

To: Paul Osborn (Chairman) Chris Kennedy
Derrick Ashley (Vice Chairman) Heather Johnson
David Andrews Valerie Metcalfe
Ross Houston Vacancy

A meeting of the **EXECUTIVE COMMITTEE** (Quorum – 4) will be held by remote access on:

THURSDAY, 21 MAY 2020 AT 11:15

at which the following business will be transacted:

AGENDA

Part I

1 To receive apologies for absence

2 **DECLARATION OF INTERESTS**

Members are asked to consider whether or not they have disclosable pecuniary, other pecuniary or non-pecuniary interests in any item on this Agenda. Other pecuniary and non-pecuniary interests are a matter of judgement for each Member. (Declarations may also be made during the meeting if necessary.)

3 **MINUTES OF LAST MEETING**

To approve the Minutes of the meeting held on 23 April 2020 (copy herewith)

4 **PUBLIC SPEAKING**

To receive any representations from members of the public or representative of an organisation on an issue which is on the agenda of the meeting. Subject to the Chairman's discretion a total of 20 minutes will be allowed for public speaking and the presentation of petitions at each meeting.

5 **EMERGENCY BUDGET 2020/21** Paper E/674/20

Presented by Simon Sheldon, Director of Finance & Resources

6 **CAPITAL PROGRAMME PROVISIONAL
OUTTURN 2019/20** Paper E/673/20

Presented by Keith Kellard, Head of Finance

- 7 Q4 REVENUE BUDGET MONITORING 2019/20 PROVISIONAL OUTTURN Paper E/676/20

Presented by Simon Sheldon, Director of Finance & Resources

- 8 ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY 2019/20 AND ANNUAL INVESTMENT STRATEGY 2020/21 Paper E/671/20

Presented by Keith Kellard, Head of Finance.

- 9 SICKNESS ABSENCE MONITORING - 2019/20 Paper E/672/20

Presented by Victoria Yates, Head of HR

- 10 MEMBERSHIP SCHEMES PROMOTION PROPOSAL Paper E/675/20

Presented by Dan Buck, Corporate Director

- 11 Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.

- 12 Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item.

AGENDA
Part II
(Exempt Items)

- 13 PROPOSED EXCHANGE OF AUTHORITY LAND AT HARBET ROAD, EDMONTON, FOR LONDON BOROUGH OF ENFIELD LAND AT RAMMEY MARSH, ENFIELD Paper E/677/20

Presented by Beryl Foster, Deputy Chief Executive

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 3

- 14 Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.

13 May 2020

Shaun Dawson
Chief Executive

LEE VALLEY REGIONAL PARK AUTHORITY

**EXECUTIVE COMMITTEE (by remote access)
23 APRIL 2020**

Members in remote attendance	Paul Osborn (Chairman)	Ross Houston
	Derrick Ashley (Vice Chairman)	Chris Kennedy
	David Andrews	Valerie Metcalfe
	Heather Johnson	

In remote Attendance: John Bevan, Frances Button, David Gardner, Denise Jones, Graham McAndrew, Mary Sartin, Steven Heather (Deputy Member)

Officers in remote attendance	Shaun Dawson	- Chief Executive
	Beryl Foster	- Deputy Chief Executive
	Simon Sheldon	- Director of Finance & Resources
	Dan Buck	- Corporate Director
	Jon Carney	- Corporate Director
	Sandra Bertschin	- Committee & Members' Services Manager

Part I

839 DECLARATIONS OF INTEREST

There were no declarations of interest.

840 MINUTES OF LAST MEETING

A representative of Save Lee Marshes had requested amendment of Minute Number 837 by the addition of "until the planning application has been decided" to the last bullet point.

THAT the minutes of the meeting held on 27 February 2020 be approved and signed subject to the above amendment.

841 PUBLIC SPEAKING

No requests from the public to speak or present petitions had been received for this meeting.

842 REVENUE MONITORING 2020/21

The Director of Finance & Resources gave an oral update, including that:

- closure of the venues, the main income generating part of the business, had greatly impacted revenue income;
- expenditure was being revised downward;
- existing levy and cash reserves put the Authority in a reasonably strong financial position to manage the next 9 to 12 months; and
- it was not currently proposed to raise a supplementary levy for the 2020/21 financial year, to meet budget shortfalls, as permitted under S48 of the Lee Valley Regional Park Act 1966.

Whilst endorsing the proposed approach in adopting an emergency budget for 2020/21, Members questioned whether this should be referred to the full Authority. In response it was advised that there were a lot of unknown factors but given that it was not proposed to go beyond the approved budget there was no requirement to refer back to the full Authority. However, this would be kept under review and a detailed revised emergency budget would be submitted at the next Executive Committee meeting where referral to the full Authority could be made if considered appropriate.

843 CLOSURE OF COPPERMILL FIELDS CAR PARK FOR THE WALTHAM FOREST LIVEABLE NEIGHBOURHOOD SCHEME **Paper E/666/20**

The report was introduced by the Corporate Director.

Members endorsed this project and looked forward to working with other local authorities on similar projects to encourage sustainable forms of transport and returning car parks to natural habitats.

- (1) closure of Coppermill Fields car park for parking to enable the London Borough of Waltham Forest to undertake its Liveable Neighbourhood Scheme on the understanding that one of the two options detailed in paragraph 18 of Paper E/666/20 are delivered was approved.**

844 GROUNDS MAINTENANCE CONTRACT – PROCUREMENT DELAY **Paper E/669/20**

The report was introduced by the Corporate Director.

- (1) to delay procurement of a new Grounds Maintenance contract by one year; and**
- (2) to offer the current Grounds Maintenance contractor a further one year extension to the current contract was approved.**

845 EXEMPT ITEMS

THAT based on the principles of Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the items of business below on the grounds that they involve the likely disclosure of exempt information again on the principles as defined in those sections of Part I of Schedule 12A of the Act indicated:

Agenda Item No	Subject	Exempt Information Section Number
11	Hostile Vehicle Mitigation	3
12	Proposed easement for power cables at Occupation Road, Mead Nursery, Nazeing	3
13	Hoddesdon Model Railway Club, Broxbourne – Lease Renewal	3

846 HOSTILE VEHICLE MITIGATION **Paper E/663/20**

The report was introduced by the Corporate Director.

- (1) the release of an additional £250,000 (including 15% contingency) from the capital programme as detailed in paragraph 24 of paper E/663/20 was approved;
- (2) the limitations of the proposed measures when compared to the full mitigation measures proposed by the consultants as per paragraph 23 of Paper E/663/20 was noted.

847 PROPOSED EASEMENT FOR POWER CABLES AT
OCCUPATION ROAD, MEAD NURSERY, NAZEING

Paper E/664/20

The report was introduced by the Deputy Chief Executive.

- (1) entering into a Deed of Grant of Easement in relation to the site shown in red on the plan at Appendix A to Paper E/664/20;
- (2) the consideration set out in paragraph 3 and payment of the reasonable fees of the Authority's professional property advisor and legal representative to be met by UK Power Networks; and
- (3) the signing and sealing as appropriate of all necessary legal documentation was approved.

848 HODDESDON MODEL RAILWAY CLUB, BROXBOURNE
- LEASE RENEWAL

Paper E/662/20

The report was introduced by the Deputy Chief Executive.

- (1) granting Hoddesdon Model Railway Club a new lease on the terms set out in paragraph 4 of Paper E/662/20; and
- (2) the signing and sealing of any legal documentation was approved.

849 LEISURE SERVICES CONTRACT CLAUSE 14 CLAIMS

Paper E/670/20

The report was introduced by the Director of Finance & Resources.

- (1) funding of the Clause 14 claims under the Leisure Services Contract for 2019/20 to a value of £102,000 to be included as part of the end of contract liabilities negotiation was approved.

Chairman

Date

The meeting started at 11.30am and ended at 12.33pm

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EMERGENCY BUDGET 2020/21

Presented by Director of Finance & Resources

EXECUTIVE SUMMARY

The Authority, like most public sector organisations, is facing a very challenging time with the outbreak of Covid-19 causing widespread enforced closure of many of the Park Sites and Venues. Open spaces remain accessible but the main income generating part of the business is closed. Alongside the transfer back of venues following the end of the current Leisure Services Contract on 1 April the Authority is facing enormous pressures on funding and therefore the levy.

The current levy for 2020/21 was approved in January and remains at £9.6m.

In these extraordinary times a revision of the budget agreed in January is necessary to ensure that the Authority can manage within its existing levy and available cash reserves.

RECOMMENDATION

Members Approve (1) the revised budget as summarised in paragraph 9 and detailed in Appendices A to G of this report.

BACKGROUND

- 1 On 23 March much of Lee Valley Regional Park, alongside the rest of the country, went into "lockdown". This happened at the point all the Leisure Services Contract (LSC) venues returned to the Authority's direct control and management. The current overriding assumption in this report is that the main sporting venues will achieve zero income this year with a total projected income shortfall of £8.8m across the whole Authority. It is possible that Government may propose the opening for indoor venues for the end of the summer. If this is the case improved income estimates can be projected in at the first quarters monitoring report to Members in July. This paper predominantly sets out what officers estimate to be a worst case scenario.

- 2 The Authority's gross revenue expenditure budget was originally estimated at £21.7m funded by the levy of £8.5m and estimated Gross Income of £13.0m with a cash contribution of £0.2m. In addition, estimated capital expenditure of £11.0m would have been funded partly from the levy contribution £1.1m, potential borrowing of £5.3m (for the Ice Centre) and partly through capital receipts generated in the year with cash reserves.
- 3 Overall cash balances currently stand at circa £10.1m and with an estimated levy of £9.6m (£8.5m revenue and £1.1m capital (see paragraph above)) for the year ahead this means the Authority can operate a cash budget up to £19.7m to deliver operational requirements and priorities over the coming year. The current estimate indicates funding of £16.8m is required in 2020/21 leaving the Authority's available cash of £2.9m to support its expenditure plans into 2021/22. If the Authority's cash is depleted further this may require temporary borrowing to fund revenue expenditure in the short term. Proposed capital expenditure into 2021/22 will need to be backed by borrowing and this in turn will have an impact on the levy into future years.
- 4 Depleting cash balances will mean future capital spend from April 2021 will only be possible through borrowing or increased levy contributions as the available cash will have been exhausted. It is in this context that the Authority is revising all its expenditure and income budgets to reflect the current financial crisis and enable it to manage for the year ahead within available cash resources.
- 5 Under Section (48) the Park Act the Authority does have the ability to raise a supplementary levy regarding budget shortfalls. However it is felt that doing this ahead of utilising our own cash balances would not be in the interest of the taxpayer, the contributing councils (who are equally under massive financial pressure) and the timing of any supplementary calculation would inevitably fall at the same time period as calculating a new levy for 2021/22, when Members can assess the full financial impact on the Authority and set a new levy in that context.

EMERGENCY BUDGET

- 6 It is proposed that the detail of the emergency budget is managed through the Executive Committee as part of the regular revenue monitoring reports. This budget will be funded through the approved existing Levy and available cash balances already held by the Authority. A summary revenue budget is attached at Appendix A and a re-phased capital programme at Appendix B to this report.
- 7 The summary revised budget is set out below:

Description of cash items	Original Budget 2020/21	Revised Emergency Budget 2020/21
	£m	£m
Estimated Gross Revenue Expenditure	21.7	18.0
Estimated Gross Capital Expenditure	11.0	3.0
Estimated Gross Revenue Income	(13.0)	(4.2)
Estimated Gross Capital Income	(3.7)	(0.0)

Estimated Net Expenditure	16.0	16.8
Funded by:		
Levy	(9.6)	(9.6)
Cash	(1.1)	(7.2)
Borrowing (Capital)	(5.3)	0.0
Estimated Total Funding	(16.0)	(16.8)

8 Estimated expenditure includes the following assumptions:

- 100% rate relief on venues (Myddelton House subject to confirmation);
- 80% funding on 62 contracted employees in April and 160 casual staff under the Government's furlough scheme. An additional 95 employee posts have been identified to access funding from the furlough scheme in May, with an estimated £400k in central government funding for the period April to June. Subject to government announcements this scheme may be extended further for sectors of the economy where lockdown remains in place longer e.g. the leisure industry;
- nil or minimal casual employees (although the Authority has applied for furlough funding for 160 casual employees who would have been directly affected by the lockdown);
- reduced Public Liability cover on sporting venues from £20m to £10m until insurance premium renewal on 1 October 2020;
- all non-statutory/non-essential/non-contractual expenditure to be removed;
- no contributions to capital or repairs and renewal funds;
- reduced asset maintenance and re-phased capital expenditure to essential and contractually committed work; and
- potential liabilities from the LSC.

Estimated income includes:

- potential rent deferrals and holidays for some sites;
- reduced investment income;
- reduced income from fees and charges – estimated total income to reduce by £8.8m from £13.0m to £4.2m;
- no income from events;
- no income from the main Olympic venues; and
- rentals, mooring fees, some rechargeable works, campsite (statics only), farm and car parking income.

9 A breakdown of the revised proposed budgets is set out in Appendix C to this report, across service areas (objective analysis) and Appendix D to this report, across expenditure categories, for example, employees and income (subjective analysis). This is still work in progress as officer's continue to scrutinise the budget detail for further potential expenditure savings or re-phasing of expenditure into future years – any further reductions will be reported to Members through the revenue monitoring

MEDIUM TERM FINANCIAL PLAN & RESERVES

10 Appendix E to this report sets out a snapshot of the revised Medium Term Financial Plan (MTFP) alongside the revised Growth & Savings (Appendix F to this report) previously approved. Key areas of expenditure (e.g. borrowing charges in relation to the Ice Centre project) have been pushed back into

2021/22. The levy is currently shown as static at the approved level of £9.6m level as this is not a paper that is seeking to either set a revised levy or approve a strategy going forward. This can be reviewed in the Autumn as part of the normal budget and levy setting round for 2021/22.

- 11 Appendix G to this report sets out a snapshot of the impact on usable reserves (revenue and capital) and cash resources utilised to fund the revised budget in 2020/21. It highlights that available cash will decrease from £10.1m to £3m by 31 March 2021. This will be an important consideration as part of the 2021/22 budget and levy setting process, particularly in relation to capital investment and borrowing. The impact on cash flow of the revised budget is shown in the graph at Appendix H to this report.

PRESSURES ON THE AUTHORITY

- 12 With lockdown unlikely to end much before the end of May and restrictions only likely to be lifted in a phased approach much of the summer income opportunities will be greatly reduced/lost and it is unlikely that the expenditure incurred in re-opening will be offset by proportionate rises in income from fees and charges.
- 13 Outstanding end of contract liabilities still to be settled with Lee Valley Leisure Trust Ltd (the Trust) mean that income from prepaid bookings and the balance of the Repairs & Renewals fund are at risk of not materialising and have been excluded from the figures above, adding extra financial strain on existing resources.

AUTHORITY'S CURRENT FINANCIAL POSITION

- 14 The existing levy and cash reserves put the Authority in a reasonably strong position to manage out the next 12 months but this will rely on the existing lockdown ending sooner than later. For some venues this will mean a total loss of income as venues will be shut during the busiest summer period. Revising down expenditure budgets to mitigate against lost income should partly alleviate some of the short term pressures. However, to sustain operations beyond a longer period may require the need for short term borrowing to bridge any cash flow shortfalls. Members may also wish to revise the short to medium term levy strategy and cost structure in the Autumn, subject to how events develop, to mitigate future shortfalls from April 2021.

NEXT STEPS

- 15 The detailed revised emergency budget put forward for consideration and approval today will replace the previously agreed budget and this will be monitored on a monthly basis and reported to Executive Committee as part of the revenue monitoring process - further potential expenditure savings or re-phasing of expenditure into future years may also be considered to minimise the impact on cash reserves.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 17 The financial implications are set out within the body of the report.

HUMAN RESOURCE IMPLICATIONS

- 18 The Authority has furloughed 62 contracted staff in April and 160 casual workers. The Authority received 80% funding for both groups of staff. For May a further 95 contracted staff have been furloughed, estimated to provide £400k against the budget. Requirements for furloughing in June will also be identified. Payments for furloughed staff beyond June will be dependent upon what measures central government put in place beyond that period.

LEGAL IMPLICATIONS

- 19 The Authority is a small public body set up by its own Act of Parliament, the Lee Valley Regional Park Act 1966 (the Park Act). It does not then always fall within the emergency provisions that the Government is making for public bodies, although helpfully it is likely to benefit from the 100% rate relief in relation to leisure facilities which have been closed due to Covid-19. It is still not clear whether or not it will benefit from the 80% funding that the Government has offered to employees who need to furlough staff who are unable to work due to Covid-19.

Section 48 of the Park Act provides that the Authority shall estimate its income and expenditure for the year ahead and raise a levy accordingly on the contributing councils to meet expenditure which will not otherwise be met by income. Income as always is estimated and therefore there is provision within the Park Act at section 48(7) to allow the Authority to make up any shortfall. The provisions of section 48 are now also governed by the amendments by The Levying Bodies (General) Regulations 1992 (SI 1992/2903). These provisions set out a formula for the maximum amount of levy that can be raised and this maximum amount cannot be exceeded even if there is a shortfall in the budget. The Authority is entitled to establish a capital fund under section 49 of the Park Act and this forms part of the cash referred to in the report that has been set aside from land sales. The Authority will need to consider its position carefully in relation to any substituted levy that it may need to raise due to the impact of Covid-19 and if a substituted levy is required for the financial year 2020/21 then the contributing councils will need to be notified by September this year.

RISK MANAGEMENT IMPLICATIONS

- 20 The financial risks facing the Authority are unprecedented. Utilising the levy as approved and cash balances will help mitigate the risk in the short term. Revising down the expenditure budget to ensure operations are at a minimum whilst still being ready to remobilise at the earliest opportunity will hopefully minimise the impact on future income.
- 21 Keeping public spaces open during lockdown is critical to the health and wellbeing of the public, however, where overcrowding and non-observance of social distancing has occurred, public car parks have been locked at peak times, for example, the Easter weekend. This in itself has produced mixed responses from the public, alongside the fact that charging remains in place at

these car parks. To mitigate possible bad publicity officers are ensuring that the Authority follows Government guidelines on social distancing and informs the public attending open spaces. At present car park charges remain in place: a) as an important income stream to the Authority; and b) to avoid contractual compensation costs from the car park operators which would be incurred if the Authority took the decision to close its car parks ahead of any official Government guidance.

- 22 Rent deferrals do run the risk that they potentially turn into bad debts if subsequently the business folds. Officers are discussing with tenants the position re rent payments to ensure businesses are not over-stretched and that a repayment plan is achievable when the lockdown is relaxed. Some businesses are very small and/or are reliant on customer income to generate their rent payments. In these circumstances officers are providing for a rent holiday negotiated on an individual basis to ensure the long term viability of the business and the lease.

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PREVIOUS COMMITTEE REPORTS

Authority A/4276/20 2020/21 Revenue Budget & Levy 23 January 2020

APPENDIX ATTACHED

Appendix A	Summary Revenue Budget
Appendix B	Re-phased Capital Programme
Appendix C	Budget Analysis by Service (Objective)
Appendix D	Budget Analysis by Category (Subjective)
Appendix E	Medium Term Financial Plan
Appendix F	Growth & Savings
Appendix G	Estimated Statement of Reserves
Appendix H	Impact of Revised Budget for yearly cash flow

ABBREVIATIONS

MTFP	Medium Term Financial Plan
LSC	Leisure Services Contract
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
the Park Act	Lee Valley Regional Park Act 1966

	2020/21		
	Income	Expenditure	Total
	£000s	£000s	£000s
OPERATIONAL SERVICES			
Chief Executive*	0	619,700	619,700
Corporate Services*	-1,288,200	1,300,050	11,850
Finance and Support Services*	0	1,881,300	1,881,300
Sport and Leisure*	0	964,450	964,450
Parklands and Open Spaces*	-614,000	3,442,250	2,828,250
Small Venues*	-2,106,400	2,489,850	383,450
LSC Venues and Support*	-172,500	6,635,000	6,462,500
2020/21 Pay Award Above 2%	0	46,000	46,000
Furlough of Employees	0	-400,000	-400,000
Total Operational Services	-4,181,100	16,978,600	12,797,500
FINANCING			
Bank Charges	0	6,000	6,000
Interest Receivable	-30,000	0	-30,000
Total Financing Costs	-30,000	6,000	-24,000
TOTAL PROJECTED BASE BUDGET	-4,211,100	16,984,600	12,773,500
Levies on Local Authorities	-9,575,700	0	-9,575,700
BUDGET DEFICIT/(SURPLUS)	-13,786,800	16,984,600	3,197,800
Funding from Insurance Fund	0	-239,100	-239,100
Financing of Capital Expenditure (MRP)	0	486,500	486,500
LSC Contract End Liabilities	0	800,000	800,000
TOTAL BUDGET DEFICIT/(SURPLUS)	-13,786,800	18,032,000	4,245,200

LVRPA CAPITAL PROGRAMME 2020/21 REVISED TO 2023/24

Project Name	Accountable Officer	Project Manager	2020/21 Revised		2021/22			2022/23			2023/24			Total
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Land Acquisition & Remediation	Director Corp Ser	Head of Property	614		450	450	450	450	450				1,350	
Signage	Chief Executive	Head of Comms	0		0	0	0	0	0				0	
Park Development Proposals	Director Corp Ser	Head of Parklands	0		0	0	0	0	0				0	
BAP	Director Corp Ser	Head of Parklands	50		50	50	50	50	50				230	
IT Infrastructure & Communications	Director of Finance	IT Manager	210		200	100	100	100	100				550	
Asset Management	Director Corp Ser	AMPD Manager	1,500		1,000	1,000	1,000	1,000	1,000				4,000	
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Head of Sport/Leisure	230		495	0	0	0	0				495	
Landscaping (Eton Manor Allotments Site)	Director Corp Ser	Head of Parklands	7		0	0	0	0	0				7	
Dobbs Weir Campsite Final Phase	Director Finance	AMPD Manager	0		0	0	0	0	0				0	
Wildlife Discovery Centre	Director Corp Ser	Volunteers Manager	230		0	0	0	0	0				0	
Lee Valley Ice Centre Redevelopment	Chief Executive	Head of Sport/Leisure	6,000		27,779	0	0	0	0				28,779	
New LSC Contract Investment Variant Bid	Chief Executive	Head of Sport/Leisure	2,200		2,200	2,300	2,300	2,300	2,300				4,900	
LVWVC Extend Boundary Fence	Director Corp Ser	AMPD Manager	0		0	0	0	0	0				0	
Net Programme			11,041		32,174	3,900	3,900	3,900	3,900				40,680	
Total Capital Expenditure			11,041		32,174	3,900	3,900	3,900	3,900				40,680	
Total Capital Income			0		0	0	0	0	0				0	
Net Programme			11,041		32,174	3,900	3,900	3,900	3,900				40,680	
Estimated Land Sales Total			(£3,660)		(£8,390)	(£5,000)	(£5,000)	(£5,000)	(£5,000)				(£29,000)	
			£0		£0	£0	£0	£0	£0				(£42,390)	

	2020/21		
	Income	Expenditure	Total
	£000s	£000s	£000s
CHIEF EXECUTIVE			
Chief Executive	0	265,000	265,000
PR / Communications	0	354,700	354,700
TOTAL CHIEF EXECUTIVE	0	619,700	619,700
CORPORATE SERVICES			
Legal Service	0	367,650	367,650
Property Management	-1,288,200	333,200	-955,000
Planning and Strategic Partnerships	0	178,400	178,400
Asset Protection, Maintenance & Development	0	315,700	315,700
Committee Service	0	105,100	105,100
TOTAL CORPORATE SERVICES	-1,288,200	1,300,050	11,850
FINANCE AND SUPPORT SERVICES			
Finance and Human Resources	0	651,400	651,400
Information Technology	0	627,300	627,300
Corporate Insurances	0	246,600	246,600
Audit / Health & Safety	0	128,400	128,400
Non Distributed Costs	0	68,600	68,600
Corporate Training / Apprenticeships	0	11,000	11,000
Sport & Leisure Project Consultancy	0	148,000	148,000
TOTAL FINANCIAL SERVICES	0	1,881,300	1,881,300
SPORT AND LEISURE			
Events	0	131,500	131,500
Sports Development	0	26,100	26,100
Policy and Performance	0	554,700	554,700
Youth & Schools Service	0	232,150	232,150
Community Access	0	20,000	20,000
TOTAL SPORT AND LEISURE	0	964,450	964,450

LEE VALLEY REGIONAL PARK AUTHORITY
EMERGENCY BUDGET 2020/21
SERVICE ANALYSIS (OBJECTIVE)

	2020/21		
	Income £000s	Expenditure £000s	Total £000s
PARKLANDS AND OPEN SPACES			
Management			
Operational Management	0	189,200	189,200
Myddelton House Management	-8,500	251,400	242,900
Parklands			
River Lee Country Park	0	363,300	363,300
Gunpowder Park	0	69,800	69,800
Countryside Areas	-35,900	1,244,200	1,208,300
Abbey Gardens	0	83,400	83,400
Three Mills	0	26,650	26,650
East India Dock and Bow Creek	0	42,600	42,600
Broxbourne Riverside	0	19,300	19,300
Fisheries	-6,200	114,250	108,050
Visitor Attractions			
Myddelton House	0	278,200	278,200
Rye House Gatehouse	0	3,000	3,000
Park Projects			
Volunteers	-100	105,750	105,650
Biodiversity	0	99,600	99,600
Farms			
Lee Valley Farm, Holyfieldhall	-515,000	537,400	22,400
Initiatives and Partnerships			
Lee Valley Boat Centre	-30,000	0	-30,000
Broxbourne Chalets	-8,200	700	-7,500
King George Reservoir	-10,100	13,500	3,400
TOTAL PARKLAND AND OPEN SPACES	-614,000	3,442,250	2,828,250

LEE VALLEY REGIONAL PARK AUTHORITY
 EMERGENCY BUDGET 2020/21
 SERVICE ANALYSIS (OBJECTIVE)

	2020/21		
	Income	Expenditure	Total
	£000s	£000s	£000s
SMALL VENUES			
Lee Valley Marina Springfield	-776,400	546,850	-229,550
Lee Valley Marina Stanstead	-583,500	615,400	31,900
Lee Valley Waterworks Centre	0	96,300	96,300
Lee Valley Farm Hayes Hill	0	367,600	367,600
Lee Valley Campsite	-154,100	239,300	85,200
Lee Valley Caravan Park	-572,700	319,800	-252,900
Lee Valley Leisure Centre Campsite	-19,700	216,850	197,150
Lee Valley Leisure Centre Golf Course	0	87,750	87,750
TOTAL SMALL VENUES	-2,106,400	2,489,850	383,450
LSC VENUES AND BUSINESS SUPPORT			
Management and Support			
PR/Communications	0	145,450	145,450
Finance & Health/Safety	0	38,400	38,400
Information Technology	0	137,500	137,500
Human Resources	0	53,000	53,000
Performance Management	0	102,800	102,800
LSC Venues Insurance	0	239,100	239,100
Venues			
Venues Management	0	395,900	395,900
Lee Valley Velopark	0	1,627,800	1,627,800
Lee Valley White Water Centre	0	1,442,850	1,442,850
Lee Valley Athletics Centre	0	488,000	488,000
Lee Valley Hockey And Tennis Centre	0	521,600	521,600
Lee Valley Ice Centre	-7,500	639,000	631,500
Lee Valley Riding Centre	-165,000	803,600	638,600
TOTAL LSC VENUES AND BUSINESS SUPPORT	-172,500	6,635,000	6,462,500

EMERGENCY BUDGET 2020/21

SUBJECTIVE ANALYSIS

	2020/21	2020/21
	£s	£s
INCOME		
Fees and Charges	-2,805,200	
Commercial Rents	-1,375,900	
Total Operational Income		-4,181,100
EXPENDITURE		
Employees	10,219,500	
Contracts (eg ICT, GM)	1,221,650	
Utilities & Business Rates	1,283,600	
Consultants	616,700	
Corporate Insurance	498,100	
Community Access Fund	20,000	
Other Expenditure		
Premises Related Expenditure	872,750	
Transport Related Expenditure	165,050	
Supplies and Services	2,013,850	
Third Party Expenditure	67,400	
Total Operational Costs		16,978,600
Total Financing Costs		-24,000
TOTAL PROJECTED BASE BUDGET		12,773,500
Levies on Local Authorities		-9,575,700
BUDGET DEFICIT/(SURPLUS)		3,197,800
Funding from Insurance Fund		-239,100
Financing of Capital Expenditure (MRP)		486,500
LSC Contract End Liabilities		800,000
TOTAL BUDGET DEFICIT/(SURPLUS)		4,245,200

AUTHORITY SUMMARY MTFP MAY 2020 UPDATED

	Notes			
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Approved Base Budget	6,751	6,751	6,751	6,751
Impact of Pay Award and Increments @ 2% per year	46	138	230	322
Impact of Insurance Premiums	0	20	42	64
Non Salary Inflation (Net)	0	68	136	155
Income inflation	0	(90)	(180)	(270)
Utilities plus Business Rates	0	19	29	39
Pension Fund Adjustment (Triennial Revaluation)	0	0	0	200
BAP Project Funded By Revenue	80	50	50	50
Increased Revenue Provision to Capital	0	0	500	500
Net in year inflation and base adjustments	126	205	807	1,060
Leisure Services Contract Venues	6,463	1,557	1,119	902
Total Projected Base Budget	13,340	8,513	8,677	8,713
Proposed Levy Change (%)	0.00	0.00	0.00	0.00
Existing/Proposed Levy	(9,576)	(9,576)	(9,576)	(9,576)
Budget Deficit (Surplus)	3,764	(1,063)	(899)	(863)
Savings/Growth Schedule 2020/21	0	419	340	(1,099)
Revised Budget Requirement	13,340	8,932	9,017	7,614
Revised Budget (Surplus)/Deficit	3,764	(644)	(559)	(1,962)
General Reserves:				
Available General Reserves	(4,004)	321	377	(182)
Budget (Surplus) / +Deficit	3,764	(644)	(559)	(1,962)
Use of Insurance Fund	(239)	0	0	0
Potential LSC liabilities	800	0	0	0
Future Legal Claims	0	700	0	0
Balance Carried Forward:	321	377	(182)	(2,144)

Growth & Savings Schedule Including Ice Centre Proposals

Item Description	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Comments
Efficiencies/Increased Income					
Efficiency Savings					
1 Service Reviews Increased Income	0	(217,000)	(217,000)	(217,000)	To be identified from e.g. Property service, Active Communities and Support service reviews
2 Ice Centre	0	0	0	(1,200,000)	Pending decisions to be made.
3 Picketts Lock 2 Leisure Attraction	0	0	(160,000)	(325,000)	PY Income (full Year £325K) - Phased pending decisions to be made (excludes profit share)
4 New rental at Velopark	0	(90,000)	(180,000)	(180,000)	College World of Sport Full year Rent not achieved until 2021/22
5 Eton Manor Development	0	0	(16,000)	(40,000)	New Since 2019/20 Budget (E615/19)
6 Marinas and Campsites	0	(150,000)	(350,000)	(400,000)	New Since 2019/20 Budget (Assume Net Income)
7 Hayes Hill	0	(20,000)	(20,000)	(20,000)	New Since 2019/20 Budget (Break even in 2020/21)
8 Interest /Principal on Loan Repayment	0	0	0	0	
Total	0	(477,000)	(943,000)	(2,382,000)	
Budget Pressures					
9 GM Olympic Park Venues not in LSC Contract	0	0	0	0	0 Retender November 2020 but uplift base to show item coming out of LSC contract
10 Mangement Structure	0	0	0	0	0 Corporate management restructure temporary resources
11 Waterworks	0	25,000	0	0	0 Currently about £100k but assuming we can deliver some new event income
12 Borrowing Costs Ice Centre	0	641,000	1,283,000	1,283,000	Assume £25m borrowed at current PWLB Rates
13 Lost Ice Centre Operation	0	230,000	0	0	0 One year where compensation event re loss of net surplus to contractor
14 Loss of Investment Income	0	0	0	0	
Total	0	896,000	1,283,000	1,283,000	
Net Expenditure (Savings)	0	419,000	340,000	(1,099,000)	

LEE VALLEY REGIONAL PARK AUTHORITY
 EMERGENCY BUDGET 2020/21
 MOVEMENT IN RESERVES

OBJECTIVE (2)	Opening Balance	Revenue Budget	LSC Liabilities	Fund Movements	Statutory MRP	Capital Budget	Fund Expenditure	Closing Balance
Usable Reserve								
General Fund	-4,004,095.15	3,197,800.00	800,000.00	-239,100.00	486,500.00	80,000.00		321,104.85
Insurance Fund	-689,282.58			239,100.00			30,000.00	-420,182.58
Repairs/Renewals	-1,377,979.20						50,000.00	-1,327,979.20
Major Repairs	-1,500,000.00					1,000,000.00		-500,000.00
Capital Receipts	-12,817,452.67					1,926,000.00		-10,891,452.67
Capital Grants Unapplied	-61,395.00							-61,395.00
Total Usable Reserves	-20,450,204.60	3,197,800.00	800,000.00	0.00	486,500.00	3,006,000.00	80,000.00	-12,879,904.60
Creditors/Debtors	-1,819,854.31							-1,819,854.31
Capital Financing Reserve	12,141,441.54				-486,500.00			11,654,941.54
TOTAL AVAILABLE CASH	-10,128,617.37	3,197,800.00	800,000.00	0.00	0.00	3,006,000.00	80,000.00	-3,044,817.37

CAPITAL PROGRAMME PROVISIONAL OUTTURN 2019/20

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending in 2019/20, compared to the approved revised annual budget. Figures are 'near final' and are only likely to be the subject of minor changes during the remainder of the closure of accounts process.

Appendix A to this report provides a financial summary of all schemes within the capital programme and this shows that overall net capital expenditure for the year end is projected to be £2.7 million and therefore below the approved revised net budget of £4.2 million; resulting in a projected net under spend of £1.5 million.

The main areas of variation are:

Scheme	£
Asset Management	(500,000)
Dobbs Weir Campsite Final Phase	(99,000)
Wildlife Discovery Centre (Bittern Information Point)	(341,000)
Lee Valley Ice Centre Redevelopment	(339,000)
Other	(251,000)
Total Slippage/Under Spend	(1,530,000)

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- Executive Committee approved a revised capital programme for 2019/20 at its meeting on 19 December 2019 (Paper E/646/19) and the increased provision for the Bittern Information Point (BIP) project (Paper E/655/20) approved on 23 January 2020. This report compares the actual spend with that approved programme.
- 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 revised budget for 2019/20 was £4.2 million net expenditure. The projected net capital position to the year end is £2.7 million. This has resulted in a projected variance of £1.5 million for 2019/20.
- 4 Where slippage is projected and reported, those resources remain earmarked for the particular schemes in question in 2020/21. Reduced cash balances may require the Authority to undertake borrowing to complete schemes beyond this financial year - in these circumstances officers would bring back a separate paper for Member approval.

SPECIFIC SCHEMES

- 5 The schemes where a variance occurred during 2019/20 are detailed below:

- 6 **Asset Management (£500,000 slippage)**

Just under £1.1 million was spent in 2019/20 with a further £500k committed that will impact into the next financial year, a number of projects booked for February were postponed due to exceptionally inclement wet weather, the main slippages are identified below:

- Roof works at Lee Valley Riding Centre (£140k), Lee Valley VeloPark Cable net roof inspection (£20k), Shoveler Boardwalk (£40k) - delayed due to poor weather;
- Chiller at Lee Valley Ice Centre (£50k) – 3 year agreement with only a proportion of rental in current year;
- Middlesex Filter Beds Sluice (£20k), Waltham Abbey Gardens masonry repairs to Sluice Gates (£40k) and Myddelton House Car Park (£40k) – delayed awaiting permissions to proceed;
- Barbel Swim Restoration (£40k) and Rye House Gatehouse repairs (£20k) – works on site but running over 2 financial years;
- Lee Valley White Water Centre Decking replacement (£80k) – delayed due to issue discovered with substructure when removed and potential latent defect claim, now resolved;
- Lee Valley White Water Centre CCTV (£30k) – delayed due to sourcing materials from abroad and Covid-19.

- 7 **Dobbs Weir Campsite Final Phase (£99,000 slippage/underspend)**

This project is now substantially complete and will result in a small underspend. £30k is still earmarked to complete the sensory garden near the front of the Dobbs Weir site planned for July this year with the Authority funding materials and the construction to be completed free by Herts Regional College students as part of their construction curriculum.

8 Wildlife Discovery Centre (WDC) (£341,000 slippage)

The project is currently in the build stage and contractors took possession of the site on 23 March following a short mobilisation delay. We had hoped the Covid-19 pandemic was not going to cause any delays and for the first four weeks of the project progress was good. However, some delays in material supply are currently being worked through. The current status is:

- all permits, permissions and planning have been received and building control and planning conditions have all now been signed off;
- the habitat works and construction of the Kingfisher Bank has been postponed due to the Covid-19 pandemic. Contractors will complete the Kingfisher Bank build by end of June, however the habitat works will now be completed in the autumn window just after bird breeding season and before the wintering period for Bittern and wildfowl;
- we have been advised by the contractor that due to the covid-19 pandemic that there is now a delay on the steel fabrication for the tower. The contractor has worked hard to revise the build programme and pulled some work forward and the build will now be completed in a different order;
- the completion date is now proposed as 27 July 2020 which is currently a four week delay;
- the planned launch date will now need to be revised and monitoring of Covid-19 restrictions may need a rethink on the event. Working with PR/Comms we will devise some form of launch event when it becomes clear what is possible;
- the project received a mention on BBC Countryfile on 3 May 2020 along with previous footage from the Lee Valley Park;
- we are still talking to Frank Gardner (BBC Security Correspondent and BTO President) about opening the building for us and he is aware of revised timescales.

9 Lee Valley Ice Centre Redevelopment (£339,000 slippage)

The Ice Centre redevelopment has progressed well and stage 3 of the RIBA process was completed on time and within budget in September 2019. Since then officers have been working closely with the London Borough of Waltham Forest and the GLA regarding the planning application which was submitted on 23 December 2019. The application was validated on 12 February and the 21 day statutory consultation period has now been completed.

Authority Officers along with the consultant team will continue to work closely with the planning authority and the GLA whilst undertaking:

- the start of stage 3+ design – April – June;
- the procurement of a principle contractor – March – September; and
- community consultation – on going.

The overall project, even given the Covid-19 crisis is currently on time and on

budget, with final payments relating to this phase to be spent by December 2020, and officers will return to Members on completion of the planning process for a final decision on the funding package to deliver the project.

ENVIRONMENTAL IMPLICATIONS

- 10 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

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

FINANCIAL IMPLICATIONS

- 12 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

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 15 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/660/20	Q3 Capital Programme Budget Monitoring	27 February 2020
Executive Committee	E/655/20	Bittern Information Point Phase 1 Hide and Information Point Replacement Contractor Cost Increase	23 January 2020
Executive Committee	E/646/19	Proposed Capital Programme 2019/20 (Revised) to 2023/24	19 December 2019

Executive Committee	E/642/9	Q2 Capital Programme Budget Monitoring	17 October 2019
Executive Committee	E/628/19	Q1 Capital Programme Budget Monitoring	18 July 2019

APPENDIX ATTACHED

Appendix A Capital Monitoring 2019/20 Fourth Quarter – Outturn

ABBREVIATIONS

BIP Bittern Information Point
WDC Wildlife Discovery Centre

LEE VALLEY REGIONAL PARK AUTHORITY
CAPITAL PROGRAMME MONITORING 2019/20 QUARTER 4 - OUTTURN

Project Name	Accountable Officer	Project Manager	Revised Budget 2019/20	Actual to 31 March 2020	Variance	Comment
			£000s	£000s	£000s	

Land Acquisition & Remediation	Deputy Chief Executive	Head of Property	450	425	-25	Scheme Complete
Land Sales	Deputy Chief Executive	Head of Property	-1,082	-1,140	-58	Scheme Complete
Signage	Chief Executive	Head of Comms	5	-9	-14	Final Invoices outstanding
Park Development Proposals	Deputy Chief Executive	Head of Planning	36	24	-12	Slippage
BAP	Corporate Director	Head of Parklands	58	26	-32	Slippage
IT Infrastructure & Communications	Corporate Director	Head of IT	195	188	-7	See main report
Asset Management	Corporate Director	Head of Asset Maintenance	1,564	1,064	-500	See main report
Olympic Park Hostile Vehicle Mitigation	Chief Executive	Corporate Director	20	5	-15	Review complete new project pending
Landscaping (Eton Manor Allotments Site)	Corporate Director	Head of Parklands	7	0	-7	Slippage
Dobbs Weir Campsite Final Phase	Corporate Director	Head of Asset Maintenance	120	21	-99	See main report
Wildlife Discovery Centre (WDC)	Corporate Director	Head of Project & Funding	568	227	-341	See main report
Major Events Infrastructure - LVH&TC	Chief Executive	Corporate Director	21	0	-21	Scheme Complete
VeloPark Pods Refurbishment	Chief Executive	Corporate Director	480	448	-32	Scheme Complete
Lee Valley Ice Centre Redevelopment	Chief Executive	Corporate Director	1,700	1,361	-339	See main report
LVWWC - Extend Boundary Fence	Corporate Director	Head of Asset Maintenance	87	74	-13	Scheme Complete
LVWWC Area 4 Infrastructure	Chief Executive	Corporate Director	15	0	-15	Scheme Pending New LSC Contract
NET PROGRAMME			4,244	2,714	-1,530	
Total Capital Expenditure			5,326	3,854	-1,472	
Total Capital Income			-1,082	-1,140	-58	
NET PROGRAMME			4,244	2,714	-1,530	

**Q4 REVENUE BUDGET MONITORING 2019/20
PROVISIONAL OUTTURN**

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

This report summarises service spending for 2019/20 compared to the budget. Figures are 'near final' and are only likely to be the subject of small changes during the remainder of the closure of accounts process.

Overall net service spending for the year is projected at £181,000 (1.8%) below the net budget for 2019/20.

The majority of reasons for variance were mostly anticipated and reported to Members during the year as part of the quarterly monitoring reports to Executive Committee. Final figures will be incorporated into the audited accounts which are to be reported to the Audit Committee on 25 June 2020.

Service Description	Final Projected Variance 2019/20	Reported Q3 E/657/20 2019/20
	£	£
Sponsorship Income	27,000	27,000
PR Communications	(37,000)	0
Legal Services	168,000	100,000
Property	38,000	28,000
Planning & Strategic Partnerships & APMD	(136,000)	(91,000)
Finance & Support plus Insurance	(115,000)	(104,700)
Sport & Leisure	(70,000)	0
Car Parking Income	131,500	114,700
Parklands & Open Spaces	(196,000)	(19,200)
East India Dock and Gunpowder Park Rental	40,000	40,000
Section 106 Monies	(139,000)	(139,000)
Unachieved Savings	61,000	61,000
Leisure Services Contract – Clause 14 (2018/19)	138,000	138,000
Other	(91,500)	(33,300)
Total Estimated Under Spend:	(181,000)	121,500

RECOMMENDATION

Members note (1) the report.

BACKGROUND

- 1 The Executive Committee recommended a budget for 2019/20 at its meeting in January 2019 (Paper E/604/19). This was approved by Members at the Authority meeting on 17 January 2019 (Paper A/4264/19). This report compares income and expenditure to 31 December 2019 with the approved budget.
- 2 The summary financial position of each Authority service or facility is shown in Appendix A to this report.
- 3 Currently the year-end position shows a projected net over spend of £181,000 (1.8%) against a net expenditure budget of £9.6m. Since the first three quarters' projections (£313,000, £266,000 and £121,500 over-spend) officers have continued to identify one-off in-year savings to reduce the overall impact, also ensuring not to adversely affect the Authority in delivering its business priorities throughout the year. These savings are described within the report.
- 4 Where significant over/under spends are projected at the year-end for particular facilities/services a brief explanation is provided below.

GENERAL ECONOMIC FACTORS

- 5 Certain financial and economic factors continue to impact on the budget during 2019/20 and will continue to do so into 2020/21 and future financial years and these are summarised in the following paragraphs. Overall uncertainty exists in financial markets due to the impact of Covid-19 on the overall economy and as negotiations to leave the European Union continue and officers will monitor closely developments that may have a direct impact on the Authority's budget, for example inflation and interest rates.
- 6 Members received a paper in June 2016 (Paper E/452/16) which set out the agreement between employers/unions in respect of the pay award for National Joint Council (NJC) for local government services. The new pay scales and allowances, applicable from 1 April 2018 and 1 April 2019, including a 2% a year pay award each year, was implemented and included within the budget.

Members approved in May 2018 (Paper E/561/18) that Senior Officers on a pay grade above scale point 49 would also receive the 2% pay increase in line with the NJC award for officers up to scale point 49.

2020/21 negotiations are ongoing with the employers offer of 2% immediately rejected by the Unions. The employers have since made a final offer with a headline figure of 2.75% from 1 April 2020. The offer includes an additional one day's leave which would increase the minimum entitlement from 21 to 22 days per year (plus public holidays) with an additional three days leave after five years of service (currently 4 days). However, the Authority already provide a minimum of 26 days annual leave for those on NJC terms and conditions, so there would be no impact. This position will be updated in future monitoring reports.

- 7 Continued uncertainty in the banking sector has had an impact on investment returns and certainty around where investments are deposited. The Authority has significantly adjusted its base level of investment income downwards and

this formed part of the budget setting process for 2019/20. The 2019/20 target rate of return agreed by Members as part of the Annual Report on Treasury Management was 1.0% (Paper E/625/19). In 2020/21 the impact of Covid-19 has resulted in the Authority converting its investments into overnight cash to enable it to manage operations through the current crisis. This will mean a significant reduction (estimated £30,000) in returns in the year ahead.

The Director of Finance & Resources continues to monitor the Authority's cash/ investments and the institutions that they are invested in and will keep Members updated on any variances in this position through quarterly monitoring reports in 2019/20.

- 8 The Authority received the outcome of the 2010/17 rating appeal for Lee Valley VeloPark. A tribunal appeal hearing was heard at the end of March 2019. A more favourable valuation was achieved and this yielded a one-off benefit for the Authority of £180,000 in 2018/19. The reduction in Rateable Value from £2.04m to £1.87m is still subject to another final appeal and further savings may accrue for the 2010/17 rating period and subsequently the new rating period of 2017/2021.

All eligible centres that transferred to Lee Valley Leisure Trust Ltd (the Trust) received 80% mandatory relief for 2019/20. This amounted to a saving of £1.7million and this was again built into the 2019/20 budget and reflected through the Trust's management fee. In 2020/21 the impact of Covid-19 has resulted in the Authority receiving a business rate holiday (100%) for the majority of its venues saving an estimated £2.4m for the year.

- 9 There is still a possibility that a VAT reduction could be applied to local authority sporting income. Our VAT consultants have been using a lead case in respect of non-business treatment and considered the impact of reclaiming VAT on the protective VAT claims previously lodged with HMRC. They believe there is merit in seeking a repayment of the VAT on the basis that this is non-business income (this is a reclaim of VAT for the Authority business pre 2015 with no implications or impact on the Trust activity/VAT). The value of the potential VAT repayment could result in a significant windfall in 2020/21. Officers have submitted calculations to KPMG for review and they have submitted a claim and appeal to HMRC. It is anticipated that this matter will be concluded in 2020/21, although no firm date has yet been established for the lead case to be heard.
- 10 March's inflation for the Retail Price Index stood at 2.6% and Consumer Price Index at 1.5%. With future inflation projected to fall as the impact of Covid-19 is felt.

- 11 The main variances against this year's budget are described below.

CHIEF EXECUTIVE

12 Sponsorship Income (£25,000 reduced income)

As reported previously, naming rights and sponsorship are areas reserved for the Authority under the new Leisure Services Contract (LSC). The Authority is exploring opportunities for joint working with London Legacy Development Corporation (LLDC) in this area and is awaiting results from a Queen Elizabeth Olympic Park (QEOP) wide valuation project which officers will share, plus other ways of joint working. Although work in this area will continue (whilst taking into account changes in the business environment caused by the Coronavirus epidemic) Members (have previously discussed) agreed to remove this stretch

income target from the base budget. This was adjusted as part of the 2020/21 budget setting, therefore removing the ongoing impact of not meeting this target.

13 PR Communications (£37,000 under spend)

The underspend in Communications was due to the cancellation of planned spring promotion campaigns due to reprioritisation with the return to the Authority of the LSC and non-LSC venues; lower than expected costs of some computer systems and licences; and the cancellation of events which the Authority has used to promote its activities.

CORPORATE SERVICES

14 Legal Services (£168,000 over spend)

The Authority is currently engaging external legal services in a number of matters where specialist expertise is required. This is ongoing in the case of Abercrombie Lodge. Whilst the development at Eton Manor has not progressed sufficiently to require the anticipated external legal assistance, other matters have continued to require external legal resources. Other costs relating to the end of the current LSC and the procurement challenge and subsequent litigation on the outstanding Management Fee to the Trust are estimated at an additional £168,000 to 31 March 2020.

15 Property Management (£38,000 net increase against budget)

There was a delay to the opening of College of World Sport at Lee Valley VeloPark due to the timeframe needed to complete the lease, obtain planning permission and the completion of works. Planning permission was granted, the conversion works completed and the lease will now commence on 1 August 2020. The rental income projection of £105,000 will now commence in 2020/21 as the first cohort of students are recruited to start in September 2020.

The Authority was due to receive a one-off £100,000 of income by 31 March 2020 due to the re-gearing of the Odeon cinema lease at Picketts Lock. The premium will be received upon completion of the lease.

Increased contributions to site and contractor investigation works were approved by Members (Paper E/627/19), some of these projected costs were anticipated to fall in next financial year but have become due in the 2019/20 financial year. There will be a corresponding saving in the 2020/21 budget.

Two residential properties handed back by the Trust in the last quarter of 2019/20 are also being prepared to be let out to the open market after Covid-19 restrictions are lifted.

16 Planning and Strategic Partnerships & Asset Protection Management & Development (APMD) (£136,000 net saving)

Due to a recent vacancy and the managed under spend of APMD consultants it is projected that there will be a net saving in the budget whilst recruitment options and the new operational structure review is embedded, some of the savings will be used to provide temporary cover where required.

FINANCE & SUPPORT SERVICES

17 Insurance Retender (Saving £110,000)

September saw the completion of a full OJEU retender of our insurance contracts covering Public Liability, Buildings and Vehicle policies for a three year contract with options to extend for a further two years. The competitive nature of the retender; the recognition of a significantly decreased risk profile due to the out-sourced LSC; and the Authority's low claim experience have produced a significantly lower premium – especially in the area of Public Liability. The decision to bring the main venues back in-house will have a material impact on this saving going forward as insurances are required for public, employees and business interruption for the returned venues. These increased sums are built into the emergency budget for 2020/21.

18 Insurance Fund Excess & Storm Fund Contribution (£35,000)

The Authority currently has an insurance fund (£0.7m) to deal with excesses on our policies described above. Each year £25,000 is contributed to meet potential excesses and £10,000 to deal with low level storm damage and smaller uninsured items. Clearly from the lower risk profile highlighted above and the fact that drawn-down monies from the insurance fund barely exceed £20,000 a year, officers believe that not making the contribution this year will expose the Authority to no additional risk. It was therefore decided and prudent to use these monies to offset the in-year overspend projection in Quarters 1-3 and resume contributions in future years. The need for budget savings in 2020/21 has meant this will again be used to offset increased costs in the year ahead and has been deleted from the emergency budget.

19 Internal Audit and General Consultancy Savings (£17,000 net saving)

The internal audit contract is a draw-down contract under the Croydon Framework agreement and the Authority pays for Audit days used. Historically we have utilised 135 to 145 of the budgeted planned days of 155 days. As in all years key core financial audits will be undertaken and spot check audits under the LSC have already been completed. A further 32 days have been included for procurement, the management of change and contract management. It is likely that the plan can be adjusted downwards in these audit areas to be included as part of next year's audit plan to produce a £10,000 saving in-year. These audits e.g. management of change, will be more relevant next year to coincide with the new business plan 2020-25 and the letting of the new LSC. The auditors have already been assisting this year with the procurement of the new LSC.

20 Increase in IT licences and support costs (£40,000)

Additional IT licence and support costs will need to be incurred to meet the cost of access and maintenance of systems as the main venues contract comes back to the Authority. This is to allow staff to access finance, intranet, booking and payroll systems to support the day to day operation of the business. Where it is possible we will try to negotiate quarterly rolling contracts, but suppliers are often reluctant to negotiate short-term arrangements. Some of these costs may be chargeable next year and working with the new LSC contractor may be novated onwards when the new contract is implemented.

SPORT & LEISURE**21 General Savings & Income (£70,000)**

The Sport & Leisure Team responded to the request to save budget where possible and/or increase income to help achieve a total team saving across the board. The team achieved this through a range of initiatives, consolidation of work streams and vacant posts. Initiatives such as a wider and more diverse Youth & Schools programme worked well along with obtaining external funding to run more programmes. The Sport Development Team have had a vacant post whilst the Authority investigates its longer term Active Communities structure and efficiencies have been found within general budget items such as staff travel.

PARKLANDS & OPEN SPACES**22 Car Parking Charges – (£131,500) Reduced Income/Increased Costs & Parkland savings (£196,000)**

Based on current usage, income from parking charges is forecast to achieve £115,100 against a budget of £204,500 – an estimated shortfall of £89,400.

In addition to reduced income, management fees, cash collection fees and additional cost relating to repeated vandalism of the parking machines have resulted in additional costs of £42,100. In response, officers working with our respective operators (Broxbourne Borough Council and Parking Eye) have taken the decision to remove the cash payment option when replacing vandalised machines, the first of these was installed in February 2020.

Officers are also looking at providing mains power to four car parks - this work has come to the conclusion that three of the car parks are a possibility and therefore these are being pursued. The cost of these works is circa £30,000 but this investment would achieve ongoing savings of £28,000 per annum. For the fourth, Hooks Marsh, we have an indicative price of £200,000 to get power to the location, therefore other alternative options are being considered with ParkingEye. It is anticipated that this investment and approach will improve income and reduce costs, improving performance. This project is on hold due to Covid-19 as UK Power will not attend site, so these savings cannot be achieved until the end of the current lockdown. Updates will be provided throughout 2020/21

Vacancies across the whole Parklands team provided in-year savings of £67,000. These positions were not filled to help reduce the forecasted overspend caused by the reduced parking income; they have now been filled for 2020/21.

A one-off revenue saving of £30,000 on the maintenance/licence cost of the new usage counters which were installed and funded by the IT capital budget.

Various day to day work projects were also not completed, initially delayed by the weather and then further delayed by Covid-19 - this included tree works and meadow management. These will now need to be completed later in this year due to nesting and habitat disturbance during the Spring.

The Parklands budgets are projected to show a net year-end underspend of £64,000.

23 East India Dock Basin and Gunpowder Park Rentals – (£40,000 reduced income)

Two specific sites were identified to achieve commercial rental income and are included within the budget:

East India Dock Basin (£20,000 reduced income)

Planning permission was granted in November 2017 for the location of builders cabins required to support Ballymore's construction of their Leamouth south development. Ballymore wanted the Authority to grant them an Option on the land to place a site compound should they wish, but also claimed they had alternatives that they were pursuing and would not increase the rent they originally offered of £27,500pa. As the Option they requested was to be for no consideration and at a rent that had already been rejected by Members, officers have not pursued this matter further. Officers are now working with a range of partners to deliver alternative options for this site.

Gunpowder Park (£20,000 reduced income)

Member approval to lease to a cycle operator was granted in 2017 and subsequently planning permission was granted in September 2017 to proceed. However, the operator pulled out in December 2017 deciding to focus on online and international sales.

The property has now been leased to a fitness operator who took occupation in November 2019 on a 3 year lease at an annual rent of £21,750. The tenant is now in occupation and following a rent free period will be paying the required rental after the lockdown is lifted and the tenant has re-established their business. This will positively impact the budget in the new financial year.

24 Section 106 Agreements (£138,600 Income)

North London Reinforcement Project £85,000

The Authority recently received £85,000 as a S106 agreement with National Grid for the North London Reinforcement Project, which commenced this year. There is a suite of approved works outlined for delivery through this scheme over a five year period.

There are also a couple of additional S106 agreements that are due to be paid to the Authority in relation to the Cheshunt Lakeside development (the phasing of these payments is yet to be agreed), Britannia Meadows, Essex Wharf, and River Lynch restoration project (estimated at £100,000).

Section 106 Oxbow Island - £53,600

The Authority has received £53,600 with Waltham Forest Council for the restoration and habitat enhancement of Oxbow Island. The Authority is working in partnership with the Canal and River Trust, Thames 21 and Mace. The majority of the funds will be spent in the first year on landscaping and habitat works, with a rolling four year program to fund further improvements and support local volunteer groups with the ongoing management of the site,

All S106 monies are committed to be spent against the prescribed schemes and are included in future years' budget setting.

25 Savings Targets 2019/20 (£61,000 unachieved savings)

As part of the budget setting process and savings targets for 2019/20, ongoing savings from service reviews (£137,000 in 2019/20 growing to £217,000 by 2020/21) are unlikely to be concluded until later this year. These service reviews include the senior management structure, Active Communities, Property, Planning and Legal Services. These areas are being reviewed in the context of the new Business Plan for 2020 to 2025 and will complete a top to bottom organisational review commenced in 2017/18. There is a provision for offsetting potential additional electricity costs incurred at Holyfield Hall Farm (that may not be required) against this target which will leave the above savings target £61,000 below budget. Where new vacancies materialise and further savings are identified in-year these will be utilised to mitigate this savings target.

In the context of a busy and challenging 2020-25 work programme it is important that the Authority has the capacity to deliver a number of key projects. The service reviews and the original savings target will need to take this into account.

26 Leisure Services Contract Potential Clause 14 Adjustments (£138,000)

As part of the 2018/19 Management Fee, Members approved Clause 14 adjustments (Papers E/613/19 and E/635/19) agreed with the Trust. Clause 14 adjustments become payable in the financial year after approval.

As part of 2019/20 LSC the Trust have identified (through their quarterly monitoring reported to Members in September (Paper E/636/19)), potentially £269,000 to £294,000 of further Clause 14 adjustments to the Management Fee. At the last Executive Committee (Paper E/670/20) Members approved £102,000 to be included as part of the end of contract liabilities discussion.

These are due to the potential shortfall in income as the instalment of the lodges at Dobbs Weir were delayed, also, the impact of site investigation works at Picketts Lock reducing the golf and camping facilities income on that site.

ENVIRONMENTAL IMPLICATIONS

- 27 There are no environmental implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 29 These are dealt with in the body of the report. The overall outturn will leave general fund balance at £4.3m (subject to any changes as part of the Final Accounts process). The approved level of £4m (minimum) was agreed as part of the 2019/20 budget.
- 30 There are significant matters that are not included in the current year-end position that could (if they materialise) positively or adversely affect the estimated position into 2021.

The potential impact of a further rates reimbursement is covered in paragraph 8, also further S106 monies as described in paragraph 19 could materialise (notwithstanding that these would be matched by future years spending).

Conversely the Authority/Trust are in dispute with a supplier concerning significant water consumption and related bills at the Picketts Lock site. The matter is currently in dispute as the facts around actual usage, a faulty meter, potential leaks and late billing are yet to be resolved before the actual liability can be established. Alongside this are the end of contract liabilities discussions that are ongoing with the Trust. The Authority view is that the Trust carry a significant net liability payable to the Authority mainly relating to the Repairs and Renewals fund and receipts in advance, whilst the Authority is continuing to retain monies due to the Trust as part surety against this potential debt (e.g. 2019/20 Clause 14 payments). The Authority has paid £1.49m (net of VAT) Management Fee to the Trust against the originally approved fee of £1.436m (net of VAT).

HUMAN RESOURCE IMPLICATIONS

31 These are dealt with in the body of the report.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

33 Spending of the budget is important in achieving the Authority's corporate objectives. The current net spend at the end of this financial year will impact on the Authority's budget in future years and is incorporated into the Medium Term Financial Plan as part of the Emergency Budget Planning into 2020/21.

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ABBREVIATIONS

NJC	National Joint Council
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
LLDC	London Legacy Development Corporation
QEOP	Queen Elizabeth Olympic Park
OJEU	Official Journal of the European Union
LSC	Leisure Services Contract

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/670/20 Pt2	Contract Clause 14 claims 2019/20	23 April 2020
Executive Committee	E/657/20	Q3 Revenue Budget Monitoring 2019/20	27 February 2020
Executive Committee	E/645/19	Q2 Revenue Budget Monitoring 2019/20	19 September 2019
Executive Committee	E/636/19	Leisure Services Contract Monitoring Q1 2019/20	19 September 2019

Executive Committee	E/631/19	Q1 Revenue Budget Monitoring 2019/20	18 July 2019
Executive Committee	E/624/19	Q4 Revenue Budget Monitoring 2018/19 – Provisional Outturn	23 May 2019
Executive Committee	E/625/19	Annual Report on Treasury Management Activity 2018/19 and Annual Investment Strategy 2019/20	23 May 2019
Authority	A/4264/19	2019/20 Revenue Budget & Levy	17 January 2019
Executive Committee	E/604/19	2019/20 Revenue Budget & Levy	17 January 2019

APPENDIX ATTACHED

Appendix A Details of the financial position of each Authority service or facility

YEAR 2019/20

PERIOD: 12 (March 2019)

PROVISIONAL

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
OPERATIONAL SERVICES							
Chief Executive	0	668	668	676	666	-10	(1%)
Corporate Services	-1,277	1,911	634	354	409	55	16%
Finance and Support Services	-138	1,748	1,610	1,743	1,628	-115	(7%)
Sport and Leisure	-265	1,189	924	1,085	1,015	-70	(6%)
Parklands and Open Spaces	-1,063	3,685	2,622	2,787	2,706	-81	(3%)
	-2,743	9,201	6,458	6,645	6,424	-221	(3%)
Leisure Trust Contract	0	1,251	1,251	1,435	1,573	138	10%
Growth & Savings	0	0	0	-61	0	61	100%
s106 North London Reinforcement Project	-85	0	-85	0	-85	-85	0%
s106 LB Waltham Forest / Oxbow Island	-54	0	-54	0	-54	-54	0%
FINANCING							
Interest Receivable	-16	0	-16	-80	-100	-20	(25%)
Bank Charges	0	3	3	6	6	0	0%
Contributions to Earmarked Reserves	0	-36	-36	787	787	0	0%
Financing of Capital Expenditure	0	0	0	931	931	0	0%
Levies on Local Authorities	-9,576	0	-9,576	-9,576	-9,576	0	0%
Movement in General Fund				87	-94	-181	(208%)
General Fund Balance Brought Forward					-4,223		
General Fund Balance Carried Forward					-4,317		

YEAR 2019/20

PERIOD: 12 (March 2019)

PROVISIONAL

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
CHIEF EXECUTIVE							
Chief Executive	0	293	293	253	280	27	11%
PR / Communications	0	375	375	423	396	-37	(9%)
TOTAL CHIEF EXECUTIVE	0	668	668	676	666	-10	(1%)
CORPORATE SERVICES							
Legal Service	-12	495	483	354	522	168	47%
Property Management	-1,265	677	-588	-897	-859	38	4%
Planning and Strategic Partnerships	0	240	240	331	246	-85	(26%)
Asset Protection, Maintenance & Development	0	399	399	451	400	-51	(11%)
Committee Service	0	100	100	115	100	-15	(13%)
TOTAL CORPORATE SERVICES	-1,277	1,911	634	354	409	55	16%
FINANCE AND SUPPORT SERVICES							
Finance Management	-18	1,148	1,130	1,215	1,147	-68	(6%)
Audit / Health & Safety	-16	81	65	80	65	-15	(19%)
Non Distributed Costs	0	70	70	69	70	1	1%
Corporate Training / Apprenticeships	0	13	13	6	13	7	117%
Sport & Leisure Project Consultancy	0	294	294	297	294	-3	(1%)
Business Support (Trust)	-104	25	-79	-79	-79	0	0%
Leisure Contract Venues Insurance	0	117	117	155	118	-37	(24%)
TOTAL FINANCIAL SERVICES	-138	1,748	1,610	1,743	1,628	-115	(7%)
SPORT AND LEISURE							
Events	-130	235	105	144	152	8	6%
Sports Development	-15	47	32	70	45	-25	(36%)
Policy and Performance	0	546	546	586	553	-33	(6%)
Youth & Schools Service	-96	283	187	205	185	-20	(10%)
Community Access	0	78	78	80	80	0	0%
TOTAL SPORT AND LEISURE	-265	1,189	924	1,085	1,015	-70	(6%)

YEAR 2019/20

PERIOD: 12 (March 2019)

PROVISIONAL

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	166	166	163	164	1	1%
Myddelton House Management	-6	323	317	346	319	-27	(8%)
Parklands							
River Lee Country Park	-49	484	435	418	429	11	3%
Gunpowder Park	-10	83	73	67	75	8	12%
Countryside Areas	-84	1,139	1,055	1,138	1,098	-40	(4%)
Abbey Gardens	-11	84	73	96	75	-21	(22%)
Three Mills	-1	24	23	38	23	-15	(39%)
East India Dock and Bow Creek	-2	55	53	34	53	19	56%
Leyton Marsh	0	0	0	0	0	0	0%
Broxbourne Riverside	-33	20	-13	-16	-13	3	19%
Fisheries	-158	137	-21	-20	-20	0	0%
Visitor Attractions							
Myddelton House	-38	218	180	201	179	-22	(11%)
Rye House Gatehouse	0	6	6	8	6	-2	(25%)
Park Projects							
Volunteers	-4	105	101	99	102	3	3%
Biodiversity	-29	164	135	166	165	-1	(1%)
Farms							
Lee Valley Farm, Holyfieldhall	-573	665	92	89	97	8	9%
Initiatives and Partnerships							
King George Reservoir South	-15	6	-9	0	-1	-1	0%
Lee Valley Boat Centre	-40	4	-36	-33	-36	-3	(9%)
Broxbourne Chalets	-10	2	-8	-7	-9	-2	(29%)
TOTAL PARKLAND AND OPEN SPACES	-1,063	3,685	2,622	2,787	2,706	-81	(3%)
TOTAL OPERATIONAL SERVICES	-2,743	9,201	6,458	6,645	6,424	-221	(3%)

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**ANNUAL REPORT ON TREASURY MANAGEMENT
ACTIVITY 2019/20 AND
ANNUAL INVESTMENT STRATEGY 2020/21**

Presented by the Head of Finance

EXECUTIVE SUMMARY

This report provides a summary of treasury management activity during 2019/20 and seeks approval to the investment strategy and target rate of return for 2020/21.

RECOMMENDATIONS

- Members Note: (1) treasury management activity during 2019/20;
- Members Approve: (2) the Annual Investment Strategy set out in Appendix A to this report; and
- (3) a target rate of return of 0.25% on investments in 2020/21, as detailed in paragraph 20 of this report; and
- (4) review of existing Treasury Management Policy and Prudential Indicators as part of the budget process.

BACKGROUND

- 1 Treasury management is the management of the Authority's cash flows, banking and investment decisions and the effective control of the risks associated with those activities; with the aim of optimising performance/returns whilst minimising the associated risks.
- 2 This report looks at the Authority's performance over the past year and proposes an Annual Investment Strategy and a target rate of return for investments for 2020/21.

ANNUAL PERFORMANCE

- 3 Treasury management activity is governed by the Authority's Treasury Management Policy which has the aim of managing risk, avoiding volatility and optimising returns, while maintaining a high degree of accessibility from the accounts to enable the cash requirements of the Authority to be met. Members of the Authority last reviewed and approved the Treasury Management Policy in July 2015 (Paper A/4214/15).
- 4 Capital investment in 2019/20 has been funded from the Authority's accumulated cash balances and, as a result, no new external long term borrowing has been undertaken.
- 5 External borrowing at 31 March 2020 totalled £0.
- 6 The Authority's cash position is reviewed on a daily basis and funds are invested or withdrawn as necessary in order to minimise the level of un-invested cash/bank overdraft.
- 7 During the course of this year around 260 transactions have been completed, mainly through the Special Interest Bearing Account (SIBA) of the Authority's current bankers (Nat West).
- 8 No short term borrowing has been required during 2019/20. Short term investments have ranged in size from £10,000 to £3 million; and from periods of one day to 12 months. Interest earned in 2019/20 will total £99,611.

ANNUAL INVESTMENT STRATEGY 2020/21

- 9 In 2004 the Department of Communities and Local Government issued Guidance on Local Government Investments for local authorities in England and this was updated in 2010. The Local Government Act 2003 requires the Authority to have regard to this guidance and any subsequent guidance received from the Secretary of State.
- 10 Central to the guidance is an Annual Investment Strategy (AIS) that each authority must produce and approve. Key to that strategy should be the principal of security, liquidity and then yield.
- 11 The AIS sets out the general policy objective for investments, the procedures for determining which investments in the specified and non-specified categories the Authority will use in the forthcoming financial year, and the maximum periods for which funds may be committed in each asset class.
- 12 Attached at Appendix A to this report is the Annual Investment Strategy for 2020/21 for Members consideration and approval. Definitions for specified and non-specified investments are also set out in Appendix A.

2019/20 INVESTMENT PORTFOLIO

13 Short to Medium Term Investments

The Authority uses an investment firm (Tullet Prebon) to invest funds, in line with the Treasury Management Policy in the short to medium term (up to 2 years) at

the best achievable rate. The sums invested during 2019/20 were:

- Coventry Building Society (4th largest) £2.2m @ 1.10% for 1 year – (now 0.74% for 9 months maturing October 2020);
- Principality Building Society (6th largest) £2.0m @ 1.15% for 1 year – (now matured and held overnight in SIBA);
- Principality Building Society (6th largest) £3.0m @ 1.20% for 1 year – (now matured and held overnight in SIBA);
- West Bromwich Building Society (7th largest) £1.0m @ 0.83% for 3 months (now matured and utilised as part of 2019/20 expenditure); and
- West Bromwich Building Society (7th largest) £1.1m @ 0.95% for 6 months (now matured and utilised as part of 2019/20 expenditure).

14 Day to Day Investments

These are managed on a day to day basis with the Authority's bankers, Nat West. Surplus funds are moved on a day to day basis between the current account and a SIBA, currently achieving a rate of 0.3%. Funds currently stand at approximately £6.5 million.

2019/20 INVESTMENT PERFORMANCE

- 15 At this time last year (Paper E/625/19) Members of this Committee agreed to a target return on investments of 1.0% for 2019/20. The main accounts achieved the following:

16	Account	Period of Investment	Average Interest Rate Achieved During 2018/19	Average Interest Rate Achieved During 2019/20
			%	%
	Nat West SIBA	On-Call	0.21	0.3
	Principality BS	6 -12 months	0.84	1.16
	Coventry BS	1 year	1.10	1.04
	Skipton BS	6 – 12 months	0.74	N/A
	West Bromwich BS	3 – 6months	0.77	0.93
	Weighted Average		0.68	0.95

- 17 The Authority's average rate of investment return for 2019/20 was 0.95% (1.0% target rate). The Bank of England base rate remained static at 0.75% from August 2018 and has since dropped to 0.25% on 11 March 2020 and then further reduced to 0.1% on 19 March 2020.
- 18 Comparison of published statistics show the Authority has performed consistently compared to the range for Inner/Outer London Boroughs and Hertfordshire and Essex, who generally have significantly larger funds to invest

Average Interest Earned on all External Investments

	13/14	14/15	15/16	16/17	17/18	18/19	19/20
	%	%	%	%	%	%	%
Herts	No Data	No Data	No Data	No Data	No Data	No Data	-
Essex	0.7	0.6	0.7	0.8	0.6	No Data	-

Outer London	0.31.6	0.6-1.4	0.6-1.5	0.3-1.6	0.4-1.9	No Data	-
Inner London	0.3-1.0	0.5-1.0	0.5-0.8	0.4-0.8	0.3-1.5	No Data	-
LVRPA	2.18	1.51	0.86	0.81	0.56	0.68	0.95

- 19 The economic forecasts published in March 2020 in the light of the current Covid-19 crisis confirm interest rates and inflation are predicted to remain low.
- 20 Following 2019/20 annual investment performance; use of resources required to fund revenue and the capital programme activity in 2020/21 (which requires relatively instant access to monies); the reduction in income due to closure of venues as a result of the Covid-19 lockdown; and the lack of potential interest rate movements over the next twelve months; the proposed target figure for investment returns for 2020/21 is 0.25%.

ENVIRONMENTAL IMPLICATIONS

- 21 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 22 These are dealt with in the main body of the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 25 The risk of investment is considered within the existing Treasury Management Policy. The Authority tries to minimise risk by capping the total investment with any one financial institution to £5 million and limiting investments to UK clearing banks and the top seven building societies or where the building society assets exceed £10 billion.

Since the outbreak of Covid-19 the Authority has in the short term sought to liquidise investments to ensure business operations are maintained. The Chief Executive and the Director of Finance & Resources have, for the short-term, jointly agreed to exceed the policy (limiting the value of cash (£5m) with any one institution) and hold cash in the overnight SIBA account with the Authority's bank (Nat West), to prevent shortfalls in cash during the current crisis. This balance currently stands at £5.5m.

It is likely that cash balances will fall to £2.5m to £3m over the next twelve months. This will be an important factor when determining the levy for 2021/22 and when making future capital investment decisions which will require borrowing. It means that the Authority will need to review its Treasury

Management Policy alongside the Prudential Indicators ahead of determining the budget for 2021/22.

- 26 Treasury Management is audited by the internal auditors to ensure procedures and investment decisions comply with the Policy and Investment Strategy approved by Members. The auditors have provided a "full assurance" rating to the Authority which is the highest level of assurance that can be achieved. The work carried out by the internal auditors is also tested by the external auditors.

EQUALITY IMPLICATIONS

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

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BACKGROUND REPORTS

CIPFA "Treasury Management in the Public Services Code of Practice & 2017 Cross Sectoral Guidance Notes"

PREVIOUS COMMITTEE REPORTS

Executive	E/625/19	Annual Report on Treasury Management Activity 2018/19 & Annual Investment Strategy 2019/20	23 May 2019
Executive	E/564/18	Annual Report on Treasury Management Activity 2017/18 & Annual Investment Strategy 2018/19	24 May 2018
Executive	E/497/17	Annual Report on Treasury Management Activity 2016/17 & Annual Investment Strategy 2017/18	25 May 2017
Executive	E/448/16	Annual Report on Treasury Management Activity 2015/16 & Annual Investment Strategy 2016/17	26 May 2016
Executive	E/405/15	Annual Report on Treasury Management Activity 2014/15 & Annual Investment Strategy 2015/16	21 May 2015
Authority	A/4214/15	Treasury Management Policy & Annual Investment Strategy 2015/16	09 July 2015

APPENDIX ATTACHED

Appendix A Annual Investment Strategy 2020/21

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
DCLG	Department of Communities and Local Government
SIBA	Special Interest Bearing Account
AI	Annual Investment Strategy
LVRPA	Lee Valley Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

Annual Investment Strategy 2020/21

1. This Authority has regard to the MHCLG's Guidance on Local Government Investments and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sector Guidance Notes 2017.
2. This Annual Investment Strategy states which investments the Authority may use for the prudent management of its treasury balances during the financial year. In short these will only be specified investments.
3. This strategy sets out this Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Investment Objectives

4. All investments will be in sterling. The general objective, as set out in the Treasury Management Policy for this Authority, is the prudent investment of its treasury balances. The Authority's investment priorities are the security of capital and liquidity of its investments. The Authority will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
5. The MHCLG maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Specified Investments

6. The idea of specified investments is to identify investments offering high security and high liquidity. These investments can be made with minimal procedural formalities. All these investments should be in sterling and normally with a maturity of no more than two years.

Non – Specified Investments

7. The aim is to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which do not have a "high" credit rating. Such investments are not proposed for this Authority for 2020/21 and where such investments were to be made they would require the prior approval of Members.
8. Based upon its cash flow forecasts, the Authority anticipates its fund balances in 2020/21 to range between £2m and £7m. A prime consideration in the investment of fund balances is liquidity and the Authority's forecast cash flow. Any in-house investment of more than three months needs the approval of the Director of Finance & Resources and in his absence the Chief Executive Officer.

Provisions for Credit – related losses

9. If any of the Authority's investments appeared at risk of loss due to default the Authority will make revenue provision of an appropriate amount.

End of year Investment Report

10. At the end of the financial year, the Director of Finance & Resources will prepare a report on the Authority's investment activity as part of its treasury management activity report and report this to Executive Committee by the end of June. The Annual Investment Strategy will need approval by Executive Committee.

SICKNESS ABSENCE MONITORING – 2019/20

Presented by the Head of HR

EXECUTIVE SUMMARY

This report summarises employee sickness absence levels during 2019/20 and compares them to the target approved by Members. It also recommends a target for 2020/21.

At the Executive Committee in May 2019 (Paper E/621/19) Members approved an annual sickness absence target of 3 days per full-time equivalent (FTE) employee. This target was a stretch target based on the Authority's previous performance and above public/private sector comparators.

The Authority's average total number of days for sickness absence per FTE in 2019/20 equated to 4.8 days. This is above the Authority's stretch target of 3 days per FTE but is still lower than the national average of 5.8 days, the public sector average of 8.2 days and the private sector average of 5.1 days. Short term sickness averaged at 2.3 days per FTE and long term sickness averaged at 2.5 days per FTE.

68 Authority staff of the 103 total staff reported no sick days at all during 2019/20.

The average cost of sickness absence in 2019/20 equated to £515 per employee per year.

In terms of a target for 2020/21, based on the Authority's sickness absence performance over previous years, it is proposed that a stretch target of 3 days average sickness absence per FTE be continued.

RECOMMENDATIONS

Members Note: (1) the contents of this report; and

Members Approve: (2) a 2020/21 sickness absence target of 3 days per Full Time Equivalent (FTE).

BACKGROUND

- 1 The Authority's sickness absence target (average sickness per FTE employee) was agreed at the Executive Committee meeting in May 2019 (Paper E/621/19).

A stretch target of 3 days was set for 2019/20, based on the Authority's performance to date and public/private sector comparators.

- 2 The Authority also monitors the percentage of time lost due to sickness absence. A target of 1.16% was set by Executive Committee at its meeting in May 2019 (Paper E/621/19); based on the Authority's own performance and public/private sector comparators.
- 3 The Authority uses comparative public/private sector data from the most recent Chartered Institute of Personnel & Development (CIPD) national survey of Health and Wellbeing at Work in partnership with Simply Health. The analysis for 2019/20 is based on responses from 1,018 organisations across all sectors in the UK, employing a total of 4.5 million employees.

OVERALL PERFORMANCE 2019/20

- 4 The table below compares the Authority's sickness absence performance for 2019/20 to the national, public and private sector performance.

	TOTAL NATIONAL	PUBLIC SECTOR	PRIVATE SECTOR	LVRPA
Average days lost per FTE per year	5.8	8.2	5.1	4.8
Average working time lost per year (%)	2.6%	3.6%	2.2%	1.63%

- 5 This table shows that the Authority's sickness performance for 2019/20 is lower than both the public sector, private sector and national averages.
- 6 The table below compares the Authority's sickness absence performance over the past five years.

	TARGET 2019/20	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/18	ACTUAL 2018/19	ACTUAL 2019/20
Average sickness absence per FTE	3 days	4.9 days	5.9 days	8.3 days	4.5 days	4.8 days
% time lost to sickness absence	1.16%	1.86%	1.93%	2.49%	1.48%	1.63%
Average cost of sickness per employee, per year	N/A	£510	£630	£856	£494	£515

- 7 The Authority's average sickness absence per FTE of 4.8 days for 2019/20 is above the stretch target of 3 days and is a slight increase on last year's figures by 0.3 days. The total FTE in the Authority for 2019/20 was 89 and in 2018/19 it was 84.

- 8 If long term and short term sickness is separated, the average short-term sickness absence per FTE for 2019/20 is 2.3 days, which is below the target of 3 days per FTE.
- 9 The percentage of time lost due to sickness absence in 2019/20 was 1.63% which is above the target of 1.16% but is lower than the public sector, private sector and national average.
- 10 The average cost of sickness absence was £515 per employee for the financial year 2019/20, which is higher than the 2018/19 average cost of £494. However, the average salary has also increased in 2019/20 to £32,441 from £29,083 in 2018/19.

SHORT-TERM SICKNESS ABSENCE

- 11 Short-term sickness absence is defined as any period of sickness absence of less than four weeks. In 2019/20 short-term sickness absence equated to 48% of the Authority's total sickness absence. The table below shows a comparison of the Authority's short-term sickness absence over the last five financial years. The number of days attributed to short term sickness has decreased when compared to the previous year. Human Resources will continue to closely monitor short-term intermittent sickness in 2020/21 to ensure proactive management.

LVRPA - SHORT TERM SICKNESS ABSENCE					
Year	2015/16	2016/17	2017/18	2018/19	2019/20
Number of Days	136	270.5	228.5	228	204
% of Total Sickness	38%	54%	35%	60%	48%

- 12 The Authority's recorded top four reasons for short-term sickness absence in 2019/20 remain as stomach/liver/kidney/digestion, viral infection, chest/respiratory and musculoskeletal problems. In comparison, the CIPD's 2020 Health and Wellbeing at Work Survey Report reported the top five reasons as colds, flu, stomach upset, headaches and migraines.

LONG-TERM SICKNESS ABSENCE

- 13 Long-term sickness, in accordance with the Authority's Sickness Absence Procedure, is defined as any continuous period of sickness absence in excess of four weeks. The table below shows long-term sickness levels for the last five financial years.

LVRPA - LONG TERM SICKNESS ABSENCE					
Year	2015/16	2016/17	2017/18	2018/19	2019/20
Number of Days	254	230.5	419	156	221
% of Total Sickness	62%	46%	65%	40%	52%

- 14 Long-term sickness absence in the 2019/20 period was 221 days, consisting of 4

employees and 5 incidences of sickness.

These 5 cases were due to operation, injuries, stress following a bereavement and diabetes. All 4 employees have returned to work. In comparison, the CIPD reported mental ill health, musculoskeletal injuries, stress and acute medical conditions as the main causes of long term absence.

- 15 The Authority will continue to closely manage long-term sickness in 2020/21 in order to ensure proactive management.

COVID-19

- 16 In terms of the Covid-19 pandemic, the Authority has 2 employees to date, who have been confirmed with Covid-19:

- 1 of the employees has returned home from hospital and is continuing their recovery; and
- 1 of the employees remains in hospital but is no longer in intensive care.

- 17 The Authority is doing all it can for its employees during this pandemic and is following all government guidelines.

MANAGING SICKNESS ABSENCE

- 18 The Authority's Sickness Absence Procedure includes:

- return to work interviews;
- detailed monitoring of both short and long term sickness absence with reports to Senior Management;
- managers maintaining more regular contact with employees during their absence;
- referrals to Occupational Health (OH) professionals; and
- proactively obtaining consent from employees regarding any relevant medical reports.

Following an employee's return to work after a long-term sickness absence, reasonable adjustments are considered in consultation with the employee, manager, HR, Health & Safety and OH professionals to ensure the transition back into the workplace does not put the employee at further risk of sickness absence. The Authority also has a Capability Procedure which includes a framework for effectively managing sickness absence.

- 19 The Authority's Capability and Disciplinary Procedure and the continuing management of sickness absence, as set out in the Authority's Sickness Absence Procedure, enables the Authority to continue to effectively manage short and long term absence. These procedures were reviewed during 2019/20 to ensure they were fit for purpose.

- 20 The Authority has an Employee Assistance Programme (EAP), which is currently provided by Health Assured and offers the following services to all employees and their immediate families:

- 24/7 telephone support;
- legal information;
- structured telephone counselling;

- management support;
- face to face counselling;
- on-line counselling;
- active care – early intervention for stress; and
- on-line health portal.

MANAGING MENTAL HEALTH

- 21 Mental health is still currently a much discussed topic, with nearly two-fifths of organisations having seen an increase in stress-related absence over the last year, while three-fifths report an increase in common mental health conditions. More organisations are taking steps to manage employee mental health.

Although mental health conditions are not in the top 5 reasons for sickness absence, the Authority should promote a preventative approach to health and well-being, encouraging and supporting employees using a number of tools. The Authority already does this in a number of ways including:

- providing an Employee Assistance Programme (EAP) with a 24/7 telephone service for staff, face to face counselling sessions and access to the Health Assured website for advice and signposting;
- providing an Occupational Health (OH) service and active care referrals;
- offer flexible working arrangements;
- offer health cash plan and health assessments for its employees; and
- mental health awareness eLearning modules.

During 2019/20 a health and wellbeing section was added to the monthly staff newsletter, where employees are reminded of the services provided by the Authority and signposted to other useful sources of information/support.

Over the next five years through the Authority's Business Plan 2020-2025, the Human Resources team will be focusing on health and wellbeing.

CONCLUSIONS AND TARGETS

- 22 The Authority's overall sickness absence performance for 2019/20 was above the stretch target set for the year but was lower than both public and private sector comparators.
- 23 The Human Resources section continues to ensure that managers are recording sickness absence accordingly across the board by reviewing the current procedure and providing training and coaching on how to manage sickness absence. The sickness absence procedure is regularly audited as part of the audit plan.
- 24 The Authority's employee numbers have significantly reduced since 2014/15 due to the majority of employees transferring to Lee Valley Leisure Trust Ltd (the Trust). Therefore any particular cases of long-term illness do skew the performance data.
- 25 Based on the Authority's performance in 2019/20 and the underlying positive performance for short-term sickness, it is proposed that the stretch targets for sickness absence in 2020/21 remain the same:
- Average sickness absence per full time equivalent employee: 3 days

- Total percentage of working time lost to sickness absence: 1.16%

ENVIRONMENTAL IMPLICATIONS

26 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

27 The financial impact of sickness absence is set out in the report and has been managed within the approved employees' budget for 2019/20.

HUMAN RESOURCE IMPLICATIONS

28 The human resource implications are detailed within the body of this report.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

30 In line with the Authority's Strategic Risk Register, there is always a potential risk that insufficient human resources through high sickness levels could mean that certain corporate objectives may not be met. To mitigate this risk senior managers review long-term sickness to ensure adequate cover is in place with the necessary resources to ensure service levels are not adversely impacted. Resources are identified through the monthly budget monitoring process.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/58/10	Sickness Absence Monitoring 2009/10	20 May 2010
Executive Committee	E/131/11	Sickness Absence Monitoring 2010/11	26 May 2011
Executive Committee	E/210/12	Sickness Absence Monitoring 2011/12	24 May 2012
Executive Committee	E/278/13	Sickness Absence Monitoring 2012/13	23 May 2013
Executive Committee	E/352/14	Sickness Absence Monitoring 2013/14	15 May 2014

Executive Committee	E/406/15	Sickness Absence Monitoring 2014/15	21 May 2015
Executive Committee	E/449/16	Sickness Absence Monitoring 2015/16	26 May 2016
Executive Committee	E/499/17	Sickness Absence Monitoring 2016/17	26 May 2017
Executive Committee	E/563/18	Sickness Absence Monitoring 2017/18	24 May 2018
Executive Committee	E/621/19	Sickness Absence Monitoring 2018/19	23 May 2019

LIST OF ABBREVIATIONS

CIPD	Chartered Institute of Personnel & Development
EAP	Employee Assistance Programme
FTE	Full Time Equivalent
OH	Occupational Health
LVRPA	Lee Valley Regional Park Authority
The Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)

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MEMBERSHIP SCHEMES PROMOTION PROPOSAL

Presented by Corporate Director

EXECUTIVE SUMMARY

This report proposes the use of promotions at national memberships schemes as a marketing tool to support the achievement of venues financial targets. It is proposed that this is trialled with the Blue Light Card scheme to offer flexible discounts to employees of the NHS, Social Care, Emergency Services and Armed Forces.

The Authority's venues need to continue to diversify their marketing approaches to generate income, achieve financial targets and plan for re-mobilisation post the Covid-19 pandemic. The Authority's venues are hugely varied in terms of price point, audience and offering and each has a wide range of products. Together the venues generate a high proportion of the Authority's overall income. The key products require planned and impactful marketing to achieve targets, therefore innovation in the Authority's marketing activity is vital.

The temporary venue closures as a result of the Covid-19 pandemic have put even greater pressure on these budgets. Expenditure on marketing is being reduced significantly, so new methods are being investigated to ensure the Authority can use the money it has in the best possible fashion.

Throughout the Leisure Services Contract process, Members were keen to find a concession solution to support and promote front line emergency workers and the armed forces. The Blue Light Card scheme offers an efficient method to reach this market and to employees of front line organisations, offering flexible and targeted discounts. The inclusion of these types of schemes will enable the Authority to reach a large and defined audience as required by business needs.

RECOMMENDATION

Members Approve: (1) inclusion of membership scheme promotions in the concession policy as outlined in paragraph 21 of this report.

BACKGROUND

- 1 As part of the venues returning to the Authority at 1 April 2020 marketing plans have been developed for each venue. These have identified the key income lines where marketing efforts must be focussed.

- 2 With venues temporarily closed due to the Covid-19 pandemic there is uncertainty around re-opening, what the new normal will be and very little income is being taken with consumer bookings suspended. In line with the emergency budget revisions, most marketing spend is on hold, so new approaches are being explored for marketing these key products whilst responding to the interim management arrangement and the pandemic crisis.
- 3 There are various membership schemes that offer a large target audience that can be accessed for marketing venues and products. These membership schemes can be based on employment, education, clubs and societies, uniformed groups or others. During the Leisure Services Contract (LSC) process, Members were keen to find a concession solution to support front line emergency workers and the armed forces. During the procurement process, bidders identified the Blue Light Card (a national not for profit charity) as a scheme that's used in the wider leisure industry and Officers have investigated if this would fit with the venues and products the Authority offers.
- 4 In line with the current national mood, Officers are proposing to run targeted promotional campaigns and discounts to the NHS and other front line workers in a flexible, market driven fashion. This is a large potential market that is relatively simple to reach. This also offers an opportunity for a positive PR message.

THE TARGET MARKET

- 5 Membership schemes can open up large markets. There are nearly two million people employed by the NHS, armed forces, emergency services and other front line services in the UK. This is a huge market spread across the UK. Many of these employees work in teams in shift patterns, creating the potential for teams to socialise together during leisure time in traditional off-peak hours.
- 6 There are opportunities to reach this market by offering discounts through membership schemes. This reflects the buying power of the group as large bodies of employees. Promotional tools such as offering discounted corporate health and fitness memberships to local NHS or emergency services are commonplace in leisure and have been used in Lee Valley venues. Discounts are currently offered to these groups when making corporate group bookings through the sales teams. This proposal will enable us to reach individuals within these organisations and widen the reach in a cost-effective fashion.
- 7 Working with each individual employer to set up corporate discounts would be time consuming. Working with a membership scheme simplifies this process, allowing a quicker route to a much larger, albeit less targeted, market. There are a number of established discount providers for these employers, including 'Blue Light Card', 'Health Service Discounts', 'Rewards for Rescue/Forces/Policy', as well as schemes more specific to certain market categories. These schemes were reviewed for membership size and coverage across target employers. Blue Light is the only scheme open to all the employers that had been identified to target and has one of the largest membership bases. Working with one scheme will reduce administrative burden, please see table below.

Scheme	Employers eligible for membership	No. of Members
Blue Light	Paragraph 8	1.5 million
Health Service Discounts	NHS only – current and retired employees	1.8 million
Rewards for Rescue / Forces / Police	NHS, Emergency Services, Armed Forces. Does not include Social Care	300,000 (across 3 separate schemes)

BLUE LIGHT SCHEME

- 8 The Blue Light Card scheme encompasses the widest range of employers of all the discount schemes. They have over 1.5 million members mainly, but not exclusively, from the NHS, emergency services and armed forces, from the following organisations:

4x4 Response	Ambulance Service
Blood Bikes	Border Force
British Army	Cave Rescue
Community First Responders	Fire Service
Highways England Traffic Officer	HM Armed Forces Veterans
HM Coastguard	HM Prison Service
Immigration Enforcement	Lowland Search and Rescue
MoD Fire Service	MoD Police
Mountain Rescue	NHS
Police	Red Cross
Reserve Armed Forces	RNLI
Royal Air Force	Royal Marines
Royal Navy	Search and Rescue
Second Line Responders	Social Care Workers
St Andrews Ambulance	St John Ambulance
UK Visas and Immigration	

- 9 The Blue Light Card is operated by Blue Light Card Ltd – a private company limited by shares established in 2008. They bring together their members with companies offering discounted goods and services. Blue Light do not charge companies to join the scheme or take any commission – they generate their income through sales of physical Blue Light Cards and by offering paid-for marketing services for companies to their member database.
- 10 The scheme includes two channels – discounts in store by producing a membership card, or online by accessing discount codes to be used on the companies' ecommerce sites. It offers discounts from thousands of retailers, including many top brands. GLL (the Authority's preferred bidder for the new LSC) offer discounted gym memberships, Alton Towers, Cineworld, Odeon and Escape Rooms offer discounted entry, and companies such as Buy a Gift and Virgin Experience Days offer discounted experience gift vouchers.
- 11 In order to become a member an employee must complete an application form and provide evidence of relevant employment. This is verified before acceptance. This means that the process of identifying these members online or at site is simplified as no ID is required other than their Blue Light Card.
- 12 Blue Light do not process any transactions – members are directed back to the company website to complete their transaction using their discount code, so there is no change in risk regarding payment or personal details.

PROPOSED DISCOUNTS

- 13 This scheme is considered a promising promotional tool to reach a huge audience. In order to stand out amongst so many other discounts we propose an initial 20% discount across the identified key products – table below. This is in line with other comparable discounts offered through the scheme (overall discounts range from 5 to 50%), and ensures that costs are covered for each product.

Product	Discount
Lee Valley VeloPark	
Gift vouchers	20% discount
'Velodrome Taster', 'Velodrome Flying Lap', and 'Velodrome and BMX Taster'	20% discount
All VeloStudio memberships	20% discount
Lee Valley White Water Centre	
Gift vouchers	20% discount
'White Water Rafting', 'Rodeo Rafting', and 'Family Rafting'	20% discount
Lee Valley Athletics Centre	
All Memberships	Concession rate
Lee Valley Riding Centre	
Gift Vouchers	20% discount
'Have A Go' lessons	20% discount
Lee Valley Ice Centre	
Public Skating (incl skate hire)	20% discount
<i>Learn to Skate courses (may be added at a later date)</i>	<i>20% discount</i>
Lee Valley Hockey & Tennis Centre	
Outdoor tennis court hire at off-peak times	20% discount
Lee Valley Campsites	
All camping products	20% discount
Safari Tents at Dobbs Weir	30% discount

- 14 Until plans for reopening venues are clearer, allowing bookings to be made, only offers on gift vouchers will be made available if the recommendation within the report is approved.
- 15 Discounts for other venues will be considered following the initial trial and will generally be in line with the discounts above. It is important to note that as detailed in paragraph 17 below, flexibility to Officers in regards to this is important and will be used in promotions and for targeted work identified within venue marketing plans.
- 16 The 'cost' of this promotional tool is the reduced income received at the point of sale. It is an efficient use of marketing budget as the cost is only incurred at the point of conversion, similar to a commission. Third party agents are already used to sell gift vouchers on our behalf, accessing large audiences and generating increased sales. These agents use a commission model, charging 20-25% per transaction. It is anticipated that this scheme will be effective, and has the potential to generate new customers that will improve overall financial performance.
- 17 There is no notice period for the removal or amendment of discounts. Success of these promotions will be monitored on a regular basis and specific SMART targets will be developed for all related activities to measure the impact, and future promotions will be more intelligence based and individual promotions amended where necessary. For example, some other gift voucher providers have recently increased the discount they are offering.

CONCESSIONS

- 18 The Authority encourages use of our venues from disadvantaged groups, by

offering below market or concessionary rates, helping treat all people fairly. The Authority has a three-tier approach to identifying who concessions apply to, as outlined in the Fees and Charges Policy:

- people outside the normal working age;
- people with disabilities; and
- people who are on a low income and in receipt of a form of means tested benefit.

19 The Authority's venues and services try to ensure that where feasible concessions are offered to these groups. At many venues concessionary rates are offered in the form of 'off-peak charges'. There are activities where it is not appropriate to offer discounts.

20 Membership schemes do not fit within these groups and within the policy they should be included separately. This group are not considered disadvantaged, it is an active market that fits well with the Authority's venues and products and they will be offered flexible discounts on a promotional basis in line with business requirements.

NEXT STEPS

21 Subject to Member approval, the discounts for gift vouchers detailed in paragraph 13 will be launched as soon as possible. The success of this promotion will be reviewed regularly, with other products added when suitable, and as we know more about what the Covid-19 re-opening plans look like. Other membership schemes will be considered and added as appropriate.

FINANCIAL IMPLICATIONS

22 The recommendations in this report support the achievement of income targets as agreed in the 2020/21 budgets.

HUMAN RESOURCE IMPLICATIONS

23 There are no human resource implications arising directly from the recommendations in this report. The process has been designed to use online channels, creating no additional resource requirements at venues to administer the scheme.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

25 There are no risk management implications arising directly from the recommendations in this report. Risks and controls related to this scheme have been outlined in the report.

EQUALITY IMPLICATIONS

26 The inclusion of membership schemes as a concessionary group has been considered in the report.

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LIST OF ABBREVIATIONS

the Authority
LSC

Lee Valley Regional Park Authority
Leisure Services Contract