of the Community Access Fund to emphasise the legacy from the Games plus activation in the open spaces to mark the anniversary. In addition a document charting the Authority's contribution of the sporting legacy from the Games will be published, along with a communications programme to reach stakeholders, visitors and key audiences. We are working on plans that we can implement ourselves, along with activities that we can do in partnership with colleagues at LLDC, British Olympic Association, sports' national governing bodies and others. Officers will update Members on this area of work shortly.

**ENVIRONMENTAL IMPLICATIONS**

- 12 There are no environmental implications arising directly from the recommendations in this report.

**FINANCIAL IMPLICATIONS**

- 13 There are no financial implications arising directly from the recommendations in this report.

**HUMAN RESOURCE IMPLICATIONS**

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

**LEGAL IMPLICATIONS**

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

**RISK MANAGEMENT IMPLICATIONS**

- 16 There are no risk management implications arising directly from the recommendations in this report.

**EQUALITY IMPLICATIONS**

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

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## **PREVIOUS COMMITTEE REPORTS**

Authority      29/04/21      Corporate Work Programme 2021/22      A/4299/21

## **LIST OF ABBREVIATIONS**

<b>GLL</b>	<b>Greenwich Leisure Ltd</b>
<b>TW</b>	<b>The Wave</b>
<b>LBE</b>	<b>London Borough of Enfield</b>
<b>PL</b>	<b>Picketts Lock</b>
<b>MOL</b>	<b>Metropolitan Open Land</b>
<b>EA</b>	<b>Exclusivity Agreement</b>
<b>UCL</b>	<b>University College London</b>
<b>QEOP</b>	<b>Queen Elizabeth Olympic Park</b>
<b>LBTH</b>	<b>London Borough of Tower Hamlets</b>
<b>HLF</b>	<b>Heritage Lottery Fund</b>
<b>LSC</b>	<b>Leisure Services Contract</b>
<b>LLDC</b>	<b>London Legacy Development Corporation</b>
<b>LVRPA</b>	<b>Lee Valley Regional Park Authority</b>

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