

**Q3 CAPITAL PROGRAMME BUDGET MONITORING 2020/21**

Presented by Head of Finance

**EXECUTIVE SUMMARY**

This report summarises capital spending to 27 December 2020, 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 current schemes within the capital programme and shows that overall net capital expenditure for the year end is currently projected to be £2.464 million, and therefore under the approved budget of £2.937 million, resulting in a net underspend of £473,000.

The main areas of variation are:

<b>Scheme</b>	<b>£</b>
Asset Maintenance	100,000
Lee Valley Ice Centre Redevelopment	(380,000)
IT Infrastructure & Communications	(100,000)
Wildlife Discovery Centre	(20,000)
Biodiversity	(46,000)
Dobbs Weir Final Phase	(27,000)
<b>Total Slippage/(Under Spend)</b>	<b>(473,000)</b>

**RECOMMENDATION**

Members Note: (1) the report.

**BACKGROUND**

- Executive Committee approved a capital programme for 2020/21 at its meeting on 19 December 2019 (Paper E/646/19). Following the Covid-19 outbreak in early March, Members were briefed on the Authority's response (Paper A/4281/20) and the need to revise the budget accordingly. On 21 May 2020 Executive Committee approved a revised emergency budget (Paper E/674/20) brought in to deal with the Covid-19 crisis. This report compares the actual spend with that approved 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 The annual budget for 2020/21 is £2.937 million net expenditure. The projected net capital position for the year is £2.464 million and will be £473,000 under budget.
- 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 review of major schemes and where a variance is anticipated could occur during 2020/21 are detailed below.

- 6 **Wildlife Discovery Centre (Scheme complete - £20,000 retention outstanding)**

The Wildlife Discovery Centre was opened to the public in early December 2020, whilst the location was in tier 2 of Covid-19 restrictions and with the use of volunteers both existing and new and using redeployed staff who were on furlough, we were able to open it 7 days a week. The facility is currently closed in line with Government restrictions.

The final account has been agreed with the contractor and the overall project is within budget. Final payments of retention for the contractor and consultants will be paid in September 2021.

- 7 **Lee Valley Ice Centre Redevelopment (£380,000 under budget)**

The new Lee Valley Ice Centre scheme obtained planning permission at the London Borough of Waltham Forest's (LBWF) Planning Committee on 6 October 2020. Members of the Executive Committee in November 2020 approved the recommendations of paper E/698/20 to enter into a Section 106 agreement with the LBWF and this was signed and sealed by both parties on 20 November 2020. The Mayor on 17 November 2020 gave approval for LBWF to determine consent following the GLA's stage 2 report and a Decision Notice was issued to the Authority from LBWF on 20 November 2020.

The procurement process for a building contractor is now at its final stage. Four major companies progressed from the pre-qualification stage to the Invitation to Tender stage of the OJEU process. Mid tender interviews took place with all 4 of the bidders on 23 and 24 November 2020 and the deadline for submitting tenders was 29 January 2021. This process will be completed by early spring 2021.

Officers have been exploring the funding model for delivering the new Ice Centre. Discussions have taken place with the London Borough of Enfield (LBE) (as part of the Service Level Agreement) and the LBWF with regard to borrowing options and direct investment. The Authority has started more detailed discussions with LBWF on potential investment whilst continuing to explore funding support from the Government and GLA, along with funding agencies such as Sport England and the London Marathon Trust.

The proposed funding package along with the conclusion of the building contractor procurement exercise will be brought to Members for approval in Spring 2021. If approval is given the build programme will start Summer 2021 with estimated completion in Autumn 2023.

The project is currently on time (in line with the revised time line following the planning delays) and expected to come in under allocated budget for this phase.

**8 Asset Maintenance (£100,000 overspend)**

The Asset Maintenance programme was revised in line with the Emergency Budget, with a reduction on the budget to £1m. Works are underway, although we expect an overspend against a budget of around £100,000.

Some areas of works were carried over from last year due to the poor weather, such as Lee Valley Riding Centre roof works and Lee Valley White Water Centre (LVWWC) decking and CCTV. We are concentrating new expenditure on essential/Health & Safety related Asset Management works to ensure that venues are safe and secure to operate with the current Covid-19 guidelines.

Whilst some planned maintenance works have been postponed for a year other unplanned works have to come to the fore such as Covid-19 secure working measures at £50,000, additionally CCTV at LVWWC was more expensive at £163,000 than budgeted for at £30,000.

**9 Biodiversity (£46,000 slippage)**

There is a delay on delivery of Biodiversity Action Plan works due to Covid-19. Much of this year's planned works were survey works and the timeframe in which they can realistically be undertaken this year has passed due to ecological reasons that impact the nature of the studies. Of this, we have commissioned works to the value of £26,000 which will be completed in the next financial year.

**10 Dobbs Weir Campsite (£27,000 slippage)**

This project is now substantially complete, although there is a small slippage relating to the sensory garden near the front of the Dobbs Weir site. Due to Covid-19 this has not progressed, but will recommence once the college reopens.

**11 IT Infrastructure & Communications (£100,000 slippage)**

There will be an underspend against the IT budget this year, predominately due to the impact of Covid-19 and the subsequent delay with the Leisure Services Contract (LSC).

The decoupling exercise related to LSC contract has been delayed until at least October 2021, as the LSC Venues and Business Support functions remain in house. Furthermore, procurement for the development of the Authority websites has also been put on hold (temporary websites have since been developed in-house), until the LSC contract is in place.

In addition, the rolling replacement programme of computers, has been delayed

due to logistical and Health and Safety (Covid-19 related) issues. The delay in the LSC contract has also impacted on the rolling replacement, as there will be surplus equipment that can be utilised.

It will be necessary to carry forward £30,000 to 2021/22 IT Budget for the decoupling exercise of the LSC venues in October. This may need to increase to cover the cost of computer replacements and the procurement for development of the Authority websites (pending the LSC venue transfer and review of the interim websites). This will be reviewed in line with the IT project budget for the next financial year.

## **ENVIRONMENTAL IMPLICATIONS**

- 12 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**

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

## **FINANCIAL IMPLICATIONS**

- 14 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**

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

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

- 17 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/703/20	Proposed Capital Programme 2020/21 (Revised) to 2024/25	17 December 2020
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Executive Committee	E/692/20	Q2 Capital Programme Budget Monitoring 2020/21	22 October 2020
Executive Committee	E/681/20	Q1 Capital Programme Budget Monitoring 2020/21	30 July 2020
Executive Committee	E/674/20	Emergency Budget 2020/21	21 May 2020
Executive Committee	E/655/20	Bittern Information Point Phase 1 Hide and Information Point Replacement Contractor Cost Increase	23 January 2020

#### **APPENDIX ATTACHED**

Appendix A Capital Monitoring 2020/21 Third Quarter

#### **ABBREVIATIONS**

LSC	Leisure Services Contract
LBWF	London Borough of Waltham Forest
LBE	London Borough of Enfield
LWVWC	Lee Valley White Water Centre

LEE VALLEY REGIONAL PARK AUTHORITY  
CAPITAL PROGRAMME MONITORING 2020/21 QUARTER 3

Project Name	Accountable Officer	Project Manager	Budget 2020/21 £000s	Actual to 27 Dec 2020 £000s	Projected Outturn at 31/03/2021 £000s	Projected Variance £000s	Comment
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Land Acquisition & Remediation	Deputy Chief Executive	Head of Property	0	0	0	0	
Land Sales	Deputy Chief Executive	Head of Property	0	0	0	0	
Biodiversity Action Plan	Corporate Director	Head of Parklands	80	30	34	-46	Slippage
IT Infrastructure & Communications	Corporate Director	Head of IT	150	39	50	-100	Slippage
Asset Management	Corporate Director	Head of Asset Maint.	1,000	889	1,100	100	See report
Landscaping (Eton Manor Allotments Site)	Corporate Director	Head of Parklands	7	0	7	0	On Target
Dobbs Weir Campsite Final Phase	Director Finance	Head of Asset Maint.	30	3	3	-27	Slippage
Wildlife Discovery Centre	Corporate Director	Head of Project/Funding	670	650	650	-20	Scheme Complete
Lee Valley Ice Centre Redevelopment	Chief Executive	Corporate Director	1,000	517	620	-380	Phase Complete
Velopark Ground Floor Refurbishment	Chief Executive	Corporate Director	0	9	0	0	Scheme Complete
New LSC Contract Investment Variant Bid	Chief Executive	Corporate Director	0	0	0	0	
<b>NET PROGRAMME</b>			<b>2,937</b>	<b>2,137</b>	<b>2,464</b>	<b>-473</b>	

Total Capital Expenditure

2,937 2,128 2,464 -473

Total Capital Income

0 0 0 0

**NET PROGRAMME**

**2,937 2,128 2,464 -473**