

Q4 CAPITAL PROGRAMME BUDGET MONITORING 2024/25

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending in 2024/25 compared to the current capital programme. Figures are near final, but may 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 capital expenditure for the year-end is currently projected to be £4.136 million, with £0.011 million of capital receipts.

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 Authority initially approved the capital programme for 2024/25 at its meeting on 18 January 2024 (Paper A/4348/24). Additional approvals for investment at Lee Valley Campsite Sewardstone (Paper A/4351/24) 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 2024/25 was **£3.284 million** net expenditure. However, reprofiling due to prior year slippage, along with the inclusion of other identified schemes, has meant the profiled capital budget for 2024/25 is now **£6.875 million**. The projected capital expenditure for the year is **£4.136 million**.

Project phasing and delivery profiling account for the majority of the movement against the original 2024/25 budget profile, with some projects (Hostile Vehicle Mitigation, Middlesex Filter Beds, St Pauls Field) along with completion of remaining works at Lee Valley Ice Centre scheduled for delivery in 2024/25.

There is also a budget provision for works at East India Dock Basin, which is discussed later in the paper, although as this is not a fully approved project it has not been included in the 2024/25 budget.

SPECIFIC SCHEMES

5 The review of major schemes in 2024/25 is detailed below.

6 Lee Valley Ice Centre Redevelopment

Following the practical completion of Lee Valley Ice Centre in May 2023, and subsequent administration of Buckingham Group Contracting Limited (BGCL) in September 2023, there remained a number of snagging/defects that needed to be remedied.

Members approved the recommendations within Paper E/820/23 to make a claim for the outstanding liquidated damages owed to the Authority, terminate the contract with BGCL and, following the termination, where possible to require BGCL's sub-contractors to remedy defects under collateral warranties and to employ third parties to undertake any remaining outstanding snagging and defect works.

Officers have undertaken all of the above and the process for rectification of the snagging and defects continues to be undertaken and is near completion. The final project cost is forecast to be under the approved budget of £30million, including all the operational fit out costs as well as capitalisation of development borrowing costs.

We haven't had any contact with the administrators since November 2023. A letter was previously sent to the Administrators setting out the Authority's position with regard to BGCL's liability for sums due to the Authority in respect of rectification works and liquidated damages.

The Administrators have had an extension granted until 3 September 2025. Officers will update Members if any further progress with the Administrators is made.

7 Lee Valley Ice Centre Funding

The redevelopment of Lee Valley 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 £23 million 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 (PWLb) long term rates at around **6.00%**. Our Medium Term Financial Forecast is currently based on rates being around **5.00%**, and reducing in line with base rate forecasts. The rates in the short-term market are around **4.45%**, although our current

borrowing is between **4.66% and 5.23%**. 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.

We continue to be supported by the London Borough of Enfield, via the Section 151 Officer, along with their external treasury advisors, Arlingclose, in adopting this approach to borrowing.

The schedule of current loans means that the next point for refinancing is April 2026, followed by September 2026.

We will continue to update Members on borrowing in future quarterly Capital Outturn reports.

8 Asset Maintenance

The Authority has developed an Asset Maintenance (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 a 10 year period. 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 spend is expected to be around £0.92 million, and includes schemes carried over from the prior year. There has been a small slippage against profiled budget, but these works will roll forward to 2025/26. Main areas included in the programme for 2024/25 are:

- replacement Ground Source Heat Pumps at Lee Valley White Water Centre;
- Marina lighting upgrades;
- footpath maintenance throughout the Regional Park, including phased replacement of gold top on Queen Elizabeth Olympic Park;
- repairs to East India Dock Basin river walls;
- bridge maintenance and repairs; and
- Abbey Gardens monastic wall repairs.

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. The scheme has now been fully redesigned with support from counter terrorism experts and the changes have achieved the project requirements whilst reducing the overall scheme costs. The project has been completed with only minor snagging and making good works required.

10 **Lee Valley Park Farm, Holyfield Hall**

A paper giving an update on the change of operation at the Farm was presented to Members in October (Paper E/825/23). We are still experiencing difficulty in disposing of some machinery relating to the milking parlour, although we have made some headway in selling some machinery bringing in £7,500. However, the remaining equipment, valued at around £7,500, has still had no interest and the Authority may have to consider scrapping this due to the reduction of dairy farms over the last few years. Scrap value is estimated at £1,000 - £2,000.

On the back of this, we have not yet fully invested in all the livestock and fencing, due in part to the delays in the Government rolling out the Stewardship Agreement that the Farm has applied for. However the contract has now been awarded for the fencing contract to begin and this should be commencing shortly.

The capital received for the sale of livestock and machinery has been ring-fenced for reinvestment in the Farm, which is now expected to complete in this financial year.

11 **Landscape, Open Spaces and Investment Projects**

Middlesex Filter Beds

The interim solution is up and running and the filter beds are under normal operation by the Ranger team. The option of finding a suitable electric feed to deliver mains power to run generators is still being reviewed with the consultant Pick Everard. They are now investigating the option of turning a sub meter connection from the Hackney Sports Pavillion to the site and also exploring the Thames Water Sub Meter option on the depot along Lea Bridge Road. Once we have more information on feasibility and costs we will decide if this is worth continuing to progress or seek other options.

East India Dock Basin (EIDB)

Final sampling points have now been agreed with the Marine Management Organisation (MMO) and Port of London Authority (PLA) and we are seeking value for money options from the consultants to complete this final element of the sampling stage. This will allow the application for a licence to disperse silt into the Thames. The Orchard Wharf planning application has now been submitted and the Authority has commented in its statutory role as planning consultee. Officers are discussing the S106 and we may seek to put forward a case to ask for S106 to desilt the Basin.

We are in discussions with the London Borough of Tower Hamlets regarding an option to build a community centre on the footprint of the Basin. We will continue to explore if this is a feasible and mutually beneficial option for both organisations. Both organisations are investigating if such a project could provide a focal point and potential start up to lever further funding for the project at this site.

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.

This project was due to be completed at the end of April 2025. Unfortunately despite extensive consultation at planning stage the link along Dobbs Weir Road which was originally thought to be unregistered land does in fact by less than half

a meter form part of the Highway. This has meant we have had to apply to Highways for a Minor Works Agreement to progress the link. This has also unfortunately instigated a planning review and a Section 73 is also required from Epping Forrest District Council. Both of these elements are not seen as an issue and are in progress but will take time to progress through the system. This has unfortunately meant that we are unable to complete the final 50m of path along Dobbs Weir Road. Due to safety concerns and not wanting to put pedestrians at risk the path will now not be open until later in the autumn of 2025. Due also to Highways requirements there is likely to be a small increase to the cost of this scheme yet to be advised by the contractor when the final Highways requirements are in place.

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. We now have a set of RIBA Stage 2 concept designs and a projected cost plan for this site. Further design funding for RIBA Stage 3 and 4 has been secured by LLDC from their Community Infrastructure Levy (CIL) funding and LLDC will manage the next phase of developing this project up to Stages 3 and 4. A full brief has been developed and the project to complete the next phase of designs will be undertaken over the next 12 months. Officers will report back to Members on the designs, costs and outcome of the further development work later in in 2025.

12 Venue Investment Projects

Main updates since the last outturn report in December are as follows.

Lee Valley VeloPark Health & Fitness Offer

The works on conversion of meeting rooms under the concourse at Lee Valley VeloPark to a Gym is complete and the facility opened successfully May 2024. There are still some works required to finalise the external areas which will continue over the next few months as planning permission is required. A design has been developed and an application has been submitted with the London Borough of Newham.

The works have also now been completed to create two flexible enclosed meeting pods on the main concourse of the arena next to the café. We await confirmation of final amounts due to Greenwich Leisure Limited, and payment will occur in 2025/26.

As with the LED lighting projects, this is being procured and delivered by GLL with the Authority providing the funding, with the costs falling due following completion of works once invoiced.

Sewardstone Campsite Investment

We are in the process of drawing together the required reports to obtain planning consent. The Preliminary Ecological Appraisal identified the need for further protected species surveys, which as a material consideration need to be undertaken prior to submitting the application. A Biodiversity Net Gain Assessment has also been completed as part of the application process. This is for the creation of ten additional hard standing pitches, together with the hotel pods and associated facilities.

CAPITAL RECEIPTS

- 13 We expect to receive a small receipt from disposal of encroached land at Hawes Lane, Waltham Abbey (as set out in Paper E/840/24), which is expected imminently as Secretary of State consent to the disposal is currently in hand. Once received it will be added to the general usable capital receipts reserve.

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

APPENDIX ATTACHED

Appendix A Capital Monitoring 2024/25 Q4 Outturn

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/878/24	Q3 Capital Programme Budget Monitoring 2024/25	20 March 2025
Authority	A/4362/25	Proposed Capital Programme 2024/25 (Revised) to 2028/29	23 January 2025
Executive Committee	E/872/24	Q2 Capital Programme Budget Monitoring 2024/25	19 December 2024
Executive Committee	E/861/24	Q1 Capital Programme Budget Monitoring 2024/25	19 September 2024

ABBREVIATIONS

AM	Asset Maintenance
LLDC	London Legacy Development Corporation
MMO	Marine Management Organisation
PLA	Port of London Authority
RIBA	Royal Institute of British Architects
BGCL	Buckingham Group Contracting Ltd
EIDB	East India Dock Basin
GLL	Greenwich Leisure Ltd
CIL	Community Infrastructure Levy
PWLB	Public Works Loans Board

Project Name	Full Scheme Budget £000s	Prior Years Spend To Date £000s	Profiled Budget 2024/25 £000s	Actual Spend 2024/25 £000s	Projected Variance 2024/25 £000s	Comment
ANNUAL EARMARKED RESERVES						
Biodiversity Action Plan	-	-	75	91	16	Programme Delivery Profiling
IT Infrastructure & Communications	-	-	140	83	-57	Programme Delivery Profiling
Asset Management	-	-	1,350	920	-430	Programme Delivery Profiling
PROJECT SPECIFIC BUDGETS						
Lee Valley Ice Centre Redevelopment	30,000	28,832	1,168	338	-830	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	22	473	287	-186	Revised Project Cost
White Water Pumps Replacement	1,040	1,034	6	14	8	Final Retention - Scheme Complete
Holyfieldhall Farm Operational Change	155	59	96	26	-70	In progress
LANDSCAPE, OPEN SPACE & INVESTMENT PROJECTS						
East India Dock Basin - Feasibility & Surveys	125	94	31	0	-31	In progress
Middlesex Filter Beds Sluice	240	0	240	66	-174	In Progress
St Pauls Field (inc Feasibility)	450	75	375	257	-118	In progress
North Wall Road	60	47	0	8	8	On target
VENUES INVESTMENT PROJECTS						
Non-Sports Venues						
Sewardstone Development	450	0	450	0	-450	In the planning process
Sports Venues						
WhiteWater - Offices/Meeting Rooms	500	519	0	13	13	Final Retention - Scheme Complete
WhiteWater - Slalom Ramp	340	371	0	9	9	Final Retention - Scheme Complete
LSC LED Lighting	1,522	0	1,522	1,348	-174	Schemes Complete
Velo Spectator Barrier	300	9	291	306	15	Scheme Complete
Velopark Health & Fitness Offer	508	0	508	254	-254	Scheme nearing Completion - awaiting payment
Land Disposal Costs						
Rammey Marsh West	0	57	0	116	116	In progress
TOTAL PROGRAMME			6,875	4,136	-2,739	
Capital Receipts						
Holyfieldhall Farm Livestock/Machinery	-200	-195	-15	-11	4	In Progress
Land at Hawes Lane	-16	0	-16	0	16	In Progress
TOTAL INCOME			(31)	(11)	20	
CAPITAL PROGRAMME FINANCING						
Debt			1,476	392		
External Grant Funding			200	200		
Revenue Contribution			521	71		
AM Reserve			1,350	920		
Earmarked Reserves			215	174		
Retained in Revenue			0	116		
Capital Receipts			3,113	2,263		
TOTAL FINANCING			6,875	4,136		