

Q4 CAPITAL PROGRAMME BUDGET MONITORING 2021/22

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending in 2021/22 compared to the approved annual budget. Figures are 'near final' but are likely to be subject to minor changes during the remainder of the closure of accounts process.

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 £15.003 million, and representing a slippage against the approved budget.

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 Authority Committee approved the updated capital programme for 2021/22 at its meeting on 20 January 2022 (Paper A/4313/22). 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 2021/22 was £19.287 million net expenditure. The projected net capital position for the year is £15.003 million, representing a slippage of £4.284 million against the approved budget. This will be reprofiled into the 2022/23 programme.
- 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 in 2021/22 is detailed below.

6 Lee Valley Ice Centre Redevelopment

The Ice Centre Redevelopment has continued to progress well and is on target both in terms of time, with a completion date at the end of October, and budget. The past two months have focused on the completion of the structure, roof and external cladding, and the commencement of the car park, internal blockwork, the ice pads and installation of the mechanical and electrical systems. The coming quarter will focus on the completion external cladding, ice pads and associated plant and continued fit-out of the internal mechanical and electrical systems. The venue is on course to be live in terms of power from June.

The Authority's design team continues to analyse the market in terms of materials and the variables that have been seen regarding costs and delivery times. Thus far, due to commitments being made early on, there have been no such issues on the Ice Centre project and the team's feedback has not flagged any upcoming issues with supply. This will be continually closely monitored through to completion.

The Ice Centre is financed from external borrowing and during 2021/22 the Authority borrowed £10million, with the remainder of the expenditure to date financed from its own cash reserves in the short term. This will all be converted into long-term borrowing so as to remove direct impact on the Authority's cash reserves.

Members approved a variation to the initial approved borrowing strategy for the Ice Centre in April (Paper A/4319/22), to one of a flexible approach as to when and what borrowing should be applied. The expected volatility of interest has meant that it may be appropriate for long term loans to be taken earlier than initially planned, and/or for short term loans to extend beyond the end of the construction period.

An update on the borrowing will be presented to Members in future Capital Monitoring reports.

7 Asset Maintenance

Asset Maintenance spend is currently on target against the planned programme, although there is some slippage which will be required to be carried forward to the 2022/23 financial year. This is mainly identified as costs associated with pumps at Lee Valley White Water Centre and batteries at Lee Valley VeloPark.

The repair and refurbishment works on Abercrombie Lodge were completed in March 2022 with the Authority now looking at the longer term options for usage of the building. The project has overspent slightly due to an upgrade of the Building Management System and IT network together with re-carpeting.

8 Hostile Vehicle Mitigation

This project is currently being procured, however, substantial material price increases are necessitating the need for a redesign of the scheme, this project

will now not be delivered pre Commonwealth Games and will be fully funded from capital in 2022-23.

9 Landscape and Open Space Projects

Officers have been reviewing the Landscape and Open Space project list (Paper E/711/20) for any schemes that may progress. Listed below are some that are progressing in addition to those already in progress, others are in the pipeline and these will start progress throughout 2023 and onwards, such as Cheshunt Lakes S106, and Lea Bridge Station mitigation.

Middlesex Filter Beds

This project has now been agreed to progress and further investigations are underway as an unknown element of Thames Water pipes has come to light, once this element is understood the scheme will be tendered and delivered, or it may have to be reassessed as to its viability. Members will be updated as to how this project is progressing.

East India Dock Basin (EIDB)

Surveys have now been completed and we have a firm idea of costs for the silt removal and gate repair. The final element of the study on water circulation will be complete in the next two months. This has now enabled two funding streams to be pursued.

A Levelling Up Funding (LUF) bid is currently being constructed with London Borough of Tower Hamlets to seek funding for a potential £10m project which would pull in public realm and connectivity linkages to EIDB and Bow Creek. This funding stream would allow the Basin project to progress encompassing silt removal, gate restoration and a visitor centre on site (projected at £5m). The contribution in match funding required is 10% and if the Basin element of the project remains under £5m our offer of £500,000 meets the 10% requirement. This bid will be submitted by 6 July with a decision in October 2022.

The second funding stream to be looked at is National Lottery Heritage Fund (NLHF) and we have successfully passed the Expression of Interest Stage and been invited to submit a full bid by NLHF. Working with our London Borough of Tower Hamlets colleagues and using much of the information gathered for the LUF bid we will construct a bid over the summer with a view that if the LUF bid fails we will submit a bid to NLHF in November 2022. Match funding for this stream is a minimum of 5% but we should also aim for more if possible. This route also allows other partners to contribute more and potential match funding from other streams will be available. If this route is taken a full paper will be taken to Members.

St Pauls Field

The consultant's designs are on track and this is on budget. We plan to procure contractors in the autumn of 2022 for delivery over the winter 2022/23 with final spend occurring in early 2023.

Waltham Abbey Gardens

This project submission to NLHF in partnership with Epping Forest District Council will now meet the May 2022 deadline. If successful a development phase will be undertaken with the delivery phase planned to commence at the end of 2023 or early 2024. Any capital contribution is unlikely to be required until 2024 and is currently projected at £20,000. If the NLHF bid is successful a

full paper will be bought to Members.

10 Venue Investment Projects

Executive Committee approved a list of venue investment projects at its meeting on 16 November 2021 (Paper E/743/21) which will enhance venues, and deliver cost savings, additional income and new income streams.

The projects will be delivered over a number of years, with a number being initiated in the current financial year.

Lee Valley VeloPark LED Lighting

This project has been procured and is expected to complete ahead of the Commonwealth Games within budget allowance.

Campsites Glamping Units and Playgrounds

Orders for the new pods at each campsite have been placed, they are expected to be delivered in May with the launch of this new accommodation option starting for the summer. The playground has been procured and we are waiting installation, these should be in place for the summer holidays.

11 IT Projects

IT capital spend is currently on target for an underspend of around £130,000 against the planned programme budget of £250,000, which is due to a number of projects being pushed back or delayed due to the handover of the venues to Greenwich Leisure Ltd (GLL). The upgrades of the Financial Management and Customer Relationship Management (CRM) systems, along with the Website re-development have all been held back, as has the PC replacement programme, as it was deemed prudent to wait to see what computers will not be utilised by GLL before purchasing new computers. The surplus will be used as a contribution for these projects in the next financial year.

CAPITAL BUDGET 2022/23 TO 2026/27

- 12 Members approved the Capital budget for 2022/23 to 2026/27 at the Authority meeting in January 2022 (Paper A/4313/22).

Attached at Appendix B to this report is the updated programme taking into account slippages and budgets carry forward.

- 13 Some of the investment projects at the non-sports venues are still subject to feasibility and full project costing studies, which may impact on the delivery timescales. Whilst the majority have been identified as being delivered in 2022/23, these may slip to subsequent years. Officers will keep Members appraised of the timing and costs of these projects.
- 14 Sports venues investment projects are still to be agreed with GLL, to ensure that any agreed project delivers a return to the Authority over the lifetime of the Leisure Services Contract.

However, one project identified relates to the required replacement of a number of pumps at Lee Valley White Water Centre. Whilst this is an initial cost to the Authority, the ongoing maintenance will then pass to GLL, and ensure that they are able to deliver and enhance the programme at the venue.

- 15 A provisional commitment against projects at both EIDB and St Pauls Field has been incorporated into the longer-term capital programme.

The EIDB contribution will be dependent on the final funding stream that is secured. Our provisional commitment of £500K will just meet the 10% match funding for LUF and is comfortable for the NLHF if the final project projection remains under £5m. As more detailed designs and costs are developed or revised we will keep Members informed of any impact on the capital programme.

The St Pauls Field commitment is currently funding the Landscape Architects design and feasibility work and by the autumn we will have a clearer idea of the potential costs of an agreed scheme and the capital costs to deliver the final option.

ENVIRONMENTAL IMPLICATIONS

- 16 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

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

FINANCIAL IMPLICATIONS

- 18 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

- 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 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: Keith Kellard, 01992 709 864, kkellard@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/754/21	Q3 Capital Programme Budget Monitoring 2021/22	24 February 2022
Authority Committee	A/4313/22	Proposed Capital Programme 2021/22 (Revised) to 2026/27	20 January 2022
Executive Committee	E/740/21	Q2 Capital Programme Budget Monitoring 2021/22	21 October 2021
Executive Committee	E/731/21	Q1 Capital Programme Budget Monitoring 2021/22	22 July 2021
Executive Committee	E/726/21	Q4 Capital Programme Budget Monitoring 2020/21	27 May 2021

APPENDICES ATTACHED

Appendix A	Capital Monitoring 2021/22 Q4 Outturn
Appendix B	Capital Programme 2022/23 to 2026/27

ABBREVIATIONS USED

NLHF	National Lottery Heritage Fund
GLL	Greenwich Leisure Ltd
LUF	Levelling Up Fund
CRM	Customer Relationship Management
EIDB	East India Dock Basin

Project Name	Accountable Officer	Project Manager	Approved Budget 2021/22 £000s	Projected Outturn at 31/03/2022 £000s	Budget Carry Forward £000s	Projected Variance £000s	Comment
ANNUAL EARMARKED PROVISION							
Land Acquisition & Remediation	Deputy Chief Executive	Head of Property	0	0	0	0	
Biodiversity Action Plan	Corporate Director	Head of Parklands	80	40	37	-3	Slippage/Carry forward
IT Infrastructure & Communications	Corporate Director	Head of IT	250	117	130	-3	Slippage/Carry forward
Asset Management	Corporate Director	Head of Asset Maint.	1,200	920	237	-43	Slippage/Carry forward
PROJECT SPECIFIC BUDGETS							
Abercrombie Lodge Repair Works	Corporate Director	Head of Asset Maint.	173	219		46	Scheme Complete
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Head of Sport/Leisure	245	6		-239	Scheme budget £495k
Dobbs Weir Campsite Final Phase	Director Finance	Head of Asset Maint.	27	0		-27	Slippage
Wildlife Discovery Centre	Corporate Director	Head of Project/Funding	17	17		0	Scheme complete
Lee Valley Ice Centre Redevelopment Phase 1	Chief Executive	Corporate Director	30	27		-3	Stage complete
Lee Valley Ice Centre Redevelopment Phase 2	Chief Executive	Corporate Director	15,000	13,249		-2,751	Scheme budget £30m
Landscaping, Open Space & Investment Projects							
East India Dock Basin - Feasibility/De-silting	Corporate Director	Head of Project/Funding	75	10		-65	Feasibility
Middlesex Filter Beds Sluice	Corporate Director	Head of Project/Funding	240	0		-240	Scheme budget £240k
St Pauls Field - Feasibility	Corporate Director	Head of Project/Funding	15	5		-10	Feasibility
Venues Investment Projects							
Campsites - Glamping Units	Corporate Director	Venue Manager	84	109		16	Scheme Complete
Campsites - Playgrounds	Corporate Director	Head of Asset Maint.	75	28		-47	Slippage
Marinas - Pump Out Replacement	Corporate Director	Venue Manager	11	11		0	Scheme Complete
Velopark - LED Lighting	Corporate Director	Head of Asset Maint.	760	209		-491	Slippage
Air Cleansing Units	Corporate Director	Head of Asset Maint.	65	45		-20	Scheme Complete
NET PROGRAMME			19,287	15,003	404	-3,880	
Capital Receipts (Net of disposal costs)							
Harbet Road			-250	-230		-230	Net Receipt
Leadale Kennels			-50	-49		-49	Net Receipt
TOTAL CAPITAL RECEIPTS			-300	-279		21	

	2022/23	2023/24	2024/25	2025/26	2026/27	Comments
	£000s	£000s	£000s	£000s	£000s	
ANNUAL EARMARKED PROVISION						
Land Acquisition & Remediation	450	450	450	450	450	Annual Provision
IT Infrastructure & Communications	170	100	100	100	100	Annual Provision
Biodiversity Action Plan	87	50	50	50	50	Annual Provision
Asset Management	1,641	957	801	677	395	Annual Provision
Project Management	150	150	150	150	150	Project Delivery provision
PROJECT SPECIFIC BUDGETS						
Lee Valley Ice Centre Redevelopment	16,750	-	-	-	-	Build + FFE
Olympic Park Hostile Vehicle Mitigation	490	-	-	-	-	
Dobbs Weir Campsite Final Phase	25	-	-	-	-	
Olympic Rings	50	-	-	-	-	Contribution
Landscape, Open Space & Investment Projects						
East India Dock Basin - Feasibility	65	-	-	-	-	
East India Dock Basin - De-silting works	-	500	-	-	-	Provisional Commitment
Middlesex Filter Beds Sluice	240	-	-	-	-	
St Pauls Field - Feasibility	10	-	-	-	-	
St Pauls Field	-	tbc	-	-	-	Cost tbc subject to feasibility
Waltham Abbey Gardens	-	20	-	-	-	
Conservation & Infrastructure Enhancement	tbc	tbc	tbc	tbc	tbc	Projects tbc
Non-Sports Venues Investment Projects						
Campsites - Playgrounds	50	-	-	-	-	
Campsites - WIFI Upgrade	30	-	-	-	-	
Marinas - Welding Tents	10	-	-	-	-	
Holyfieldhall Farm - Calf Nursery/Milk Storage	62	-	-	-	-	
Velopark - LED Lighting	590	-	-	-	-	
WhiteWater - Offices, Meeting Rooms	465	-	-	-	-	
Feeder Pillars (Springfield)	75	-	-	-	-	
Canoe Racks (Springfield)	2	-	-	-	-	
Workshop Extension (Springfield)	-	100	-	-	-	
Scout Hut Refurb (Springfield)	-	50	-	-	-	
Laundry Room Extend (Springfield)	45	-	-	-	-	
Laundry Room (Stanstead)	70	-	-	-	-	
Craning Pad Extension (Stanstead)	3	-	-	-	-	
Holyfieldhall Farmhouse Conversion	-	-	250	-	-	
Slurry Store (Holyfieldhall)	-	-	-	200	-	
Non-Sports Venues Investment Projects	1,402	150	250	200	0	
Sports Venues Investment Projects						
White Water Pumps Replacement	180	140	-	-	-	
Other	tbc	tbc	tbc	tbc	tbc	Schemes tbc with GLL
TOTAL PROGRAMME	21,710	2,517	1,801	1,627	1,145	