

To: Paul Osborn (Chairman) Chris Kennedy
David Andrews (Vice Chairman) Heather Johnson
Susan Barker Graham McAndrew
Ross Houston Mary Sartin

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

THURSDAY, 25 MAY 2023 AT 10:30

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 March 2023 (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 **Q4 REVENUE BUDGET MONITORING 2022/23** Paper E/812/23

Presented by Keith Kellard, Head of Finance

6 **Q4 CAPITAL PROGRAMME BUDGET MONITORING 2022/23** Paper E/810/23

Presented by Keith Kellard, Head of Finance

- 7 **ANNUAL REPORT ON TREASURY MANAGEMENT** Paper E/811/23
ACTIVITY 2022/23

Presented by Keith Kellard, Head of Finance

- 8 **PARK SECURITY CONTRACT PROCUREMENT** Paper E/809/23

Presented by Jon Carney, Corporate Director

- 9 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.

- 10 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. (There are no items currently listed for consideration in Part II.)

17 May 2023

Shaun Dawson
Chief Executive

LEE VALLEY REGIONAL PARK AUTHORITY

**EXECUTIVE COMMITTEE
23 MARCH 2023**

Members Present: Paul Osborn (Chairman) Heather Johnson
David Andrews (Vice Chairman) Chris Kennedy
Susan Barker Graham McAndrew
Ross Houston Mary Sartin

In Attendance: John Bevan, David Gardner

Officers Present: Shaun Dawson - Chief Executive
Beryl Foster - Deputy Chief Executive
Dan Buck - Corporate Director
Jon Carney - Corporate Director
Keith Kellard - Head of Finance
Dave Hutley - Head of Parklands
Paul Roper - Head of Projects & Funding Delivery
Victoria Yates - Head of Human Resources
Jason Painter - Farm Manager
Sandra Bertschin - Committee & Members' Services Manager

Also present: James Newman - S151 Officer (London Borough of Enfield)
Kevin Bartle - London Borough of Enfield

Part I

233 DECLARATIONS OF INTEREST

There were no declarations of Interest.

234 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 23 February 2023 be approved and signed.

235 PUBLIC SPEAKING

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

236 ENVIRONMENT POLICY

Paper E/804/23

The report was introduced by the Head of Projects and Funding Delivery.

Member comments included:

- given the Authority's remit there may be an external expectation that the Authority would be an exemplar of environment excellence;
- wording of the draft Policy could be more ambitious;
- Electric Vehicle (EV) charging and solar should be included;

EXECUTIVE COMMITTEE MINUTES 23 MARCH 2023

- the Park was an artery running through many local authorities and the ability to cycle the length of the Park would encourage the use of alternative modes of transport;
- the need for regular review of the policy;
- a target date in terms of net zero was required to cascade consequent targets to enable a structure to be developed to set out the direction of travel; and
- some environmental projects may not be financially beneficial but should be considered given other benefits.

In response to Member questions it was advised:

- a strategy and action plan was being developed which would detail delivery of Environment Policy aspirations;
- officers have been attending environmental seminars and conferences, will be undertaking training and access external expert support as required;
- a venue based approach had been adopted for identification of potential environmental projects and provided the framework and direction of travel in the widest sense of the policy;
- an officer group was reviewing EV charging across the Park;
- solar panels had been included in the Ice Centre redevelopment and Authority buildings would be assessed for solar panel installation. However, issues with grid connection could influence possible installations; and
- the financial treatment of environmental projects would be considered on an individual basis and it was hoped to secure some external funding.

The Scrutiny Committee Chairman thanked officers for their work in developing a draft Environment Policy and identifying potential environmental projects by venue, and that the Scrutiny Committee would continue to review and guide development of the draft Environmental Strategy and Action Plan.

The Chairman commented that the Authority's environmental ambitions would be demonstrated by delivery of projects rather than having a net zero target date.

- (1) the report was noted;**
- (2) the revised draft Environment Policy be recommended to Authority for adoption; and**
- (3) the Scrutiny Committee continue to review and guide the development of the Draft Environmental Strategy and Action Plan was approved.**

John Bevan left the meeting.

237 TRAINING AND DEVELOPMENT POLICY

Paper E/805/23

The report was introduced by the Head of Human Resources including that training and development had been taking place whilst the policy was being updated.

- (1) the Training and Development Policy attached at Appendix A to Paper E/805/23 be recommended to Authority for adoption was approved.**

EXECUTIVE COMMITTEE MINUTES 23 MARCH 2023

238 HOLYFIELD HALL FARM OPERATIONAL REVIEW

Paper E/806/23

The report was introduced by the Head of Parklands and Farm Manager.

In response to Member questions it was advised:

- fencing of some fields will be undertaken and there will be specific areas where the public can view the cattle from footpaths. Cows with calves would graze in fields close to the farm where there were no footpaths. The weaned calves would then be used to graze the Park as a whole;
 - a suckler herd was a less intensive and more organic cattle management system than dairy but there was no current intention to move the farm to organic status;
 - the dairy machinery, equipment and herd will be sold;
 - the differing levels of the dairy shed will be rectified to one flat level;
 - income from the photovoltaic system should increase as the farm will use less of its energy production as the cattle will be out in the field a lot more;
 - there is the opportunity to have a small number of rare breeds in the right locations;
 - there has not been any educational activity at the farm for the past few years;
 - the farm already has a beef operation, so a suckler herd is not a new activity;
 - the number of dairy herds in the south east of England has greatly reduced due to demographics, difficulties in feeding animals and keeping cattle on a grass fed diet; and
 - conversion to a suckler herd will reduce the Authority's exposure to world markets pricing fluctuations
- (1) conversion from Dairy to a Suckler herd;
- (2) amendments to the Authority's capital programme as set out in paragraphs 20 and 21 of Paper E/806/23; and
- (3) amendment of the Authority's revenue budget 2023/24 as set out in paragraph 19 of Paper E/806/23 was approved.

239 RISK REGISTER 2022/23

Paper E/803/23

The report was introduced by the Corporate Director.

The Audit Committee Chairman commented that the overall position had improved in terms of the number of risks identified as high risk.

- (1) the Corporate Risk Register included at Appendix A to Paper AUD/131/23 attached as Annex A to Paper E/803/23 be noted.

240 AMENDMENT OF STANDING ORDERS

Paper E/807/23

The report was introduced by the Deputy Chief Executive including that the proposed amendment needed to be recommended to Authority for approval.

**EXECUTIVE COMMITTEE MINUTES
23 MARCH 2023**

- (1) the amendment of Standing Order 94 as detailed in paragraph 6 of Paper E/807/23; and
- (2) delegation to the Deputy Chief Executive to make any minor changes to assist in interpretation or clarification or to correct any administrative errors or omissions that have been overlooked be recommended to Authority for approval.

241 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
12	Lee Valley White Water Centre Ramp Funding Agreement	3

242 LEE VALLEY WHITE WATER CENTRE RAMP FUNDING AGREEMENT Paper E/808/23

The report was introduced by the Corporate Director.

- (1) the key terms and conditions of the funding agreement for £150,000 external funding as set out in paragraphs 15-19 of Paper E/808/23;
- (2) delegation to the Head of Legal Services to make any non-material changes to the terms and conditions and to finalise the funding agreement with British Canoeing;
- (3) subject to entering into the funding agreement, entering into a JCT Design & Build Contract with Carmelcrest Limited on standard terms for construction of the ramp; and
- (4) the signing and sealing of all documentation as necessary was approved.

Chairman

Date

The meeting started at 11.37am and ended at 12.35pm

Q4 REVENUE BUDGET MONITORING 2022/23

Presented by the Head of Finance

EXECUTIVE SUMMARY

This report summarises service spending for 2022/23 compared to 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. The overall net operational expenditure at the year-end is expected to be £7,000, which is £130,000 under the approved budget for 2022/23.

This represents an improvement on the position reported to Members at Quarter 3 (Paper E/799/23) with explanations provided within this report. The year-end position shows this improvement as actual energy bills have come in lower than forecast thanks to reduced energy consumption and further efficiency savings have been found across the Authority's services and departments.

Service Description	Annual Net Budget	Proposed Net Outturn	Variance £000s
Leisure Services Contract	2,681	3,420	739
Events (incl Commonwealth Games)	31	-209	-240
Legal	417	661	244
Property	-1,142	-1,407	-265
Parklands and Open Spaces	2,605	2,402	-203
Small Venues	-1,004	-632	341
Corporate Insurance	594	493	-101
Chief Executive	682	625	-57
Finance & Support Services (excl Insurance)	1,772	1,715	-57
Other	1,483	1,352	-131
Financing	1,786	1,386	-400
Levy	-9,768	-9,768	0
	137	7	-130

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 The Executive Committee recommended a budget for 2022/23 at its meeting in January 2022 (Paper E/767/22). Members approved this at the Authority meeting on 20 January 2022 (Paper A/4312/22). This report compares income and expenditure to 31 March 2023 with the budget.
- 2 The summary financial position of each Authority service or facility is shown in Appendix A to this report.
- 3 The year-end position shows a projected net under spend of £130,000 against the net revenue budget deficit of £137,000. The net deficit for the year is expected to be £7,000.

GENERAL ECONOMIC FACTORS

4 Inflation

March's inflation for the Retail Price Index (RPI) stood at 13.5% and Consumer Price Index (CPI) at 10.1%.

In their May 2023 Monetary Policy Report the Bank of England stated that whilst inflation is higher than anticipated in their February report, due to the higher increases in core good and food prices, they are expecting to see a sharp fall from April as past year price rises drop out of the annual comparison. In addition the extension of the Energy Price Guarantee and decline in wholesale energy prices will lower CPI. However, the model predicts a slower decline with expectations of inflation at around 5% by the end of 2023.

The Bank of England base rate was increased at the May 2023 MPC meeting to 4.50% in response to high inflation.

The April inflation figures are due for release on 24 May 2023.

5 Energy Costs

In line with our signed contracts for accessing the 2020-2024 Laser framework, our initial contract period was secured with fixed prices. We agreed to this fixed cost for 24 months, so the market price movements of wholesale electricity and gas prices did not affect us until October 2022.

This price increase was considered as part of the 2022/23 budget process, with an expectation at that time of around 50% increase for gas and 20% for electricity built into the budget.

The revenue monitoring report presented to Executive Committee in November assumed the high-end price increase forecast by Laser. Our new prices for October 2022-September 2023 were confirmed in late November, and although they are considerable increases on previous prices (100% for electricity and 400% for gas), they are lower than feared. Laser were able to secure these prices at or below the Government's current Energy Bill Relief Scheme.

As part of the shared risk position for utility pricing at the Leisure Services Contract (LSC) venues (for the first 2 years only), with Greenwich Leisure Ltd (GLL) taking the risk for utility consumption for the entirety of the contract, we expect to see a substantial increase to the Management Fee for the first two years. After this, we are required to rebase the utility position for year 3 onwards, when GLL will take on both the cost and consumption risk, but the current Management Fee position for years 3-10 will likely be affected. The Authority has supported GLL in obtaining the same basket prices as us, however their prices from October 2022 have been confirmed at a higher rate. GLL have been unable to negotiate better rates with Laser. At quarter three we forecasted an additional cost of £200,000 in addition to the £310,000 contingency for this energy price risk. These confirmed prices mean the increase in utility costs for the LSC will be £745,000 up from £510,000.

The 2023/24 budget was built around expected higher prices for utility costs from October 2023, and included an overall increase to LSC energy prices of £1.43million. There is also a general contingency, for both utility pricing and income for £600,000. Based on our current understanding of consumption and pricing, and the reduction to consumption as a result of the LED projects at the venues, we are anticipating there will be sufficient coverage within the budget for this.

6 Pay Award

The Pay Award for 2022/23 was agreed by employers and unions in November 2022, and represented an increase of £1,925 on all pay points 1-43. Members further agreed that employees on pay point 44 and above should receive the same award.

The 2022/23 budget included provision for a 2% pay award, but this award averages a 5% increase and has increased costs by £168,000.

Negotiations are ongoing with regards the 2023/24 pay award.

BUDGET CHALLENGES AND SAVINGS

- 7 As reported to Executive Committee in October, the increased utilities prices and pay award detailed above posed a significant challenge to this year's budget. Mitigating actions were taken through the year to reduce the deficit position to one of a more manageable position.
- 8 As reported to Executive Committee in November, significant savings were identified to reduce the deficit.
- 9 This report reflects those savings, along with additional savings achieved through staff vacancies, increased income and a reduction in discretionary spending across the Authority following staff briefings and communications to help with the financial situation.

OPERATIONS OVERVIEW

- 10 The main variances against this year's budget are described below, including more detail on savings.

FINANCING

11 Contributions to/from Earmarked Reserves (£250,000 saving)

The budget includes a £1million contribution to the Asset Management fund. This fund is used to deliver the asset management programme that has been profiled over the next ten years to deliver all scheduled work. The fund is at a healthy level and the planned programme can be delivered without variation with this reduced contribution.

12 Interest Receivable (£99,000 Increased Income) / Payable (£51,000 reduced expenditure)

In line with accounting practices, we are able to capitalise the cost of any borrowing for capital projects during the construction phase of the scheme. The approved budget had included provision for borrowing costs of £50,000 in the budget. However, these costs which actually amounted to £19,200 on the five loans taken during 2022/23, along with interest costs of £383,600 will be charged against the capital project.

Following this we are also required to offset the capital charge with any investment income received in advance of need. As the Authority initially utilised its own cash reserves, rather than borrow, the actual amount of interest that related to advanced borrowing was on £446. In total, the Authority received £107,200 in investment income, and all but the small amount capitalised is regarded as revenue income.

CORPORATE SERVICES

13 Legal Service (£244,000 overspend)

Additional expenditure on external legal support has been required to defend the dispute with Lee Valley Leisure Trust Limited (in administration) (the Trust) regarding the 2019/20 Management Fee payment and end of contract liabilities. Additional external support has also been required in relation to the new LSC and in dealing with other legal matters in particular following the departure of the Locum Property Solicitor in March 2022.

14 Property Management (£265,000 surplus)

Additional rental income has been achieved across the Authority's commercial accommodation and countryside areas, including Abercrombie Lodge, College World of Sport at Lee Valley VeloPark and successful rent reviews. This includes both one-off sums received this year for backdated rental payments as well as ongoing income that has been built into the 2023/24 budget and medium term financial plan.

FINANCE AND SUPPORT SERVICES

15 Finance and Human Resources (£93,000 overspend)

There has been a requirement for additional external financial support from KPMG with regards to the Sporting Income VAT claim; London Pension Fund Authority with regards to the Pension Fund agreement with GLL; and Montagu Evans in regards to Business Rates.

16 Information Technology (£95,000 underspend)

Efficiency savings have been made throughout the year, this includes reduced expenditure related to the transfer of the LSC venues which have been reflected as ongoing savings in the 2023/24 budget.

17 Corporate Insurances (£101,000 underspend)

A significant saving has been made following the removal of the majority of the risk from LSC venues from the Authority's insurance policies, in line with the Authority's responsibilities under the contract.

SPORT & LEISURE

18 Events (£240,000 surplus)

Lee Valley VeloPark hosted the track cycling events of the 2022 Commonwealth Games. This required exclusive hire of the venue for four weeks during July and August. The Authority received a net income from this hire which was not included in the budget. The Management Fee agreed with GLL reflects a loss of income during this period, although the hire period was for a longer period than originally budgeted by GLL. Officers are currently confirming the final position with GLL, which is anticipated to result in a payment to GLL to cover loss of income, a provision for which is reflected in the outturn.

19 Active Communities (£89,000 underspend)

Due to delay in the opening of Lee Valley Ice Centre, £50,000 allocated for the Ice Transition Fund will not be spent in this year, and has been incorporated into the 2023/24 budget.

Savings have been achieved against the sports development grant budget and Community Access Fund which were identified and reported to Executive Committee in November.

PARKLANDS AND OPEN SPACES

20 Countryside Areas (£108,000 underspend)

There have been a number of vacancies within the Ranger team this year which has led to savings. These vacant positions are being recruited to, with some key vacancies now filled. Overall, Ranger services were £16,000 under budget.

Car park income continues to exceed budget expectations, and income received across the Park was £92,000 above initial budget forecasts for the year.

SMALL VENUES

21 Lee Valley Marinas (net £2,000 deficit)

Demand for moorings at both marinas has remained strong and the additional income generated outweighed the additional utilities and staffing costs.

The outturn reflects the need to make provision, as a result of the Settlement

Agreement with the Trust, for mooring deposits for customers that transferred back to the Authority in April 2020. Whilst these form a portion of our counter-claim against the Trust, there is an accounting requirement for us to now cash back these historic deposits.

In total, this represents £79,000 and without this, both marinas would show a healthy surplus against approved budget.

22 Lee Valley Campsite, Sewardstone (£99,000 deficit) and Lee Valley Caravan Park, Dobbs Weir (£277,000 deficit)

The campsites continue to recover from the impact of Covid restrictions, which led to a loss of business from European visitors, and reduction in visitors staying to visit and work in London. Touring income was generally in line with budget at Sewardstone and Dobbs Weir.

Members agreed investment into new glamping units at Sewardstone and Dobbs Weir in November 2021 (Paper E/743/21), and the additional income they were forecast to generate was built into the 2022/23 budget. Installation was delayed by a few months which has impacted this year's income. Units are now available to book at both campsites and are expected to achieve good occupancy rates all year round due to their self-contained nature.

Campsites have also been heavily impacted by the increases in utility and staffing costs.

23 Lee Valley Camping and Caravan Park, Edmonton (£120,000 surplus)

Edmonton Campsite has seen a particularly strong recovery this year after a slower recovery than the other campsites who benefited more from the staycation trend last year. Edmonton's core customers stay for work or leisure in London and they have returned to pre-Covid levels.

24 Lee Valley Golf Course (£30,000 deficit)

Demand for golf has not returned to pre-Covid levels and did not achieve budget. The uncertain future of the golf course has had an impact on memberships. However, short term certainty over the Golf Course has been confirmed, and it will remain as an operational venue for at least the whole of the 2023/24 financial year. This should give a boost to income over the next year.

25 Caravan Sales (£66,000 deficit)

Historically there has been no budget set for caravan sales as we are unable to reliably forecast the opportunities that may arise in the coming year for sales. However a contingency income budget of £207,000 was included in the 2022/23 budget as a stretch target to reduce the budget deficit. A good net income of £141,000 was achieved. The budget for 2023/24 has been set at a more realistic level that factors in known opportunities for sales on new pitches at Dobbs Weir.

LEISURE SERVICES CONTRACT (£739,000 deficit)

26 The LSC commenced on 1 April 2022, with the transfer of the operation of the

six major sporting venues to GLL. In the first two years of the contract the Authority will make a Management Fee payment to GLL. From year three onwards, this is budgeted to change to a payment to the Authority. However, the contract does stipulate the need to a utility benchmarking exercise after the first two years of operations. We will be working with GLL on setting the consumption and price targets later in this calendar year, and it may result in a change to the Management Fee flow between us.

In addition to the Management Fee there has been some additional expenditure in the first year. The Authority has picked up costs for some repair and maintenance work which wasn't possible to complete prior to commencement of the LSC, notably repairs to the pumps at Lee Valley White Water Centre. Due to a delay in the transfer of the venues to GLL's own booking system there was a cost for the short term extension of the software licence for Clarity, which was the Authority's booking system, to continue to manage venue bookings and payments.

Investment projects at the venues that were scheduled to be completed during 2022/23 have been budgeted to increase income and achieve cost savings. These include the meeting room development at Lee Valley White Water Centre and LED lighting at Lee Valley VeloPark. Due to planning delays with the Lee Valley White Water Centre project the forecast for this year reflects a reduced period of achieving these savings. Initial consumption savings from the LED lighting are encouraging and are reducing the utilities payment to GLL.

The replacement of the indoor athletics track at Lee Valley Athletics Centre was completed in September 2022. Officers are confirming any loss of income to be paid to GLL.

The other approved projects at Lee Valley Athletics Centre, Lee Valley Riding Centre, LED lighting at the other four venues, and the slalom ramp at Lee Valley White Water Centre will be delivered in 2023/24, and will result in a change to the Management Fee for the next financial year.

The budget included a £310,000 contingency for the LSC for increased utility costs. An additional £435,000 has been forecasted to be required in addition to this contingency to cover the higher than expected price rises. We are working together with GLL to confirm final consumption figures for the year, so we can then finalise the adjustment required.

The handover and opening of the new Lee Valley Ice Centre has been delayed by several months. Handover took place on 10 May with an anticipated opening in June. This has had an impact on the 2022/23 Management Fee which is close to being agreed with GLL, a provision of £128,000 for this is included in the outturn. The impact for 2023/24 is being agreed with GLL with an anticipated £500,000 impact on the Management Fee. We have already built a provision of £250,000 into the 2023/24 budget, and with the reduction from the anticipated £270,000 in 2022/23 as reported in Q3, this increase will be covered by a combination of use of contingency and reserves.

FURTHER ISSUES

27 VAT Claim on Sporting Income

The legal case led by Chelmsford City Council, and supported by the Authority,

regarding treating leisure services as non-business for VAT purposes has been concluded and found in the favour of local authorities.

Officers have submitted the claim to HMRC to reclaim historic overpaid VAT, along with an updated claim to cover the period from April 2020 when the operational venues transferred back to the Authority. HMRC are currently reviewing this, and we will update Members on the position once we have further details.

Going forward this has a beneficial impact for leisure services delivered by the Authority, and we are working with KPMG to confirm the services that fall under this broad definition of leisure services.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 29 Whilst this reports presents a near final operational outturn position, there are likely to be a small number of changes to the final outturn during the year end closedown period. These are likely to revolve around movements for assets and liabilities, but are expected to be minimal.

The final General Fund balance is expected to be around £2.96million at the end of March 2023 from the previous forecast of £2.80million, just slightly below the approved level of between £3-4million.

The budget for 2023/24 was set with a deficit of £0.46million, which would see our General Reserves position decrease to £2.50million at March 2024. However, the trajectory as per the Medium Term Financial Forecast, is for reserves to return above £3million in 2025/26.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 32 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/799/23	Q3 Revenue Budget Monitoring 2022/23	23 February 2023
Executive Committee	E/789/22	Q2 Revenue Budget Monitoring Update 2022/23	17 November 2022
Executive Committee	E/781/22	Q2 Revenue Budget Monitoring 2022/and Budget Challenges	20 October 2022
Executive Committee	E/774/22	Q1 Revenue Budget Monitoring 2022/23	22 September 2022
Executive Committee	E/767/22	Q4 Revenue Budget Monitoring 2021/22	26 May 2022
Executive Committee	E/765/22	Annual Report on Treasury Management Activity 2021/22	26 May 2022
Authority	A/4312/22	2022/23 Revenue Budget & Levy	20 January 2022
Executive Committee	E/751/22	2022/23 Revenue Budget & Levy	20 January 2022

APPENDIX ATTACHED

Appendix A Detailed outturn forecast

LIST OF ABBREVIATIONS

LSC	Leisure Services Contract
GLL	Greenwich Leisure Limited
the Trust	Lee Valley Leisure Trust Ltd (t/a Vibrant Partnerships)
NJC	National Joint Council

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Appendix A to Paper E/812/23

OPERATIONAL OUTTURN SUMMARY

LEE VALLEY REGIONAL PARK AUTHORITY

APPENDIX A

YEAR 2022/23

PERIOD: 12 (March 2023)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
OPERATIONAL SERVICES							
Chief Executive	(4)	629	625	682	625	(57)	(8%)
Corporate Services	(2,306)	1,580	(727)	(194)	(227)	(33)	(17%)
Finance and Support Services	(50)	2,143	2,093	2,366	2,208	(158)	(7%)
Sport and Leisure	(1,308)	1,831	524	983	624	(359)	(37%)
Parklands and Open Spaces	(1,313)	3,713	2,400	2,605	2,402	(203)	(8%)
Small Venues	(4,484)	3,743	(742)	(1,004)	(663)	341	34%
Leisure Services Contract	(1)	2,548	2,547	2,681	3,420	739	28%
	(9,466)	16,187	6,720	8,119	8,389	270	3%
FINANCING							
Interest Receivable	(107)	0	(107)	(8)	(107)	(99)	(1238%)
Interest Payable & Bank Charges	0	82	82	56	5	(51)	(91%)
Contributions to/from Earmarked Reserves	0	1	1	1,000	750	(250)	(25%)
Financing of Capital Expenditure	0	0	0	290	290	0	0%
Minimum Revenue Provision	0	0	0	448	448	0	0%
Levies on Local Authorities	(9,768)	0	(9,768)	(9,768)	(9,768)	0	0%
Movement in General Fund				137	7	(130)	(95%)

YEAR 2022/23

PERIOD: 12 (March 2023)

	Actual To Date		Net	Annual	Proposed	Variance	
	Income	Expenditure		Net Budget	Net Outturn	£000s	%
CHIEF EXECUTIVE							
Chief Executive	0	227	227	256	227	(29)	(11%)
PR / Communications	(4)	402	398	426	398	(28)	(7%)
TOTAL CHIEF EXECUTIVE	(4)	629	625	682	625	(57)	(8%)
CORPORATE SERVICES							
Legal Service	(3)	664	661	417	661	244	59%
Property Management	(2,303)	397	(1,907)	(1,142)	(1,407)	(265)	(23%)
Planning and Strategic Partnerships	0	100	100	141	100	(41)	(29%)
Asset Protection, Maintenance & Development	0	303	303	278	303	25	9%
Committee Service	0	116	116	112	116	4	4%
TOTAL CORPORATE SERVICES	(2,306)	1,580	(727)	(194)	(227)	(33)	(17%)
FINANCE AND SUPPORT SERVICES							
Finance and Human Resources	0	746	746	618	711	33	15%
Information Technology	(50)	565	515	710	615	(95)	(13%)
Corporate Insurances	0	493	493	594	493	(101)	(17%)
Audit / Health & Safety	0	146	146	219	196	(23)	(11%)
Non Distributed Costs	0	68	68	69	68	(1)	(1%)
Corporate Training / Apprenticeships	0	33	33	71	33	(38)	(54%)
Project & Funding Delivery	0	92	92	85	92	7	8%
TOTAL FINANCIAL SERVICES	(50)	2,143	2,099	2,966	2,208	(158)	(7%)
SPORT AND LEISURE							
Events	(1,238)	928	(309)	31	(209)	(240)	(774%)
Sports Development	(38)	72	34	123	34	(89)	(72%)
Policy and Performance	0	630	630	601	630	29	5%
Learning & Engagement Service	(32)	158	126	148	126	(22)	(15%)
Community Access	0	43	43	80	43	(37)	(46%)
TOTAL SPORT AND LEISURE	(1,308)	1,831	524	983	624	(359)	(37%)

YEAR 2022/23

PERIOD: 12 (March 2023)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	287	287	275	287	12	4%
Myddelton House Management	(14)	303	289	293	289	(4)	(1%)
Parklands							
River Lee Country Park	(8)	422	414	439	414	(25)	(6%)
Gunpowder Park	(4)	75	71	88	71	(17)	(19%)
Countryside Areas	(216)	1,163	947	1,055	947	(108)	(10%)
Abbey Gardens	(2)	85	83	94	83	(11)	(12%)
Three Mills	(1)	24	23	31	23	(8)	(26%)
East India Dock and Bow Creek	(10)	46	36	45	36	(9)	(20%)
Broxbourne Riverside	0	23	23	21	23	2	10%
Fisheries	(107)	10	(97)	(69)	(97)	(28)	(41%)
Visitor Attractions							
Myddelton House	(150)	339	189	183	189	6	3%
Rye House Gatehouse	0	4	4	5	4	(1)	(20%)
Park Projects							
Volunteers	0	43	43	42	43	1	2%
Biodiversity	0	112	112	106	112	6	6%
Farms							
Lee Valley Farm, Holyfieldhall	(729)	763	35	38	35	(3)	(8%)
Initiatives and Partnerships							
King George Reservoir South	(14)	14	(1)	(1)	(1)	0	0%
Lee Valley Boat Centre	(41)	0	(41)	(41)	(41)	0	0%
Broxbourne Chalets	(17)	0	(17)	1	(15)	(16)	(1600%)
TOTAL PARKLAND AND OPEN SPACES	(1,313)	3,713	2,400	2,605	2,402	(203)	(8%)
SMALL VENUES							
Lee Valley Marina Springfield	(1,120)	703	(417)	(345)	(357)	(12)	(3%)
Lee Valley Marina Stanstead	(835)	772	(63)	(58)	(44)	14	24%
Lee Valley Waterworks Centre	(10)	70	60	82	60	(22)	(27%)
Lee Valley Farm Hayes Hill	0	3	3	0	3	3	0%
Lee Valley Campsite (Sewardstone)	(503)	511	8	(91)	8	99	109%
Lee Valley Caravan Park (Dobbs Weir)	(840)	708	(132)	(409)	(132)	277	68%
Lee Valley Leisure Centre Campsite	(497)	417	(81)	39	(81)	(120)	(308%)
Lee Valley Leisure Centre Golf Course	(101)	132	31	1	31	30	3000%
Almost Wild Campsite	(42)	32	(10)	(16)	(10)	6	38%
Caravan Sales	(536)	395	(141)	(207)	(141)	66	32%
TOTAL SMALL VENUES	(4,484)	3,743	(742)	(1,004)	(663)	341	34%

	Actual To Date		Net	Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure				£000s	%
LEISURE SERVICES CONTRACT							
Management Fee	0	2,261	2,261	2,261	2,261	0	0%
Efficiencies / Increased Income	0	0	0	(60)	0	60	100%
LSC Support	0	39	39	0	39	39	0%
LSC Venues Direct Costs	(1)	248	247	170	247	77	45%
LSC Contingency (Utilities)	0	0	0	310	745	435	140%
LSC Operations (Ice Centre)	0	0	0	0	128	128	0%
TOTAL LSC VENUES AND BUSINESS SUPPORT	(1)	2,548	2,547	2,681	3,420	739	28%
TOTAL OPERATIONAL SERVICES	(9,486)	16,187	7,345	8,119	8,389	270	3%

Q4 CAPITAL PROGRAMME BUDGET MONITORING 2022/23

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending in 2022/23 compared to the current capital programme. Figures are 'near final' but are likely to be subject to minor changes during the remainder of the closure of accounts process.

Appendix A to this report provides a financial summary of current schemes within the capital programme and shows that overall net capital expenditure for the year-end is currently projected to be £18.040 million, which represents a net overspend against the profiled approved budget.

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 Authority initially approved the capital programme for 2022/23 at its meeting on 20 January 2022 (Paper A/4313/22). This report compares the actual spend with the current programme.
- 2 Where there is a significant variance, resulting in a projected under or over spend for a particular project, a brief explanation for the variance is provided below by the Accountable Officer for that scheme.
- 3 Where slippage is projected and reported, those resources remain earmarked for the particular schemes in question in future years. Where an under spend is reported these savings are added back into capital funds.
- 4 The original annual budget for 2022/23 was £16.026 million net expenditure. However, reprofiling due to prior year slippage, along with the inclusion of other identified schemes, has meant the current capital budget is now £17.614 million. The projected net capital position for the year is £18.040 million, in line with the revised budget.

SPECIFIC SCHEMES

- 5 The review of major schemes in 2022/23 is detailed below.

6 Lee Valley Ice Centre Redevelopment

The Ice Centre Redevelopment project reached Practical Completion (PC) on 11 May 2023 and was immediately handed over to Greenwich Leisure Ltd (GLL) after completion of the Lease and associated Deed of Variation.

The Venue will now undergo a period of snagging works along with GLL undertaking their mobilisation process ready for a public opening on 17 June. The snagging / defects period will run for the next 12 months with all the warranties and protections in place post that.

There are commercial discussions ongoing between the contractor, Buckingham, and the Authority and Members will be updated on these in due course.

The project remains within budget and in line with its original design.

7 Ice Centre Funding

The redevelopment of the Ice Centre has always been anticipated to be fully funded from external borrowing, with the original strategy one of short-term loans during the construction phase, to be converted to long-term loans on completion. This was subsequently amended to allow greater flexibility with borrowing due to the increase in lending rates.

Officers have continued to adopt the more cash and affordability efficient approach of short-term loans, rather than locking in long-term debt, and have to date borrowed £25million on terms of up to two years.

Due to the current volatility in rates we have continued with this approach as it gives us greater freedom and adaptability to respond should rates drop. Over the last few weeks we have seen Public Works Loans Board (PWLB) long term rates around 5.0%. Our Medium Term Financial Forecast is based on rates being around 4%, and whilst we can secure this rate in the short-term market, we wait for when it may be appropriate to take longer-term borrowing.

Having short-term borrowing also allows us to easily apply and repay loans should we benefit from future capital receipts, without charges that would be associated with repaying long-term loans.

The capital receipt we received with regard to the disposal of Mile and Langley Nursery in January 2023 will allow us to pay down £5million of the borrowing need.

We will continue to update Members on borrowing in future quarterly Capital Outturn reports.

8 Asset Maintenance

The Authority has developed an Asset Management (AM) programme across the assets and open spaces that it is directly responsible for. This is a rolling programme of major one-off and planned/cyclical maintenance over 10 years. The programme is funded by annual direct contributions from revenue to ensure that the programme is fully funded to cover both lower and higher maintenance

years.

The annual AM budget is amended each year to take into account where additional maintenance is required, or is deferred to future years.

The annual AM profiled budget is expected to be around £1million, and includes schemes carried over from the prior year.

Where AM works can be identified as capital in nature, these can then be capitalised, although the revenue funding will be assigned to these schemes so as not to further increase the charge to revenue that would occur with an unfinanced capital spend.

9 Hostile Vehicle Mitigation

Whilst this project has seen significant delays due to the planning process, planning permission has now been granted and revised budget costs have been sought. However due to significant increased material costs on specialist items which are vastly in excess of the current approved budget, it has required a review of the overall scheme scope and it is not envisaged that this project will commence for several months while updated plans are devised. The full project budget will need to be rolled forward and delivery will be later in the 2023/24 financial year.

10 Lee Valley White Water Centre Pumps Replacement

The updating of pumps and controls on both courses is now in progress, and two new pumps were installed in February 2023. Controls are being replaced as they become available, this project will complete early in the next financial year. The costs of this project have increased by £200,000 as further outdated components have been discovered during the upgrading works.

11 Landscape, Open Space and Investment Projects

Officers have been reviewing the Landscape and Open Space project list (Paper E/711/20) for any schemes that may progress. Listed below are some that are progressing. In addition to those others are in the pipeline and these will start progressing throughout 2023 and onwards, such as Cheshunt Lakes S106, and Lea Bridge Station mitigation, although the progress of these will be dependent on the release of funds when the trigger points of the developments are met.

Middlesex Filter Beds

This project has now established that the option of breaching the navigation is non-viable due to the proximity of a water main. We have now progressed to the position that the only option is a pumping solution. Consultants are now looking with officers at the options here and a secure generator housing or suitable electric feed is being investigated. If a generator is the only available solution we have asked consultants to look at bio fuel options and Hydrotreated Vegetable Oil (HVO) is being investigated. Consultants are close to having an agreed pumping solution and we are confident we will be ready for implementation to commence in the early autumn. Members will be updated as to how this project is progressing and when completion is expected once contractors have been procured.

East India Dock Basin

Final sampling will be undertaken in the next few months and this will allow the application for a licence to disperse silt into the Thames.

The National Lottery Heritage Fund (NLHF) bid has now been drafted and is in the final stages of editing for submission on 25 May 2023. Match funding for this stream is a minimum of 5% but we should also aim for more if possible. This option also allows other partners to contribute more and potential match funding from other streams will be available.

St Pauls Field

The St Paul's Field project will deliver a new footpath from Meadgate Road in Nazeing to Dobbs Weir Road. This will open up an area of the Park which has been inaccessible to the public, delivering a countryside and lakeland pathway for pedestrians and cyclists.

A badger survey has been completed and a set of method statements for works are now available for the contractor brief for procurement. The planning application has been drafted and once a flood risk assessment has been written we expect to submit in June. We have started the process to procure contractors and landscape architects for the delivery stage which is still on track for starting this Autumn.

North Wall Road

North Wall Road is north of Lee Valley VeloPark and jointly owned with the London Legacy Development Corporation (LLDC). It is a hard landscape which has had little value for either organisation. An application to the Mayor's Green and Resilient Spaces Fund for a development grant was successful for £40k and we are in the process of starting the development work on this project. A landscape architect will be procured to develop concept designs and engage with the local community as well as work with ourselves and LLDC to come up with a project which we will then be able to apply for delivery funding to the GLA to complete the project.

12 Venue Investment Projects

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

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

Significant projects still in progress include:

Lee Valley White Water Offices and Meeting Rooms

This project has been successfully completed and has been available for use as from early February. The final account will be around £500k which is due to additional elements of work being added to the contract. This will increase the level of income GLL will be able to generate for use of the area, and will see an adjustment to the Leisure Operator Base Trading Account (LOBTA) and Management Fee payments.

Lee Valley White Water Slalom Ramp

The initial scheme came in at well over the available budget so the scheme was

revised and we have completed the works to build the ramp in a new position as solely a ramp with no bridge connections. Works on the ramp commenced in April 2023 and were completed on 15 May 2023 with minimal disruption to the programme at Lee Valley White Water Centre. Partial project funding from British Canoeing of £150,000 has been secured (Executive 23 March 2023 E/808/23), with the Authority's total contribution, including design stage, of around £170,000.

CAPITAL RECEIPTS

- 13 The Authority has received a capital receipt of £7.75m in respect of the disposal of Mile and Langley Nursery (Paper E/772/22), which will result in a net usable receipt of around £7.5m.

Members agreed that funding of the Venue Improvement Programme (Paper E/743/21) would come from this receipt, with agreement at Authority (Paper A/4330/23) that the remainder be utilised to part finance the Ice Centre Redevelopment.

ENVIRONMENTAL IMPLICATIONS

- 14 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

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

FINANCIAL IMPLICATIONS

- 16 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

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 19 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

Authority	A/4330/23	Proposed Capital Programme 2022/23 (Revised) to 2026/27	19 January 2023
Executive Committee	E/785/22	Q2 Capital Programme Budget Monitoring 2022/23	17 November 2022
Executive Committee	E/775/22	Q1 Capital Programme Budget Monitoring 2022/23	22 September 2022
Executive Committee	E/766/22	Q4 Capital Programme Budget Monitoring 2021/22	26 May 2022
Executive Committee	E/754/22	Q3 Capital Programme Budget Monitoring 2021/22	24 February 2022

APPENDIX ATTACHED

Appendix A Capital Monitoring 2022/23 Q2 Outturn

ABBREVIATIONS

AM	Asset Maintenance
NLHF	National Lottery Heritage Funding
GLL	Greenwich Leisure Limited
LOBTA	Leisure Operator Base Trading Account
LLDC	London Legacy Development Corporation

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
ANNUAL EARMARKED PROVISION						
Biodiversity Action Plan	-	-	87	80	-7	Programme Delivery Profiling
IT Infrastructure & Communications	-	-	170	100	-70	Programme Delivery Profiling
Asset Management	-	-	1,067	1,093	26	Programme Delivery Profiling
PROJECT SPECIFIC BUDGETS						
Lee Valley Ice Centre Redevelopment	30,000	13,250	12,750	13,933	1,183	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	5	490	0	-490	Slippage/In Progress
Dobbs Weir Campsite Final Phase	27	0	27	23	-4	Scheme Complete
Olympic Rings	50	0	50	0	-50	Slippage
Eton Manor Feasibility	25	0	25	25	0	Stage Complete
White Water Pumps Replacement	800	0	800	885	85	Additional works - Scheme Complete
LANDSCAPE, OPEN SPACE & INVESTMENT PROJECTS						
East India Dock Basin - Feasibility	85	10	75	51	-24	Stage Complete
Middlesex Filter Beds Sluice	240	0	240	0	-240	Slippage/In Progress
St Pauls Field - Feasibility	15	4	11	18	7	Stage Complete
Waltham Abbey Gardens	20	0	20	0	-20	Contribution/Match Funding
Three Mills Enhancement Works	330	0	330	331	1	Near Complete
VENUES INVESTMENT PROJECTS						
Non-Sports Venues						
Campsites - Playgrounds	75	28	47	30	-17	Scheme Complete
Campsites - WIFI Upgrade	30	0	30	21	-9	Scheme Complete
Campsites - Glamping Pods	168	99	67	147	80	Budget units only - no siting
Marinas - Welding Tents	10	0	10	0	-10	Programme Delivery Profiling
Feeder Pillars (Springfield)	75	0	75	0	-75	Programme Delivery Profiling
Laundry Room Extend (Springfield)	45	0	45	24	-21	New machines only

LEE VALLEY REGIONAL PARK AUTHORITY
CAPITAL PROGRAMME MONITORING 2022/23 QUARTER 4

Project Name	Full Scheme Budget £000s	Spend To Date £000s	Profiled Budget 2022/23 £000s	Projected Outturn at 31/03/2023 £000s	Projected Variance £000s	Comment
Craning Pad Extension (Stanstead)	3	0	3	0	-3	Programme Delivery Profiling
Dobbs Weir Bungalow (Renovation)	50	0	50	8	-42	Programme Delivery Profiling
Sewardstone House (Renovation)	40	0	40	21	-19	Programme Delivery Profiling
Sports Venues						
Velopark - LED Lighting	700	210	490	642	152	Additional works - Scheme Complete
WhiteWater - Offices/Meeting Rooms	450	0	450	495	45	Additional works - Scheme Complete
Whitewater - Slalom Ramp	100	0	100	32	-68	Tri party funding total cost £300k
Riding Centre Mechanical Horse	65	0	65	0	-65	Programme Delivery Profiling
Land Disposals						
Mile & Langley Nursery		113		81		Disposal Complete
TOTAL PROGRAMME			17,614	18,040	426	
CAPITAL PROGRAMME FINANCING						
Borrowing			12,750	13,933		
AM Reserve			1,067	1,093		
Capital Fund			290	290		
Capital Receipts			3,507	2,724		
TOTAL FINANCING			17,614	18,040		

**ANNUAL REPORT ON
TREASURY MANAGEMENT ACTIVITY 2022/23**

Presented by the Head of Finance

EXECUTIVE SUMMARY

This report provides a summary of treasury management investment and borrowing activity during 2022/23.

RECOMMENDATION

Members Note: (1) treasury management activity during 2022/23.

BACKGROUND

- 1 Treasury management is the management of the Authority's cash flows, banking, investment, and borrowing 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.

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 April 2021 (Paper A/4297/21).
- 4 Capital investment in 2022/23 on the Ice Centre Redevelopment has been funded from short-term borrowing; loans repayable within 12 months. The remainder of the capital programme has been funded from the Authority's accumulated cash balances.
- 5 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.

- 6 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).
- 7 Short term investments have ranged in size from £10,000 to £5 million; and from periods of one day to six months. Interest earned in 2022/23 will total £107,214.

2022/23 INVESTMENT PORTFOLIO

8 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 2022/23 were:

Investment	Amount	Interest Rate	Comments
Principality BS	£5.0m	0.37%	Matured April 2022
Principality BS	£2.5m	0.52%	April 2022
Principality BS	£2.5m	0.70%	May 2022
Principality BS	£2.5m	0.89%	Three months to August 2022
Principality BS	£1.0m	0.86%	June 2022
Principality BS	£2.5m	1.50%	August 2022
Principality BS	£4.0m	1.90%	October 2022
Principality BS	£3.0m	3.17%	January 2023
Principality BS	£2.0m	3.30%	Two months to March 2023
Principality BS	£2.0m	3.67%	Two months to April 2023
Principality BS	£2.0m	3.80%	March 2023
West Brom BS	£2.5m	0.80%	Two months to July 2022
West Brom BS	£2.5m	0.95%	July 2022
West Brom BS	£2.0m	3.20%	Two months to March 2023
West Brom BS	£3.0m	3.31%	Three months to April 2023

At 31 March 2023 the balance with Principality was £4million and West Brom £3million.

9 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 up to 1.40%. The balance on the account at 31 March 2023 was £3.7million.

- 10 On twelve occasions during 2022/23 the Authority breached its limit of £5million held at any one institution. On these occasions this was due to cash flow timing, where cash was held overnight at Nat West either awaiting payment of invoices relating to the Ice Centre, or monies awaiting re-investment.

INVESTMENT PERFORMANCE 2022/23

- 11 During 2022/23, the Authority's bank accounts and investments achieved the following average interest rates.

Account	Period of Investment	Average Interest Rate Achieved During 2021/22	Average Interest Rate Achieved During 2022/23
		%	%
Nat West SIBA	On-Call	0.01	0.48
Santander	On-Call	0.14	1.22
Principality BS	1-2 months	0.14	1.88
West Bromwich BS	1-6 months	0.13	2.31
Weighted Average		0.08	1.31

- 12 The Authority's weighted average rate of investment return for 2022/23 was 1.31% (0.50% target rate). The annual return was higher than target due to the significant increases in interest rates throughout the year. However, it is not proposed to set a target rate of return for future years, but for officers to continue to utilise cash reserves and manage cash flow with regard to reducing costs related to borrowing, rather than looking to maximise investment returns.
- 13 The Bank of England base rate has increased a number of times throughout 2022/23 in response to the increase in inflation. At 1 April 2022 it was 0.75%, but this was increased at every Monetary Policy Committee (MPC) meeting throughout the year, and at 31 March 2023 was 4.25%. The MPC met again on 11 May 2023 and increased the rate by a further 0.25% to 4.50%.

In their May 2023 Monetary Policy Report the Bank of England stated that whilst inflation is higher than anticipated in their February report, due to the higher increases in core goods and food prices, they are expecting to see a sharp fall from April as past year price rises drop out of the annual comparison. In addition the extension of the Energy Price Guarantee and decline in wholesale energy prices will lower CPI. However, the model predicts a slower decline with expectations of inflation at around 5% by the end of 2023.

BORROWING PERFORMANCE 2022/23

- 14 Members agreed the redevelopment of the Ice Centre would be funded from external borrowing. The approved strategy is for a mix of short-term, up to 24 months, and longer term borrowing with the focus currently only on short-term borrowing due to the high interest rates that are associated with long term loans, and the impact of that on future revenue budgets.
- 15 During the initial build period from 2021 the Authority utilised its own cash reserves to reduce the borrowing costs. We have since been able to access Local Authority lending, and during the first year, 2021/22, we borrowed £10million in short term cash. We have since borrowed a further £25million during 2022/23 with another £10million in early April 2023, and repaid £10million to leave us with a total borrowing liability of £25million at 31 March 2023.
- 16 The borrowing during 2022/23 is profiled below.

Loans Repaid

Lender	Amount	Rate	Loan Period
Cambridge & Peterborough CA	£5m	0.45%	Repaid Dec 2022
Gloucestershire CC	£5m	0.70%	Repaid Dec 2022

New Borrowing

Lender	Amount	Rate	Loan Period
Gloucestershire CC	£5m	1.50%	10/05/22 – 09/05/23
Cambridge & Peterborough CA	£5m	4.40%	03/10/22 – 02/10/23
Gloucestershire CC	£5m	4.50%	21/12/22 – 20/12/23
Public Works Loans Board	£5m	4.22%	21/12/22 – 20/12/24
Gloucestershire CC	£5m	4.10%	05/01/23 – 05/07/23

- 17 The total borrowing costs accrued in 2022/23, including both interest payable and brokerage costs are £402,798. During the construction stage of the Ice Centre, we are able to charge these directly to the capital project, rather than financing them from revenue. We are also required to charge any interest received on borrowing in advance of need to the capital project. Due to our cash flow use of our own cash reserves, only £446 of investment income relates to excess borrowing. The remaining £106,768 is now included in the revenue outturn for the year.

The borrowing costs of £402,798, less £446 investment income has been included in the Capital Outturn for the Ice Centre (Executive E/810/23).

Investment income of £106,768 has been included in the Revenue Outturn (Executive E/812/23)

OUTLOOK FOR 2023/24

- 18 The increase in inflation, and the responding increases to interest rates, presents a number of challenges and uncertainties over the coming year.

We continue to see an increase in general costs, and whilst we do have certainties in some areas through fixed contract prices (Grounds Maintenance, Utilities to October 2022), there are increases elsewhere.

Coupled with a slowdown in economic growth and increase in costs of all commodities, this may result in less income flow to the Authority. This will continue to be reported to Members on a regular basis at the quarterly Revenue and Capital Outturn reporting cycle.

- 19 From a Treasury Management perspective, there are both pros and cons to this. On the positive side, we have seen increases in borrowing rates which in turn has resulted in an increase in investment income. However, with potentially less cash to invest, the monetary value will be reduced.
- 20 The increase in rates also impact the lending rates and the Authority is in a position where it currently needs to borrow £25m to fund the Ice Centre redevelopment. Current Public Works Loans Board (PWL) long-term interest rates have increased to around 5.00% for a 40 year Equal Instalment of Principal (EIP) loan. This increase has had an impact on the interest costs repayable, which will in turn result in less cash available to invest.
- 21 The financial budget for 2023/24 which was approved by Members in January (Paper A/4329/23) set an investment income budget of £30,000. With the increase in interest rates since January, coupled with cash holdings in excess of initial cashflow forecasts, it is likely that we will be able to achieve returns in excess of this.

The budget for interest costs in relation to borrowing was set at £822,000. Whilst

this did reflect a reduction due to the reduced borrowing need because for the Capital Receipt for disposal of Mile and Langley Nursery, as we are seeing higher than forecast interest rates, we predict that the total interest costs will be £1.1m. Of this, £120,000 can be capitalised based on the handover date of 10 May 2023 for the ice Centre. The remaining increase of £180,000 within the Revenue account will be partially offset by increased investment income.

- 22 Officers continue to monitor both short and long-term lending rates to be able to make the best Treasury decisions for the Authority.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 24 These are dealt with in the main body of the report.
- 25 The Annual Investment Strategy forms one part of the wider Capital Strategy, along with the Treasury Management Strategy, Prudential Indicators, Minimum Revenue Provision Statement, as well as the Revenue and Capital Budgets. These were approved by Members at Authority in January 2023 (Paper A/4331/22).

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 28 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 £5million, subject to allowance to exceed this limit for cashflow purposes, and limiting investments to UK clearing banks and the top seven building societies or where the building society assets exceed £10 billion.
- 29 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 audit was last conducted in January 2021, and the internal auditors provided a "substantial assurance" rating to the Authority, with one recommendation to review the Treasury Management policy following the retirement of the Director of Finance. This was done in April 2021 and approved by Members (Paper A/4297/21).

The work carried out by the internal auditors is also tested by the external auditors.

EQUALITY IMPLICATIONS

- 30 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 & 2021 Cross Sectoral Guidance Notes"

PREVIOUS COMMITTEE REPORTS

Authority	A/4331/23	Capital Strategy 2022/23 to 2026/27	19 January 2023
Executive	E/765/22	Annual Report on Treasury Management Activity 2021/22	26 May 2022
Executive	E/725/21	Annual Report on Treasury Management Activity 2020/21 & Annual Investment Strategy 2021/22	27 May 2021
Authority	A/4297/21	Treasury Management Policy	29 April 2021
Executive	E/671/20	Annual Report on Treasury Management Activity 2019/20 & Annual Investment Strategy 2020/21	21 May 2020

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
SIBA	Special Interest Bearing Account
PWLB	Public Works Loans Board
MPC	Bank of England Monetary Policy Committee

PARK SECURITY CONTRACT PROCUREMENT

Presented by the Corporate Director

EXECUTIVE SUMMARY

Officers are seeking approval to extend the current Park Security contract for a six month period with the current contractor Parkguard Ltd to allow the procurement of a new Park Security contract. This contract, like the current one, will be a joint procurement with Broxbourne Borough Council sharing the costs 50/50 on the northern element. The Authority will fund 100% the southern element with the M25 being the dividing line.

RECOMMENDATIONS

- Members Note: (1) commencement of procurement of a new Park Security contract with the intention of commencing the new contract in December 2023; and
- Members Approve: (2) offering the current Park Security contractor a further six months extension to the current contract.

BACKGROUND

- 1 The current Park Security contract is with Parkguard Ltd and comes to an end on 30 June 2023 (the "Contract"). The Contract commenced on 1 July 2016 and was for a term of five years with a two year extension that was granted in 2021. The Contract operates in partnership with Broxbourne Borough Council (BBC) on an equal 50/50 division on the northern element. This Authority funds 100% the southern element with the M25 being the dividing line.
- 2 This has been a very successful partnership with BBC and Parkguard Ltd and has proved a very valuable service to both organisations. As such, the Authority and BBC are looking to procure a similar service jointly again. The term proposed for the contract is three years, with the ability for the Authority to require two extensions of two years making a total of seven years. i.e. 3yrs + 2yrs + 2yrs.
- 3 Officers require some extra time to enable the procurement of the new joint contract and are therefore seeking approval of a six month extension to the

current contract with Parkguard Ltd. This will ensure that the Authority continues to receive Park Security services in the interim. Initial communications with Parkguard Ltd regarding the six month extension have been positive.

CURRENT POSITION

4 Benefits to the Authority in the existing contract are detailed below and the new contract is intended to mirror the existing benefits and improve on them where possible. These duties and benefits are not exclusive or exhaustive as any other similar tasks as may be required from time to time:

- Patrolling sites as outlined;
- Specific site patrols for potential issues (we have started to use our contractor for swimming patrols in the summer months at times with additional staff due to the size of the areas involved);
- Enforcement of Park byelaws;
- Opening and securing the perimeter of parks when closed, for example lock-ins or emergency access;
- Checking security of park buildings;
- Providing assistance and reassurance to members of the public;
- Reporting incidents of vandalism and damage to property and equipment;
- Liaising with Authority and Council staff and partners on a regular basis;
- Monitoring, educating, training and enforcing byelaws relating to dog walkers in order to promote responsible behaviour;
- Assisting at major events if required;
- Attending emergencies relating to Authority and Council premises or staff;
- Attending alarm calls;
- Assisting staff at sites with difficult situations;
- Targeting youth nuisance problems including underage drinking;
- Targeting drug seizures;
- Acting as front line officers for the Customers when dealing with travellers incursions in parks and open spaces;
- Assisting / delivering community events and initiatives e.g. youth inclusion activities, responsible dog ownership;
- Provision of additional patrol staff at short notice outside of the core contract for unexpected issues or planned events such as Traveller incursions or Unauthorised Music Events; and
- A recognised, uniformed presence in the Park as reassurance both inside and outside of Open Space staff working hours.

5 Joint meetings between officers from the Authority and BBC have started. The purpose of these meetings is to deal with the extension request if approved, liaise on the contract requirements and procurement process and to keep appropriate officers and Members up to date.

6 An internal working group has been set up to work on the procurement. Internally officers are reviewing the current contract and are ensuring that the new contract will meet the Authority's requirements for the next seven years. A number of officers have been involved with review of:

- 1) the Park Security Specifications;
- 2) the inclusion of various built facilities; and

- 3) the fixed security provision at certain sites and/or events.
- 7 The current contract costs £163,000 pa for the northern sector split 50/50 with BBC and £108,001 pa for the southern sector paid for by the Authority.

PROCUREMENT TIMETABLE

- 8 The procurement timetable is as follows:

Procurement Stage	Proposed Timeline (Two Stage, Restricted Process)
	Date(s)
PIN advertised	24 th April 2023
Bidders Open Day	W/C 22 nd May 2023
PQQ Advertised	31 st May 2023
Deadline for PQQ clarifications	Midday 28 th June 2023
Deadline for receipt of PQQ returns	Midday 3 rd July 2023
Evaluation of PQQ /Consensus Meeting for PQQ	W/C 10 th July 2023
Notification letters issued	2 nd August 2023
Issue ITT	3 rd August 2023
Bidders Open Day	N/A
Deadline for Tender Clarifications	Midday 24 th Aug 2023
Deadline for receipt of electronic submissions	Midday 8 th Sep 2023
*Tender Analysis and Bidder meetings	W/C 11 th Sep 2023
Consensus Meeting	W/C 9 th Oct 2023
*Award Notifications	31 st Oct 2023
*Standstill Period Ends (If applicable)	10 th Nov 2023
*Envisaged Contract Award	W/C 13 th Nov 2023
*Contract commencement	1 st Dec 2023

- 9 It is estimated that the value of the new contract will be in the region of £190,000 pa for the northern section split 50/50 with BBC annually, with the southern sector costing £120,000 pa funded by the Authority. The change in costs is due in the main to two aspects: the original contract costs have not been reviewed; and we adding in extra commitments at venues which means the prices will increase.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 11 There are no additional financial implications arising directly from the

recommendations in this report, than those highlighted within the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

- 13 The procurement will be subject to the Public Contracts Regulations 2015 and will be carried out in accordance with these regulations and the Authority's Financial Regulations. A bespoke contract will be prepared and Members approval to enter into the contract will be sought once the key terms and conditions of the contract and winning bidder are known.

RISK MANAGEMENT IMPLICATIONS

- 14 The risks specific to this procurement are:
- in common with any procurement, legal challenge from unsuccessful bidders with the inherent additional cost of refuting any challenge, this will be mitigated by a robust procurement process; and
 - increased cost to the Authority with possible high tender submissions, greater than the forecasted amount.

EQUALITY IMPLICATIONS

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

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BACKGROUND REPORTS

None

PREVIOUS COMMITTEE REPORTS

Executive	E/368/14	Enforcement of Byelaws	24 July 2014
Authority	A/4001/08	Delegation of Byelaw Enforcement	25 Sept 2008

LIST OF ABBREVIATIONS

BBC Broxbourne Borough Council