

Q3 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.

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 £5.248 million, with £0.026 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 scheme 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 **£5.248 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 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 **5.40%**. 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 **4.90%**, 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 Authority refinanced a loan of £10million in December 2024, borrowing from PWLB at a rate of 4.99%. 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 £1.25 million, and includes schemes carried over from the prior year. There is likely to be 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 procured, planning has been granted and works are due to start in early 2025, and complete within this financial year.

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, fencing, nor the baler, 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

Neilcott have now completed the works and practical completion was issued in early August 2024. 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 stie. 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 still 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 a 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.

The project is reasonably on track to programme and the projected completion has slipped slightly with a projected completion date now in the second week of April 2025. The delay has been caused by issues with Essex Highways, machinery breakdown and variations to the contract.

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. Officers will report back to Members on the designs, costs and outcome of the further development work 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 in 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 dialogue with the London Borough of Newham has started.

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.

As with the LED lighting projects, this is being procured and delivered by Greenwich Leisure Limited (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.

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APPENDIX ATTACHED

Appendix A Capital Monitoring 2024/25 Q3 Outturn

PREVIOUS COMMITTEE REPORTS

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
Authority	A/4348/24	Proposed Capital Programme 2023/24 (Revised) to 2027/28	18 January 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
LSC	Leisure Services Contract
BGCL	Buckingham Group Contracting Ltd
EIDB	East India Dock Basin
LBTH	London Borough of Tower Hamlets
GLL	Greenwich Leisure Ltd

Project Name	Full Scheme Budget £000s	Prior Years Spend To Date £000s	Profiled Budget 2024/25 £000s	Actual to 31 Jan 2025 £000s	Projected Outturn at 31/03/2025 £000s	Projected Variance 2024/25 £000s	Comment
ANNUAL EARMARKED RESERVES							
Biodiversity Action Plan	-	-	75	36	103	28	Programme Delivery Profiling
IT Infrastructure & Communications	-	-	140	152	180	40	Programme Delivery Profiling
Asset Management	-	-	1,350	663	1,250	-100	Programme Delivery Profiling
PROJECT SPECIFIC BUDGETS							
Lee Valley Ice Centre Redevelopment	30,000	28,832	1,168	268	571	-597	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	22	473	84	372	-101	Revised Project Cost
White Water Pumps Replacement	1,040	1,034	6	14	14	8	Final Retention - Scheme Complete
Holyfieldhall Farm Operational Change	155	59	96	26	96	0	In progress
LANDSCAPE, OPEN SPACE & INVESTMENT PROJECTS							
East India Dock Basin - Feasibility & Surveys	125	94	31	0	17	-14	In progress
Middlesex Filter Beds Sluice	240	0	240	63	67	-173	In Progress
St Pauls Field (inc Feasibility)	450	75	375	141	280	-95	In progress
North Wall Road	60	47	0	8	8	8	On target
VENUES INVESTMENT PROJECTS							
Non-Sports Venues							
Workshop Extension (Springfield)	100	0	100	0	0	-100	Deferred
Scout Hut Refurbishment (Springfield)	50	0	50	0	0	-50	Deferred
Sewardstone Development	450	0	450	0	0	-450	In the planning process
Sports Venues							
WhiteWater - Offices/Meeting Rooms	500	519	0	13	13	13	Final Retention - Scheme Complete
WhiteWater - Slalom Ramp	340	371	0	9	9	9	Final Retention - Scheme Complete
LSC LED Lighting	1,522	0	1,522	1,088	1,302	-220	In Progress
Velo Spectator Barrier	300	9	291	285	328	37	Scheme Complete - awaiting payment
Velopark Health & Fitness Offer	508	0	508	1	508	0	Scheme nearing Completion - awaiting payment
Land Disposal Costs							
Ramney Marsh West	0	57	0	29	130	130	In progress
TOTAL PROGRAMME			6,875	2,880	5,248	-1,627	
Capital Receipts							
Holyfieldhall Farm Livestock/Machinery	-200	-195	-15	-8	-10	5	In Progress
Land at Hawes Lane	-16	0	-16	0	-16	0	In Progress
TOTAL INCOME			(31)	(8)	(26)	5	
CAPITAL PROGRAMME FINANCING							
Debt			1,476		879		
External Grant Funding			200		200		
Revenue Contribution			521		71		
AM Reserve			1,350		1,250		
Earmarked Reserves			215		283		
Retained in Revenue			0		130		
Capital Receipts			3,113		2,435		
TOTAL FINANCING			6,875		5,248		