

Q1 CAPITAL PROGRAMME BUDGET MONITORING 2019/20

Presented by Director of Finance & Resources

EXECUTIVE SUMMARY

This report summarises capital spending to 30 June 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 £3.3 million and therefore under the approved budget of £4.6 million; resulting in a projected net under spend of £1.3 million. This net budget figure of £1.3 million assumes the achievement of approved land sales estimated at £1.1 million.

The main areas of variation are:

Scheme	£
Land Acquisition/Remediation	(614,000)
IT Infrastructure & Communications	(70,000)
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)
Total Slippage/Under Spend	(1,288,000)

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 £3.3 million. This has resulted in a projected variance of £1.3 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 (£614,000 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 is now subject to offer by another purchaser who presumably has offered in excess of the Authority's valuation and parameters set out in the March paper. If that purchase fails to complete the potential for the Authority to re-engage with the vendor will probably recommence. However it is unlikely that this budget will be utilised this year and will be carried forward and added to 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 (£70,000 slippage)**

Two corporate projects identified for development – a new website and a new photo library will commence in the second half of this year but are unlikely to 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 the software and ensuring it dovetails with the operator of the 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 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 cost plan for the build element from our consultant engineers is complete and is subject to tender;
- the planning application has been submitted and a decision is expected around the end of July;
- an Invitation To Tender (ITT) for the interpretation element has been prepared and posted on the In Tend portal - with a contractor expected in place by the end of August; and
- quotes for reed-bed and Kingfishers bank works is in progress and final planning for this element of the work into the main project is near completion.

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 progressing on time and will be completed and ready for occupation by August. Legal negotiations are ongoing with the CWSH and should be concluded in July.

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; and
- a design review panel via the design council.

The project is currently on time and on budget with a planning application due to be submitted in September 2019, but final payments relating to this phase are likely to slip into 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.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

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

APPENDX ATTACHED

Appendix A Capital Monitoring 2019/20 First Quarter

ABBREVIATIONS

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

This page is blank

LVRPA CAPITAL PROGRAMME MONITORING 2019/20 QUARTER 1

Project Name	Accountable Officer	Project Manager	2019/20		Actual to 30 June 2019		Projected Outturn at 31/03/2020		Projected Variance	Comment
			£000	£000	£000	£000	£000	£000		
Land Acquisition & Remediation	Director Corp Ser	Head of Property	614	0	0	(614)	0	(614)	See Main Report	
Land Sales	Director Corp Ser	Head of Property	(1,082)	(581)	(1,082)	0	(1,082)	0	On Target	
Signage	Chief Executive	Head of Comms	5	0	5	0	5	0	On Target	
Park Development Proposals	Director Corp Ser	Head of Planning	36	12	36	0	36	0	On Target	
BAP	Director Corp Ser	Head of Parklands	58	5	58	0	58	0	On Target	
IT Infrastructure & Communications	Director of Finance	IT Manager (Trust)	255	3	185	(70)	185	(70)	See Main Report	
Asset Management	Director Corp Ser	AMPD Manager	1,564	40	1,564	0	1,564	0	On Target	
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Head of Sport/Leisure	250	0	10	(240)	10	(240)	See Main Report	
Landscaping (Eton Manor Allotments Site)	Director Corp Ser	Head of Parklands	7	0	7	0	7	0	On Target	
Dobbs Weir Campsite Final Phase	Director Finance	AMPD Manager	120	9	120	0	120	0	On Target	
Bittern Information Point	Director Corp Ser	Volunteers Manager	568	0	400	(168)	400	(168)	See Main Report	
Major Events Infrastructure - LVH&TC	Chief Executive	Head of Sport/Leisure	21	0	21	0	21	0	On Target	
VeloPark Pods Refurbishment	Chief Executive	Property Manager	380	171	478	98	478	98	See Main Report	
Lee Valley Ice Centre Redevelopment	Chief Executive	Head of Sport/Leisure	1,694	7	1,400	(294)	1,400	(294)	On Target - See Main Report	
LWVWC - Extend Boundary Fence	Director Corp Ser	AMPD Manager	87	66	87	0	87	0	On Target	
LWVWC Area 4 Infrastructure	Chief Executive	IMD Trust	15	0	15	0	15	0	On Target	
Net Programme			4,592	(268)	3,304	(1,288)	3,304	(1,288)		
Total Capital Expenditure			5,674	313	4,386	(1,288)	4,386	(1,288)		
Total Capital Income			(1,082)	(581)	(1,082)	0	(1,082)	0		
Net Programme			4,592	(268)	3,304	(1,288)	3,304	(1,288)		

This page is blank