



LEE VALLEY REGIONAL PARK AUTHORITY
EXECUTIVE COMMITTEE
22 NOVEMBER 2018 AT 11:00

Agenda Item No:

7

Report No:

E/593/18

Q2 CAPITAL PROGRAMME BUDGET MONITORING 2018/19

Presented by Director of Finance & Resources

EXECUTIVE SUMMARY

This report summarises capital spending to 30 September 2018, estimates financial commitments to the year end and compares this to the approved annual budget.

Appendix A to this report provides a financial summary of all schemes within the capital programme and this shows that overall net capital expenditure for the year end is projected to be at £1.7 million and therefore above the approved budget of £1.0 million; resulting in a projected net over spend of £0.7 million. This net budget figure of £1.0 million originally assumed the achievement of approved land sales estimated at £4.5 million.

The main areas of slippage/under spend and reduced land sale income are:

Scheme	£
Land Acquisition/Remediation	(250,000)
Land Sales	3,418,000
Olympic Park Hostile Vehicle Mitigation	(250,000)
Dobbs Weir Campsite – Final Phase	(120,000)
Holyfield Hall Farm - Redevelopment	(56,000)
Lee Valley Ice Centre Redevelopment	(1,675,000)
Lee Valley White Water Centre – Area 4 Infrastructure	(325,000)
Springfield Marina Boats and Trailers	(35,000)
Other	(21,000)
Total Variance	686,000

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

1 Executive Committee approved a capital programme for 2018/19 at its meeting

on 14 December 2017 (Paper E/537/17). This report compares the actual spend with that approved programme and budget and any slippage from the 2017/18 budget reported as part of the capital outturn report (Paper E/562/18).

- 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 The annual budget for 2018/19 (adjusted for slippage from 2017/18 and revision of the small schemes programme) is £1.0 million net expenditure. The projected net capital position for the year is £1.7 million. This has resulted in a projected net variance of £0.7 million for 2018/19. This net budget figure of £1.0 million assumed the achievement of approved land sales, estimated at £4.5 million.
- 4 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.

SPECIFIC SCHEMES

- 5 The schemes where a variance is anticipated could occur during 2018/19 are detailed below:

- 6 **Land Acquisition & Remediation (£250,000 slippage)**

A general provision is set aside within the capital programme for opportunity land acquisition and remediation. In 2018/19 one potential opportunity purchase may be completed before 31 March 2019 but is still subject to offer and Member decision before it can proceed. If the purchase is not approved and completed by the year end this provision will be carried forward and added to the 2019/20 programme budget of £450,000.

Land Sales (£3,418,000 slippage in income)

Five of the seven sites identified as potentially no longer required for Park purposes as part of the Land & Property Strategy and that have been approved for sale by Members are actively progressing and are part of the estimated capital programme resourcing in this financial year. It is likely that 4 sales will be completed by 31 March 2019 to a value of £1.13 million. Two sales will be delivered in the next financial year and one sale (estimated £15,000) has been withdrawn (Approved - Land & Property Working Group) as there was no market interest. Where a sale is not completed by 31 March 2019 this estimated sales value will be rolled forward into 2019/20.

- 7 **Olympic Park Hostile Vehicle Mitigation (£250,000 slippage)**

Officers are continuing to work with the Metropolitan Police, London Legacy Development Corporation and Lee Valley Leisure Trust Ltd (the Trust) to ascertain the most appropriate and best value solution to Hostile Vehicle Mitigation (HVM) on Lee Valley Regional Park Authority land within Queen Elizabeth Olympic Park (QEOP) in response to terrorist attacks of this nature over the last couple of years. It is envisaged that a report will be concluded by the end of the calendar year that will detail and recommend a way forward ready for all parties involved and provide for implementation during 2019/20.

8 Dobbs Weir Campsite Final Phase (£120,000 slippage)

With all static holiday pitches built, and now sold and occupied, the final piece of work to be completed at Dobbs Weir is the installation of 2 luxury holiday lodges on the site of the old railway club. The lodges have been procured but works have been delayed due to issues with planning and particularly the Environment Agency. These issues have now been resolved and works can proceed, but it is unlikely this will be completed before the end of the financial year so some works will slip into the next financial year.

9 Holyfield Hall Farm Redevelopment (£56,000 under spend)

£150,000 was allocated as part of the Capital Programme to support Farm investment projects to improve efficiency and income returns. £94,000 of this sum was utilised to relocate the Rangers (north) to deliver working efficiencies at a base on the Farm site (Members visited this during their recent visit as part of the Member Tour early September). In addition a further detailed review of the Farm working practices and potential efficiencies was concluded and presented to Scrutiny Committee. This review set out a 2 year plan of operational improvements/efficiencies and was recommended to (and agreed by) Executive Committee (Paper E/570/18). This two year plan focusses on operational changes and therefore in the short-term no further capital investment is required.

10 Lee Valley Ice Centre Redevelopment (£1,675,000 slippage)

A provisional sum of £2 million was set aside in the capital programme to fund the Ice Centre redevelopment feasibility with a further £36 million provided for in future years based on an assumed land sales target of £47 million over the period to 2021. Commitment to further feasibility works was approved by Executive Committee in July (Paper E/571/18). The feasibility work is committing £325,000 of this sum to further explore alternative delivery approaches. It is clear that the provisional sum allocated as part of the original budget of £2 million will exceed requirements in 2018/19 and result in slippage of £1.675 million.

11 Lee Valley White Water Centre – Area 4 Infrastructure (£325,000 slippage)

A provisional sum was ear-marked for permanent infrastructure re-development of area 4 at the Lee Valley White Water Centre which was used heavily during 2017/18 for the inflatables attraction and the Christmas Market/Temporary Ice Rink. Provisional feasibility studies and works alongside planning investigations are being undertaken to establish a more permanent solution regarding infrastructure for this area. The bad weather and heavy use of this area during 2017/18 means that for 2018/19 the area is being left clear to allow ground conditions to recover. Longer term and with the re-tendering of the Leisure Services Contract it is anticipated that these monies will provide a more permanent solution for this area of the site.

The Trust has operated some of the smaller inflatables around the site free of charge and will offer a scaled back Christmas Market within the near vicinity of the building. It is possible that this reduced offer may affect the overall bottom line for the Centre but it is difficult to estimate the overall impact given that the new café counter and refurbished and expanded kitchen will potentially provide improved catering returns to the end of the financial year.

All permanent works related to Area 4 Infrastructure have been put on hold pending a decision on future use of the area. The only works to be completed this year are for a basic central road to be installed through the area to enable it to be used for inflatables again in the Spring/Summer of 2019.

12 Springfield Marina Boats and Trailers Works (£35,000 under spend)

In October 2017 the Trust undertook a review of the management structure of the Marinas to enable greater synergy in the business areas of moorings, workshop services and chandlery. A new staffing structure and strategy has been implemented which considers the nature of works undertaken at each workshop. The strategy considers the skill set of the engineers at each venue and how best the workshop at Springfield can complement the larger scale workshop operation at Stanstead Abbots Marina. The nature of works now being focussed on at Springfield Marina do not now necessitate the creation of the trailer area and associated hard standing. Already the benefit of this new approach is being realised in terms of increased income at Springfield Marina and so there is no longer a need to proceed with these trailer area works.

ENVIRONMENTAL IMPLICATIONS

- 13 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

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

FINANCIAL IMPLICATIONS

- 15 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 investments/bank accounts change.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 18 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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ABBREVIATIONS

The Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
HVM	Hostile Vehicle Mitigation
QEOP	Queen Elizabeth Olympic Park

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/572/18	Q1 Capital Programme Budget Monitoring 2018/19	26 July 2018
Executive Committee	E/570/18	Scrutiny Committee Review – Holyfield Hall Farm	26 July 2018
Executive Committee	E/562/18	Capital Programme – Provisional Outturn 2017/18	24 May 2018
Executive Committee	E/537/17	Proposed Capital Programme 2017/18 (Revised) to 2021/22	14 December 2017

APPENDX ATTACHED

Appendix A	Capital Monitoring 2018/19 Second Quarter
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LVRPA CAPITAL PROGRAMME MONITORING 2018/19 QUARTER 2 MONITORING

Project Name	Accountable Officer	Project Manager	Budget 2018/19		Actual to 30 Sept 2018		Projected Outturn at 31/03/2019		Projected Variance	Comment
			£000	£000	£000	£000	£000	£000		
Land Acquisition & Remediation	Director Corp Ser	Head of Property	250	0	0	0	0	(250)	See Main Report	
Land Sales	Director Corp Ser	Head of Property	(4,555)	41	(1,137)	3,418	0	0	See Main Report	
Signage	Chief Executive	Head of Comms	14	0	14	0	0	0	On Target	
Park Development Proposals	Director Corp Ser	Head of Planning	81	0	81	0	0	0	On Target	
BAP	Director Corp Ser	Head of Parklands	51	5	51	0	0	0	On Target	
IT Infrastructure & Communications	Director of Finance	IT Manager (Trust)	153	40	153	0	0	0	On Target	
Asset Management	Director Corp Ser	AMPD Manager	751	217	751	0	0	0	On Target	
LV Hockey & Tennis Centre Pitch Replacement	Chief Executive	Head of Sport/Leisure	269	121	269	0	0	0	On Target	
LV Hockey & Tennis Centre Pitch Replacement	Chief Executive	Head of Sport/Leisure	(312)	(107)	(312)	0	0	0	On Target	
LV Hockey & Tennis Centre Improvements	Chief Executive	Head of Sport/Leisure	87	0	87	0	0	0	On Target	
LV Hockey & Tennis Centre - SE Grant	Chief Executive	Head of Sport/Leisure	(70)	0	(70)	0	0	0	On Target	
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Head of Sport/Leisure	250	0	0	0	(250)	0	See Main Report	
Landscaping (Eton Manor/Alotments Site)	Director Corp Ser	Head of Parklands	7	8	8	1	0	1	Scheme Complete	
Dobbs Weir Campsite Final Phase	Director Finance	AMPD Manager	420	(34)	300	(120)	0	0	See Main Report	
Holyfield Hall Farm - Photovoltaic Cells	Head of Parklands	AMPD Manager	0	1	1	0	0	0	Scheme Complete	
Holyfield Hall Farm - Redevelopment	Director Corp Ser	Head of Parklands	56	0	0	0	(56)	0	See Main Report	
Major Events Infrastructure - LVH&TC	Chief Executive	Head of Sport/Leisure	286	141	286	0	0	0	On Target	
Major Events Infrastructure - LVH&TC -Grant	Chief Executive	Head of Sport/Leisure	(35)	0	(35)	0	0	0	On Target	
Lee Valley Ice Centre Redevelopment	Chief Executive	Head of Sport/Leisure	2,000	0	0	325	(1,675)	0	See Main Report	
LWVWC Area 4 Infrastructure	Chief Executive	MD Trust	350	0	25	(325)	0	0	See Main Report	
LWVWC Cafés Counter Project	Chief Executive	MD Trust	0	(12)	0	0	0	0	Scheme Complete	
LWVWC Kitchen Refurbishment	Chief Executive	MD Trust	435	390	415	(20)	0	0	Scheme Complete	
LWVWC - T - Bar Refurbishment	Chief Executive	MD Trust	98	106	106	8	0	0	Scheme Complete	
LWVWC - Swale Bridge	Chief Executive	MD Trust	50	59	59	9	0	0	Scheme Complete	
LWVWC - Extend Boundary Fence	Chief Executive	MD Trust	150	0	150	0	0	0	See Main Report	
Stanstead Crane Replacement	Chief Executive	MD Trust	150	110	130	(20)	0	0	Scheme Complete	
Springfield Boats & Trailers	Chief Executive	MD Trust	35	0	0	(35)	0	0	See Main Report	
Velopark Mountain Bike area	Chief Executive	MD Trust	40	0	40	0	0	0	On Target	
Athletics Centre Coffee Bar	Chief Executive	MD Trust	30	0	30	0	0	0	On Target	
Net Programme			1,041	1,086	1,727	686				
Total Capital Expenditure			6,013	1,152	3,281	(2,732)				
Total Capital Income			(4,972)	(66)	(1,554)	3,418				
Net Programme			1,041	1,086	1,727	686				