

**Q2 CAPITAL PROGRAMME BUDGET MONITORING 2019/20**

Presented by Director of Finance & Resources

**EXECUTIVE SUMMARY**

This report summarises capital spending to 29 September 2019, 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 projected to be £3.7 million and therefore under the approved budget of £4.6 million; resulting in a projected net under spend of £0.9 million. This net budget figure of £4.6 million assumes the achievement of approved land sales estimated at £1.1 million.

The main areas of variation are:

Scheme	£
Land Acquisition/Remediation	(189,000)
IT Infrastructure & Communications	(60,000)
Olympic Park Hostile Vehicle Mitigation	(240,000)
Bittern Information Point	(168,000)
Lee Valley VeloPark Pods Refurbishment	98,000
Lee Valley Ice Centre Redevelopment	(294,000)
Other	(5,000)
<b>Total Slippage/Under Spend</b>	<b>(858,000)</b>

**RECOMMENDATION**

Members Note: (1) the report.

**BACKGROUND**

- Executive Committee approved a capital programme for 2019/20 at its meeting on 13 December 2018 (Paper E/600/18). This report compares the actual spend with that approved programme and budget and any slippage carried forward from the 2018/19 budget (reported as part of the capital outturn report, Paper E/632/19).

- 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 2019/20 (adjusted for slippage carried forward from 2018/19) is £4.6 million net expenditure. The projected net capital position for the year is £3.7 million. This has resulted in a projected variance of £0.9 million for 2019/20. This net budget figure of £4.6 million assumes the achievement of approved land sales estimated at £1.1 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 2019/20 are detailed below:

- 6 **Land Acquisition & Remediation (£189,000 slippage)**

A general provision is set aside within the capital programme for opportunity land acquisition and remediation. In March one potential opportunity purchase was approved by Members (Paper E/615/19) and this potentially may have been completed before the year end. The property was subject to offer by another purchaser who presumably exceeded the Authority's valuation and parameters set out in the March paper. Now that the original purchaser has failed to complete the Authority has re-engaged with the vendor. Even with this purchase it is unlikely that this budget will be fully utilised this year and any balance will be carried forward into the 2020/21 programme.

#### **Land Sales**

Three sites identified as surplus to Park requirements as part of the Land & Property Strategy that have been approved for sale by Members have actively progressed with two sold and one in progress. These disposals are part of the estimated capital programme resourcing in this financial year. Where a sale is not completed by 31 March 2020 this value will be rolled forward into 2020/21.

- 7 **IT Infrastructure & Communications (£60,000 slippage)**

The corporate project of a new website identified as part of the new business plan will not be completed and fully implemented before the financial year end. This is due to the amount of detailed design work required, build and population of content and ensuring it dovetails with the operator of the new Leisure Services Contract (LSC).

- 8 **Olympic Park Hostile Vehicle Mitigation (£240,000 slippage)**

A consultant has been appointed to undertake a stage 1 review of the risks associated with Lee Valley VeloPark (the front plaza in particular) and the surrounding land used during major events. The commencement of this work initially was delayed due to:

- allowing time for opening of the Chobham Manor housing development opposite Lee Valley VeloPark, as the road layout would create a new risk that must be factored into any mitigation measures; and
- gaining feedback from the Commonwealth Games security personnel.

The current programme will be to review the consultants' recommendations, seek Member/SMT approval and then obtain planning permission by the end of quarter 4 of this financial year. Implementation will then commence from April 2020, in quarter 1 of the next financial year.

#### **9 Bittern Information Point (BIP) (£168,000 slippage)**

Although the project is well underway it is likely that final works and payments will not be completed until early in the new financial year. The project is firmly underway and the current status is:

- a full cost plan for the overall project has been developed and is the subject of a separate paper on this agenda. There are still some areas of uncertainty and until a main contractor has been procured some costs can only be given a range;
- the planning application was submitted in July and was approved on 30 August 2019;
- a procurement exercise for an interpretation contract has been completed and a company appointed; and
- an invitation to tender (ITT) for reed-bed and Kingfisher bank works is in progress and a contractor will be in place by the end of October.

#### **10 Lee Valley VeloPark Pods Refurbishment (£98,000 above budget)**

Members approved (Paper E/608/19) a refurbishment of the commercial lease space at Lee Valley VeloPark to allow a 20 year lease to the College of World Sport Holdings (CWSH). This is intended to replace the previous lessee following their departure last year.

A pre-tender estimate of £380,000 was included in the capital programme, however, there have been unforeseen additional works and higher costs due to incomplete original drawings and information, alongside increased costs of connections to the building management system. The additional costs have included creating a new floor due to unknown floor level changes from the internal corridor; new drainage run of pipework; changes to the external walls (due to the smaller tolerance limits of installing the large window framework); and not being able to re-use the existing doors and frames for the new offices. The consultant costs were also higher than normal due to the short lead-in time for the works.

The build project is now completed and ready for occupation following lease negotiations that are ongoing with the CWSH which should be concluded shortly.

**11 Lee Valley Ice Centre Redevelopment (£294,000 slippage)**

The Ice Centre redevelopment has progressed well and stage 2 of the RIBA process was completed on time and within budget. Members approved the release of a further allocation of £1.7 million of capital funding in April 2019 to progress the project to stage 3 and completion of the planning process.

Work currently being undertaken includes:

- detailed design;
- community consultation;
- a social impact study (jointly funded by London Borough of Waltham Forest and London Borough of Hackney);
- pre-planning application meetings with London Borough of Waltham Forest, the Greater London Authority and Transport For London;
- a design review panel via the design council; and
- procurement planning for a construction contractor.

The project is currently on time and on budget with a planning application due to be submitted in November 2019 with final payments relating to this phase planned to run until October 2020.

**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/628/19	Q1 Capital Programme Budget Monitoring	18 July 2019
Executive Committee	E/623/19	Capital Programme – Provisional Outturn 2018/19	23 May 2019
Executive Committee	E/600/18	Proposed Capital Programme 2018/19 (Revised) to 2022/23	13 December 2018

#### **APPENDIX ATTACHED**

Appendix A            Capital Monitoring 2019/20 Second Quarter

#### **ABBREVIATIONS**

LSC	Leisure Services Contract
BIP	Bittern Information Point
ITT	Invitation To Tender
CWSH	College of World Sport Holdings

## LVRPA CAPITAL PROGRAMME MONITORING 2019/20 QUARTER 2

Project Name	Accountable Officer	Project Manager	2019/20		Actual to 29 Sept 2019	Projected Outturn at 31/03/2020	Projected Variance	Comment
			£000	£000				
Land Acquisition & Remediation	Director Corp Ser	Head of Property	614	0	0	425	(189)	See Main Report
Land Sales	Director Corp Ser	Head of Property	(1,082)	(596)	(596)	(1,082)	0	On Target
Signage	Chief Executive	Head of Comms	5	0	0	5	0	On Target
Park Development Proposals	Director Corp Ser	Head of Planning	36	23	23	36	0	On Target
IBAP	Director Corp Ser	Head of Parklands	58	11	11	58	0	On Target
IT Infrastructure & Communications	Director of Finance	IT Manager (Trust)	255	5	5	195	(60)	See Main Report
Asset Management	Director Corp Ser	AMPD Manager	1,564	198	198	1,564	0	On Target
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Head of Sport/Leisure	250	0	0	10	(240)	See Main Report
Landscaping ( Eton Manor/Allotments Site)	Director Corp Ser	Head of Parklands	7	0	0	7	0	On Target
Dobbs Weir Campsite Final Phase	Director Finance	AMPD Manager	120	10	10	120	0	On Target
Bittern Information Point	Director Corp Ser	Volunteers Manager	568	11	11	400	(168)	See Main Report
Major Events Infrastructure - LVH&TC	Chief Executive	Head of Sport/Leisure	21	6	6	21	0	On Target
VeloPark Pods Refurbishment	Chief Executive	Property Manager	380	430	430	478	98	See Main Report
Lee Valley Ice Centre Redevelopment	Chief Executive	Head of Sport/Leisure	1,694	642	642	1,400	(294)	On Target - See Main Report
LWVWC - Extend Boundary Fence	Director Corp Ser	AMPD Manager	87	74	74	82	(5)	Final Account Agreed
LWVWC Area 4 Infrastructure	Chief Executive	MD Trust	15	0	0	15	0	On Target
<b>Net Programme</b>			<b>4,592</b>	<b>814</b>	<b>814</b>	<b>3,734</b>	<b>(858)</b>	
<b>Total Capital Expenditure</b>			<b>5,674</b>	<b>1,410</b>	<b>1,410</b>	<b>4,816</b>	<b>(858)</b>	
<b>Total Capital Income</b>			<b>(1,082)</b>	<b>(596)</b>	<b>(596)</b>	<b>(1,082)</b>	<b>0</b>	
<b>Net Programme</b>			<b>4,592</b>	<b>814</b>	<b>814</b>	<b>3,734</b>	<b>(858)</b>	