LEE VALLEY REGIONAL PARK AUTHORITY EXECUTIVE COMMITTEE 22 OCTOBER 2015 AT 10:30	**Agenda Item No:** 9 **Report No:** **E/417/15**

PROPOSED CAPITAL PROGRAMME 2015/16 (REVISED) TO 2019/20

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

The last review of the capital programme was undertaken in December 2014 and the current programme was approved at the Executive Committee meeting on 18 December 2014 (Paper E/379/14). This report brings together revisions and refinements to that programme (that have occurred in the current year); and the latest information on the estimated total cost and timing of current projects through to the 2019/20 financial year.

Over the past ten years the Authority has committed to a process of replacement and renewal of its sports facilities and acquired almost 800 acres of additional parkland – major historic purchases are set out at Appendix B to this report.

During the last five years the Authority has focused on pre Olympic and legacy for the delivery of three major venues on the Authority's land – the Lee Valley White Water Centre, Lee Valley VeloPark and Eton Manor site (Lee Valley Hockey and Tennis Centre).

The Authority is entering a new phase of capital development, with a shift from replacement and renewal to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Park. The future planned capital programme reflects this shift and will impact the future direction of the capital programme and its financing requirements.

In terms of overall financial provision, the proposed capital programme provides for total investment by the Authority of £12.9 million to 31 March 2020, as set out in Table 2 (paragraph 15 of this report).

RECOMMENDATIONS

Members Approve:

(1) the revised capital programme for 2015/16 (revised) to 2019/20 as set out in Appendix A to this report; and

(2) the proposed capital funding to meet the planned capital programme as set out in Table 2

(paragraph 15 of this report).

BACKGROUND

1 A significant programme of capital development and investment is an intrinsic feature of the Authority's statutory remit. The capital programme reflects the Authority's key role as a development organisation and includes a number of projects which are crucial in achieving the objectives set out in the Strategic Business Plan. Major capital projects will determine the character of the Park for the foreseeable future.

2 During the course of this year a number of existing and new projects have been the subject of reports to Committee and, where appropriate, these reports have sought Member approval to add to/or amend the capital programme.

3 This report brings together the results of those approved changes and the latest information on the estimated costs and timing of individual projects. It proposes a revised capital programme for the period 2015/16 (revised) to 2019/20 for Members' consideration. This is summarised in Table 2 (paragraph 15) in this report and further detailed in Appendix A to this report.

4 One of the key developments in the programme is to provide a five year asset management programme for the Authority's estate. This work is on-going and estimated figures have been incorporated into the revised capital programme attached at Appendix A to this report.

Another key area for planning and development is a Land Acquisition and Disposals Plan. By their very nature land acquisition opportunities tend to be market led and the Authority has found itself reacting to these, rather than planning ahead for them, in terms of resourcing, strategic requirements and looking at in the context of other demands on the capital programme. Two recent land purchases recently considered by Members highlighted this issue.

Officers are looking closely at the estate in its widest sense, in terms of maximising the return, both in terms of how the land is used, new land purchases and surplus land disposals, alongside its strategic and financial viability. Part of this exercise is revisiting the Authority's approach to acquisition i.e., identifying key sites and having a funding plan alongside. The Authority is also identifying sites for possible disposal i.e., marginal plots with little or no value for the Park or land that is surplus to the Park's requirement to fulfil its statutory duty.

Going forward this will provide a more strategic approach to the capital programme of which land acquisition is a key aspect. At this point in time the current programme retains the existing Land Acquisition and Remediation provision.

STATUS OF THE CAPITAL PROGRAMME

5 The capital programme is principally a planning document. It matches the Authority's investment plans to its capital resources over the medium term and enables officers to undertake planning and feasibility work for projects which often have long lead times.

6 **Inclusion of a project in the capital programme does not, in itself, commit**

the Authority or constitute approval to incur expenditure. For all major projects a full business case based on the Prudential Code including detailed briefs, scheme designs, project costs, funding arrangements and on-going revenue costs (including the cost of capital) will be the subject of specific reports and separate Member approval.

7 In some cases the inclusion of financial provision in the programme reflects an identified or expected need for investment. Although the exact nature and scope of any project may yet need to be determined. In these cases, both the level and timing of expenditure are clearly subject to change.

8 The Authority is entering a new phase of capital development with a shift from replacement and renewal to the management and development of existing assets, legacy venues on its land and business development schemes to generate further income. The revised capital programme reflects this shift.

PROJECTED AVAILABLE CAPITAL FUNDING

9 Initial indications are that existing capital reserves together with projected new capital inflows will generate funds of **£12.9 million** to 31 March 2020. There is one major capital receipt that has been received for the sale of the option land (£17.5m, Paper A/4132/11). This sum is shown in the figures (and then taken out) in table 2 as it is currently ear-marked for investment to generate revenue to support the operation and maintenance of the legacy venues. This will be reviewed as part of the medium term financial plan and budget setting process.

10 A key feature of the Business Plan is the recognition of the need to work in partnership with other organisations and sectors in order to deliver the Authority's vision for the Park. One objective of this approach is to maximise the opportunities for external funding, using the Authority's resources to attract contributions from partners and funding bodies. Over the last ten years the Authority has attracted significant external funding towards the capital programme and this is shown in **Table 1** below.

Table 1: External funding secured by the Authority over the past 9 years

	Grant Received (Actual)	**Grant Received as a % of capital expenditure**
	£M	**%**
2005/06	6.8	57
2006/07	4.3	48
2007/08	1.6	43
2008/09	0.8	42
2009/10	0.4	22
2010/11	2.0	16
2011/12	0.5	19
2012/13*	1.0	14
2013/14	0.9	11
2014/15	0.3	10
2015/16**	1.0	22
* In addition £17.5m received through sale of land in Olympic Park ** Estimated for 2015/16		

11 The importance of obtaining external funding for the Authority is also reflected in

the Authority's Performance Indicators (PIs). The target Members have currently agreed is 40% of external funding when compared to the gross capital expenditure budget. The net impact of the Olympic legacy facilities saw investment of £15 million (by the Authority) to generate assets in excess of £120 million, which are not included in the table above.

12 The proposed revised capital programme is detailed at Appendix A to this report; the financial provision shown represents the Authority's own capital investment and supplementary external funding. The total net funding requirements of the revised capital programme proposals are **£11.6 million** to 31 March 2020 excluding a £1.3m provision to an earmarked sinking fund to ensure resources are allocated for maintenance and replacement of major components of the Olympic legacy assets, e.g., the pumps and conveyor belts at Lee Valley White Water Centre (LVWWC), Queen Elizabeth Olympic Park infrastructure and core elements of the Lee Valley VeloPark (LVVP) and the Lee Valley Hockey & Tennis Centre (LVH&TC). Officers are currently reviewing the longer term demands that there will be on this fund to ensure sufficient resources are earmarked for these purposes.

13 Appendix A to this report does not include the potential impact from the work undertaken through the Park Development Framework (PDF) or the delivery of the Contaminated Land Strategy. Further investment across the themed categories of the PDF and decontamination works may be needed in the longer term; and officers will identify resources required through the normal capital programming process. It also excludes provision for major new developments, for example, replacement of the Ice Centre and investment at the development platform at Picketts Lock and Broxbourne Riverside. New major developments will require significant funding and Members will need to consider options utilising the existing Olympic Land Sale monies (£17.5m), borrowing, attracting additional third party funding or increasing the levy to secure the resources that these projects may require. The plan does include a provision for small scale investment in schemes to generate further income and footfall at existing venues as well as a provision for major events infrastructure at legacy venues.

14 Members have previously agreed that a **£1.8 million** annual investment would be made from revenue to capital reserves to enable the Capital Programme to be delivered. This currently represents 16% of the existing levy (£11.1m).

15 The estimated capital resources available to fund the capital programme proposals are set out in **Table 2** below:

Table 2: Capital resources available to fund the capital programme

	Balance B/F	2015/16 Revised	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m	£m
Capital Financing							
Unapplied Receipt	(17.5)	0.0	0.0	0.0	0.0	0.0	(17.5)
	17.5	0.0	0.0	0.0	0.0	0.0	17.5
Capital Fund	(0.0)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.5)
Major Repairs Fund	(4.0)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(6.5)
Revenue	0.0	(1.0)	(1.0)	(1.0)	(1.0)	(0.9)	(4.9)
Total for Year	**(4.0)**	**(1.8)**	**(1.8)**	**(1.8)**	**(1.8)**	**(1.7)**	**(12.9)**
Net Capital Allocation							
Balance B/fwd		(4.0)	(2.1)	(0.3)	0.3	0.2	
Annual Capital Funds	**(4.0)**	(1.8)	(1.8)	(1.8)	(1.8)	(1.7)	(12.9)
Less: Capital Programme requirements		3.4	3.3	2.2	1.4	1.3	11.6
Less: Capital Provisions		0.3	0.3	0.2	0.3	0.2	1.3
Balance C/fwd		**(2.1)**	**(0.3)**	**0.3**	**0.2**	**(0.0)**	**(0.0)**

16 Members will see from Table 2 above, that at the end of the five year period (to 31 March 2020) capital reserves will have been completely utilised excluding the earmarked capital receipt of £17.5 million.

ENVIRONMENTAL IMPLICATIONS

17 There are no environmental implications arising directly from the recommendations in the report. However, the schemes contained in the programme clearly have significant environmental implications. These will be considered as part of the detailed development of each scheme and will feature in the individual reports to Members on each project.

FINANCIAL IMPLICATIONS

18 As part of the budget process Members may wish to review the annual revenue contribution to capital which is recommended at £1.8 million. Officers will include this in the budget papers presented for Members consideration at the

December Budget Workshop and the January Executive Committee and Authority meetings.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

21 There are no risk management implications arising directly from the recommendations in this report. However insufficient allocation of capital funds could jeopardise corporate priorities going forward and lead to a deterioration of the existing asset base.

EQUALITY IMPLICATIONS

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

Author: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/379/14	Proposed Capital Programme 2014/15 Revised To 2018/19	18 December 2014

APPENDIX ATTACHED

Appendix A	Capital Development Programme 2015/16 to 2019/20
Appendix B	Major Historic Purchases

LIST OF ABBREVIATIONS

PDF	Park Development Framework
LVWWC	Lee Valley White Water Centre
LVVP	Lee Valley VeloPark
LVH&TC	Lee Valley Hockey & Tennis Centre
PI	Performance Indicator

Lee Valley Regional Park Authority Revised Capital Development Programme 2015/16 to 2

Project Name	Accountable Officer	Project Manager	Cummu-lative to 31/03/2015	Revised '2015/16	2016/17	2017/18	2018/19	2019/20	Revised Total Scheme Budget
				£000	£000	£000	£000	£000	£000
Land Acquisition & Remediation	Director Corp.Services	Head of Property	1,327	36	721	143	300	300	2,827
Signage	Chief Executive	Head of Comms	505	55	0	0	0	0	560
Park Development Proposals	Director Corp.Services	Head of Planning & SP	0	100	100	100	0	0	300
BAP	Director Corp.Services	Head of Parklands	779	53	50	50	50	50	1,032
Infrastructure & Communications Enhancement	Director of Fin & Resources	IT Manager (Trust)	2,153	191	231	100	100	50	2,825
Wifi Across all Venues	Director of Fin & Resources	IT Manager (Trust)	48	2	0	0	0	0	50
Asset Management	Director Corp.Services	AMPD Section Manager	7,026	950	946	950	950	900	11,722
LV White Water Centre Legacy Project	Director Corp.Services	AMPD Section Manager	6,174	131	0	0	0	0	6,305
LV Hockey & Tennis Centre Improvements	Chief Executive	Head of Sport & Leisure	0	900	0	0	0	0	900
LV Hockey & Tennis Centre - SE Grant	Chief Executive	Head of Sport & Leisure	0	(300)	0	0	0	0	(300)
LV Hockey & Tennis Centre - English Hockey Grant	Chief Executive	Head of Sport & Leisure	0	(300)	0	0	0	0	(300)
Landscaping (Eton ManorAllotments Site)	Director Corp.Services	Head of Parklands	5	475	0	0	0	0	480
Landscaping Contributions(Eton Manor Allotments Site)	Director Corp.Services	Head of Parklands	0	(320)	0	0	0	0	(320)
Dobbs Weir Campsite Re-opening Phase 2-6	Director Corp.Services	AMPD Section Manager	724	864	563	0	0	0	2,151
Three Mills Development	Director Corp.Services	Head of Parklands	927	7	0	0	0	0	934
Hayes Hill Farm - Development Plan	Director of Fin & Resources	Director Venues (Trt)	113	24	0	0	0	0	137
River Lee Country Park - Natural Play	Director Corp.Services	Head of Parklands	45	5	0	0	0	0	50
Lee Valley Athletics Centre Gym Development	Chief Executive	MD Trust	0	50	0	750	0	0	800
Springfield Marina Amenities Block	Director Corp.Services	AMPD Section Manager	0	290	0	0	0	0	290
Holyfield Hall Farm - Photovoltaic Cells	Head of Parklands	AMPD Section Manager	149	3	0	0	0	0	152

Lee Valley Regional Park Authority Revised Capital Development Programme 2015/16 to 2

Project Name	Accountable Officer	Project Manager	Cummu-lative to 31/03/2015	Revised '2015/16	2016/17	2017/18	2018/19	2019/20	Revised Total Scheme Budget
				£000	£000	£000	£000	£000	£000
Road Circuit O Loop Gates - Newham	Head of Sport & Leisure	AMPD Section Manager	0	38	0	0	0	0	38
Road Circuit O Loop Gates - Newham - Grant	Head of Sport & Leisure	AMPD Section Manager	0	(38)	0	0	0	0	(38)
Holyfield Hall Farm - Redevelopment	Director Corp.Services	Head of Parklands	0	0	200	0	0	0	200
Major Events Infrastructure - Legacy Venues	Chief Executive	Head of Sport & Leisure	0	0	200	0	0	0	200
Small Schemes Income Generation	Chief Executive	MD Trust	0	200	300	100	0	0	600
Net Programme			19,975	3,416	3,311	2,193	1,400	1,300	31,595
Total Capital Expenditure			19,975	4,374	3,311	2,193	1,400	1,300	32,553
Total Capital Income			0	(958)	0	0	0	0	(958)
Net Programme			**19,975**	**3,416**	**3,311**	**2,193**	**1,400**	**1,300**	**31,595**

Property Acquisitions From 1998

Date	Location	Price	Area
1998	Stanstead Innings	£240,000	48 ha (108.0 acres)
2000	Gunpowder Park	£225,000	94 ha (234.7 acres)
2001	Spitalbrook	£822,000	99 ha (244.0 acres)
2003	Ryegate Farm	£520,000	17 ha (42.0 acres)
2009 - 2012	Plots 3, 32 & 51, Wharf Road	£55,000	De minimus
2012	Lafarge land at Nazeing inc northern half of Holyfield Lake	£275,000	23.8 ha (58.8 acres)
2013	Lafarge land at Glen Faba	£290,000	31.0 ha (76.7 acres)
2013	Roselea, Carthagena	£190,000	De minimus
2013	The Forge, Wharf Road	£450,000	1.4 ha (3.4 acres)
2013	Lafarge land east of Green Lane	£25,000	11.5 ha (28.5 acres)
Totals		**£2,852,000**	325.7 ha (796.1 acres) **Say 800 acres**

Facility Rebuilds and Improvements 2005 - 2015

Date	Location	Description	Cost
2000-2003	Gunpowder Park	Soil improvements, landscaping and planting	£3,645,000
2000 - 2003	YHA, Cheshunt	Former Cheshunt swimming pool to present YHA	£1,125,000 incl. Land
2004 -2006	Lee Valley Athletics Centre	Joint Funded (9m) of Athletics Centre	£5,000,000
2006	Lee Valley Leisure Centre, Picketts Lock	Demolition of former leisure centre and construction of Lee Valley Athletics Centre. Subsequent improvements	£300,000
2007	Leisure Pool Site, Broxbourne	Demolition – (Lido) to create an open air arena pending re-development	£500,000
2011	Three Mills Green	Remodelling and improvement	£900,000
2011	Myddelton House Gardens	Overall improvements and construction of glass houses	£850,000
2011 - 2015	Dobbs Weir Camping & Caravan Park	Re-opening and improvements to buildings and services	£2,500,000 (estimated)
2013	Lee Valley White Water Centre	Car park and visitor facilities rebuilt for Olympic Venue. Subsequent improvements including accommodation for British Canoe Union, restaurant and pavilion café	£6,500,000 £6,200,000
2014	Former Lee Valley Leisure Centre, Eton Manor	Legacy improvements to Hockey and Tennis Centre	£400,000 (plus £1,000,000 planned for 2016/17)
2015	Eton Manor	Creation of open parkland on land formerly intended for allotments	£160,000
2014 - 2015	Eastway Cycle Circuit, Stratford	Rebuilding for Olympic Venue and creation of VeloPark in legacy. Subsequent improvements	£3,500,000 £1,700,000

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