

To: David Gardner (Chairman) Lesley Greensmyth
Suzanne Rutland-Barsby (Vice Chairman) Dilip Patel
John Bevan Terry Wheeler
Mike Garnett

A meeting of the **AUDIT COMMITTEE** (Quorum – 3) will be held by remote access on:

THURSDAY, 24 FEBRUARY 2022 AT 11:30

at which the following business will be transacted:

AGENDA

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 September 2021 (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 **EXTERNAL AUDIT UPDATE**

Oral update by Neil Harris, Ernst & Young

6 ACCOUNTING POLICIES AND ACCOUNTS Paper AUD/125/22
CLOSEDOWN TIMETABLE 2021/22

Presented by Keith Kellard, Head of Finance

7 RISK REGISTER Paper AUD/124/22

Presented by Dan Buck, Corporate Director

8 URGENT BUSINESS

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.

9 EXEMPT ITEMS

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.)

16 February 2022

**Shaun Dawson
Chief Executive**

LEE VALLEY REGIONAL PARK AUTHORITY

**AUDIT COMMITTEE MINUTES
23 SEPTEMBER 2021**

Members Present: David Gardner (Chairman) Mike Garnett
Suzanne Rutland-Barsby (Vice Chairman) Lesley Greensmyth
John Bevan Terry Wheeler

Apologies Received From: Dilip Patel

Officers Present: Shaun Dawson - Chief Executive
Beryl Foster - Deputy Chief Executive
Dan Buck - Corporate Director
Keith Kellard - Head of Finance
Vince Donaldson - Senior Contracts & Quality Manager
Lindsey Johnson - Committee Services Officer

Part I

220 DECLARATIONS OF INTEREST

There were no declarations of interest.

221 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 22 July 2021 be approved and signed.

On minute 218, a Member asked if a reason had been found regarding why one of the holding investments was unrated. The Head of Finance responded stating that West Bromwich don't use that rating agency, therefore it was rated but under a different scale.

A Member asked when the delayed start date of the audit would begin. The Chairman responded stating that it would begin in November, the delay was due to capacity and resources and was an issue with all audit firms, not just Ernst & Young.

222 PUBLIC SPEAKING

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

223 RISK REGISTER 2021/22

Paper AUD/123/21

The report was introduced by the Corporate Director of Sport & Leisure stating that the key areas of risk were detailed in paragraphs 10-11 of the report and that the risks were starting to reduce.

A Member asked about SR5, Governance & Leadership on the main Corporate Risk Register, and if the issues were resolved. The Corporate Director informed Members that the residual risk details the steps that have been taken to manage the risk. SR5 relates to the emergency one-year business plan and the corporate direction in dealing with the pandemic.

A Member asked for an explanation of SR3, Resources on the Leisure Services Contract Sub Risk Register. The Corporate Director explained that support services have been reviewed, departments restructured and the Authority was reusing resources it currently had in order to keep key venues working before they can be handed over to GLL.

A Member asked about SR8, Environmental Management on the Covid-19 Pandemic Risk Register, and the risk of contamination to users. The Deputy Chief Executive responded that it was a tolerated risk and there were steps in place to manage it.

Members agreed it would be beneficial to have a workshop in order to go through and understand the Risk Register. Officers would look for a suitable date and circulate this to Members.

The Corporate Director explained to Members that some of the red residual risks were around the ongoing medium term financial plan, recovery from the pandemic and uncertainties around what will happen this winter.

The Chairman asked about SR9.3, Leisure Services Contract Retender, and why the risk had remained the same. The Corporate Director responded stating that it was in part due to a revision of the previous score on the register which was incorrect. There would be a paper going to Members next month about entering into an agreement with GLL.

The Chairman asked about SR9.2, Picketts Lock Development, and why the risk was still high. The Corporate Director stated that the direction of risk would start to go down as discussions have now begun with The Wave in the last couple of weeks.

The Corporate Director informed Members that there will be an improvement in risks on the next Risk Register. This will be in part because the GLL contract will have been signed with venues being handed over to them. Also once we are through the winter we will be in a better position. The Senior Contract and Quality Manager added that the Risk Register was a living document which was constantly being updated and risks were always fluctuating. The Risk Register was distributed well in advance of this meeting, with the Grounds Maintenance contract now no longer needed, however energy prices and National Insurance will need to be added.

The Chairman asked how exposed the Authority was to increases in energy prices. The Chief Executive responded stating that the Authority was part of Laser Consortium, so in a strong position for the short term as a percentage of the price we pay was fixed. The Head of Finance also stated that he was looking into this matter at the moment and how it might affect the Authority.

Members noted that the Risk Register was a robust framework and thanked officers for their hard work in producing it.

The Corporate Director informed Members that a paper would be going to the Executive Committee shortly to brief them on the Risk Register.

The Chairman informed Members that there might need to be an earlier meeting prior to the scheduled meeting in February to receive the auditors' report. If it can't be slotted into a meeting day when Members were already at Myddelton House, then it would be conducted via Zoom.

- (1) the Corporate Risk Register Included at Appendix A and the sub-registers at Appendices B and C to Paper AUD/123/21 was approved.**

Chairman

Date

The meeting started at 1pm and ended at 1.35pm

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**ACCOUNTING POLICIES AND ACCOUNTS CLOSEDOWN
TIMETABLE 2021/22**

Presented by the Head of Finance

SUMMARY

The Authority is required to close its Financial Accounts under the Accounting and Audit Regulations 2015 and this must be in accordance with International Financial Reporting Standards. As part of the process Members are asked to approve the Accounting Policies and the Closedown Timetable for 2021/22.

RECOMMENDATIONS

- Members Approve:
- (1) the Accounting Policies set out in Appendix A of this report;
 - (2) the Draft Closedown Timetable set out in Appendix B of this report; and
- Members Note:
- (3) the key judgements and assumptions set out in paragraphs 9 to 11 of this report.

BACKGROUND

- 1 Under the Accounting and Audit Regulations 2015, the Authority is required to publish its Financial Accounts for each financial year by 31 July. The Department for Levelling Up, Housing and Communities (DLUHC) have amended these regulations from 2020/21 in response to the Coronavirus pandemic to move the date for publishing audited local authority accounts to 30 September for the two financial years 2020/21 and 2021/22.

The Accounting Policies (as set out in Appendix A of this report) are the guidelines, assumptions and underlying principles on which the information contained in the Financial Statements will be based. These policies are prepared in accordance with CIPFA's (Chartered Institute of Public Finance & Accounting) Code of Practice on Local Authority Accounting (the Code).

A draft closedown timetable is attached at Appendix B to this report, which has been prepared for the timely completion of the year end accounts process. This

assumes, for practical purposes, that we will complete the draft accounts in line with standard regulations and have our draft accounts ready for approval in June 2022.

REVIEW OF ACCOUNTING POLICIES

- 2 The main change that was expected for the 2021/22 accounts was the implementation of IFRS16 (bringing almost all lease liabilities on to the balance sheet together with the corresponding 'right of use' assets). However, this has been delayed until the 2022/23 financial year due to Covid-19.
- 3 A number of new or amended International Financial Reporting Standards (IFRS) have been introduced to the CIPFA Code of Practice for 2021/22, and may have impact on the Authority, including:
 - amendments to IFRS 3: Definition of a Business;
 - Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7); and
 - Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- 4 Officers have reviewed these and concluded there is unlikely to be any change in accounting treatment and no change is required to accounting policies.
- 5 Officers continue to review all accounting standards in place within the Code of Practice, and will report back if any subsequent change to accounting policies is required.
- 6 The Accounting Policies for the financial year 2021/22 follow those adopted for 2020/21 under IFRS with no other amendments.
- 7 The draft Accounting Policies that will be included in the Financial Statements are shown in Appendix A to this report.

CLOSEDOWN TIMETABLE 2021/22

- 8 The DLUHC have extended the statutory deadline for publishing audited local authority accounts to 30 September 2022.
- 9 The Authority has set itself a prudent, yet achievable, timetable for closedown this year, which includes accounting requirements related to the Leisure Services Contract implementation from 1 April 2022. The key tasks and deadlines for closedown are set out at Appendix B to this report. The timetable has assumed a date of late June for the approval and publication of the draft statement of accounts and deadlines have been built around this. The date of the external audit is still to be finalised.

The key dates for Members to note are:

- 24 February 2022 External Audit Plan and Accounting Policies and timetable approved;
- 10 June 2022 completion of draft accounts;
- 23 June 2022 Audit Committee to sign-off draft accounts; and
- 30 September 2022 provisional date for publication of the 2021/22 accounts.

ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

- 10 A key part of the year end closure process is to make clear any material judgements and assumptions made as part of the finalisation of the Accounts. Officers have made three key assumptions/judgements that Members should note and these are detailed in the following paragraphs.
- 11 The Authority is required to revalue all its Operational Non-Current assets as a minimum every 5 years to ensure their carrying amount is not materially different from their fair value at year end. In order to comply with accounting requirements, we have the 4 largest venues (Lee Valley White Water Centre, Lee Valley VeloPark, Lee Valley Hockey & Tennis Centre and Lee Valley Athletics Centre), valued every year, along with 25% of other assets in each interim year, and then all assets in year 5. The 2021/22 financial year represents the third year of the five year valuation cycle, and we have instructed Montagu Evans (Chartered Surveyors) to conduct this review. The resulting valuations will ensure that all our non-current assets are held on the balance sheet at fair value as at 31 March 2022.

In addition to operational assets, we are required to review the carrying value of all investment properties (e.g. Three Mills Studio and UCI Cinema at Picketts Lock) each year. Montagu Evans will also conduct this valuation exercise.

- 12 The Authority is currently undertaking a major redevelopment of the Lee Valley Ice Centre, which involved raising the old venue and replacing with a new twin-pad Olympic sized ice venue.

During the construction stage of this project, the capital cost will be treated as an Asset Under Construction, and valued on the Balance Sheet at the build cost. Once completed, the asset will be moved to Operational Land and Buildings, and be subject to annual revaluation along with the other large value assets.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 14 The fee agreed by Public Sector Audit Appointments Ltd (PSAA) for 2021/22 is £14,337. The PSAA have however, indicated that whilst they have set the scale fee at the same level as for 2020/21, it is unlikely that the final audit fee will remain at that level for a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage. It is their view that it would also be inappropriate to apply a standard increase to all authorities given the differing impact of these changes between bodies.

To note, PSAA are currently procuring new audit contracts for the 2023/24 – 2027/28 period, and will review scale fees during this process.

The external auditor will set out any additional fee requirements as part of his plan.

HUMAN RESOURCE IMPLICATIONS

- 15 There are no human resource implications arising directly from the recommendations in this report. However additional officer time is required to establish the TIA requirements.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 17 There is a small risk, subject to the risks identified in the external auditors' plan that the external auditor may require additional time to complete their work and could result in increased audit fees that are not currently budgeted for. To mitigate this risk officers will continue to maintain ongoing dialogue with the Auditor and ensure that the information provided meets with their expectation to minimise the potential for extra audit work as well as comply with the timetable as set out in this report. Any requests for additional fees will be discussed with the Authority. Any variation or rebase to the audit fee is also subject to discussion between the Authority and the Auditor and needs approval by PSAA.

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APPENDICES ATTACHED

Appendix A Full Accounting Policies
Appendix B Closedown Timetable

LIST OF ABBREVIATIONS

IFRS International Financial Reporting Standards
CIPFA Chartered Institute of Public Finance & Accounting
DLUHC Department for Levelling Up, Housing and Communities
PSAA Public Sector Audit Appointments Ltd

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain assets.

Heritage Assets

Heritage assets are assets held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Provided that they meet this definition, heritage assets can include historic buildings, civic regalia, museum collections and works of art.

There is no carrying amount of assets on the Balance Sheet that will be reclassified as heritage assets. The Authority has a number of assets that were considered to fall under the definition of heritage assets that following review will continue to be classified as detailed below:

- Rye House Gatehouse, (Operational Asset)
- Monastic walls at Abbey gardens (Community Asset)
- The Old Mill at Broxbourne Meadows (Community Asset)

Accruals of expenditure and income

- Figures shown in the financial statements are based on the accruals concept, i.e. that income or expenditure is included in the year to which it relates irrespective of whether the authority has actually received the income or incurred the expenditure.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and cash equivalents

Cash comprises cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours (deposits held at call) and bank overdrafts. Cash equivalents are short term, highly liquid investments with maturities of 3 months or less at acquisition, that are readily convertible to known amounts of cash. Cash equivalents are held to meet short term liquidity requirements and have an insignificant risk of changing value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Contingent assets

Contingent assets are possible assets which arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Authority's control.

In accordance with the Code, they are not recognised in the accounts, rather they are disclosed as a note to the accounts where the inflow of economic benefits or service potential is probable and can be reliably measured. Contingent assets are

continually assessed to determine their position.

Contingent liabilities

Contingent liabilities are either:

- a) Possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Authority's control, or
- b) Present obligations arising from past events, but is not recognised because:
 - It is not probable that a transfer of economic benefits will be required to settle the obligation, or
 - The amount of the obligation cannot be measured with sufficient reliability.

In accordance with the Code, material contingent liabilities are not recognised within the accounts as an item of expenditure, rather, they are disclosed as a note to the accounting statements. Contingent liabilities are subject to a continual assessment to determine their position.

Employee benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

The code requires the Authority to make an accrual in its accounts at year end for any annual leave and flexible working entitlement earned but not taken by employees at the end of the financial year – to the extent that employees are permitted to carry forward annual leave and flexitime to the following year.

The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Pension costs

The Authority participates in one scheme, the Local Government Superannuation Scheme, which is a defined benefit final salary scheme administered by the London Pension Fund Authority (LPFA). The LPFA is designated an 'administering authority' within the Local Government Superannuation Regulations 1995. The LPFA maintains the fund and administers the terms of the scheme in respect of those who participate in it. The employers contributions is set by the Fund's actuary based on three-yearly actuarial valuations.

The liabilities of the pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of

projected earnings for current employees.

The assets of the pension fund attributable to the Authority are included in the balance sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The change in the net pensions liability is analysed into the following components:

Service cost

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the comprehensive income and expenditure statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement as part of non distributed costs
- interest cost – net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement

Remeasurements

- the return on plan assets – the annual investment return on the fund assets attributable to the Authority, excluding amounts included in net interest on the net defined liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the pensions reserve as other comprehensive income and expenditure

Contributions

- contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in

the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Exceptional Items

Where material income or expenditure transactions have occurred during the financial year their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Prior period adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Financial Instruments

Financial liabilities are recognised on the balance sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on carrying amount of the liability, multiplied by the effective rate of interest. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the borrowing to the amount at which it was originally recognised.

The Authority currently only has short-term borrowing, amounts that are repayable within 12 months of the balance sheet date, and this will mean that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement in the year of repurchase or settlement.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently

measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Government grants and other contributions

Under International Financial Reporting Standards, all such grants are to be treated as revenue income as soon as any conditions relating to the grant have been met. Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

Inventories

The Authority values stock and stores at the lower of actual costs and net realisable value, after allowing for obsolescent items. Operational facilities count their shop and café stocks then value them at historic cost price.

Investment properties

Under the Code, an investment property is defined as a property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate. In this respect, the asset is not used directly to deliver the Authority's services.

Investment properties are initially measured at cost and thereafter at fair value.

Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

Leases

Leases can be classified as either finance or operating leases. If a lease transfers substantially all the risks and rewards incidental to ownership it will be classified as a finance lease regardless of its legal form.

For assets leased under a finance lease, a debtor or creditor should be recognised at the lower of fair value of the asset and present value of the minimum lease payments as appropriate and the annual payments consist of an amount of interest plus an amount to clear the relevant debtor or creditor.

Leases that do not meet the definition of finance leases are accounted for as operating leases and the income or expenditure is either credited, or charged to, service revenue accounts on a straight-line basis over the term of the lease.

Under the Code, the land and buildings elements of a lease of land and buildings require separate identification for both lease classification and subsequent valuation. In most cases, the land element of a lease will be an operating lease.

a. The Authority as Lessee

Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if

lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise the levy to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a rent-free period at the commencement of the lease).

b. The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund in the Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Non-current assets held for sale

The following criteria have to be met before an asset can be classified as held for sale under this section of the code:

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Authority generally applies a de-minimus level of £20,000 for the purposes of capital expenditure. In the case where the individual value of an item, e.g. computer is below the de-minimus level, but the aggregate value of similar items purchased in the year exceed the de-minimus level the expenditure may be treated as capital expenditure.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PPE) is capitalised on the accruals basis in the accounts, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Non-current assets are valued on

the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS.

The capital value of any work the Authority undertakes on towpaths is included in the balance sheet as an asset, even though the Authority does not usually own them. Agreements are in place with British Waterways, which allow public access to the towpaths and continuing use of the related facilities.

Surpluses arising on the initial valuation of non-current assets are credited to the revaluation reserve. PPE are re-valued every five years, but adjustments to the valuations are made in the interim to take account of significant changes as they occur. This year a partial revaluation has been commissioned and is reflected in these statements.

Capital expenditure that does not result in the acquisition of an asset is classified as 'revenue expenditure funded from capital under statute (formally deferred charges), and is written out to revenue in the year in which it is incurred.

The Authority accounts for its income from the disposal of PPE on an accruals basis. It is held in a usable capital receipts reserve that can be used to finance new capital expenditure.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cashflows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are re-reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement..

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. The Authority has assets that are identified as specialised. These include:

- Rye House Gatehouse – a listed ancient monument, constructed in 1443, which the Authority uses as a museum.
- Lee Valley Velodrome – the London 2012 Olympic Velodrome
- Lee Valley White Water Centre - the London 2012 Olympic White Water Centre
- Lee Valley Athletics Centre - the pre-Olympic elite athletes indoor/outdoor training centre.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Component accounting

Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they should be recognised separately. For example, certain assets such as the White Water Centre are made up of separate elements that have different useful lives.

There has been no requirement to apply these changes retrospectively and instead components are recognised separately as and when they are replaced.

Depreciation and useful economic life

Depreciation is provided for on the 'building' element of all non-current assets with a finite useful life, except investment and community assets. We calculate it using the reducing balance method.

Non-current assets are not depreciated in the year of acquisition.

PPE have a useful economic life, which is determined by the class of asset. Depreciation is calculated on this life except in the case of investment properties that are not depreciated.

Asset class	Useful economic life
Land and buildings	5 - 60 years
Vehicles, plant and machinery	5 -15 years
Infrastructure assets	10 - 40 years
Community assets	n/a

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Authority is not required to raise its levy to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance (England and Wales)).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision or loans fund principal), by way of an adjusting transaction within the Capital Adjustment Account and in the Movement in Reserves Statement for the difference between the two.

Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of Property, Plant and Equipment has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. It is the Authority's policy to write off the value of revenue expenditure funded from capital under statute to services and reflect them in the comprehensive income and expenditure statement in the year they arise. The movement in reserves statement will then reflect a transfer from the general fund balance to the capital adjustment account so that there is no impact on the levy.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Reserves

The current system of local authority capital accounting requires three capital reserve accounts to be set up in the balance sheet:

- The revaluation reserve records the accumulated gains on the non current assets held by the authority arising from increases in value as a result of inflation or other factors.
- Capital adjustment account shows amounts set aside from revenue resources or capital receipts to finance expenditure on PPE or the repayment of external loans and certain other capital financing transactions.
- The usable capital receipts reserve, which contains the unused proceeds arising from disposing of assets that can

be used to finance future capital expenditure.

Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management, as well as other unusable reserves such as employee benefits, that are kept to manage the accounting processes.

Earmarked revenue reserves

The Authority maintains renewal and repairs funds to replace equipment and for ongoing repairs to buildings or structures that we cannot fund in one year from service revenue budgets.

The Authority also has a capital fund, financed from contributions from the general fund, which can be used to finance future capital expenditure.

An insurance fund is maintained to self-insure certain risks. An example is storm damage to trees. The fund is also typically used to pay insurance policy excesses for claims against us by third parties. The services are charged with the any excess or claim and we adjust the fund balance by a transfer to or from the general fund.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to be reflected in the Surplus or Deficit on the Provision of Services in the comprehensive income and expenditure statement. The reserve is then transferred back into the General Fund balance so that there is no net charge to taxpayers.

Value added tax

The figures in the statements are net of VAT.

Provision for bad & doubtful debts

All amounts outstanding on the sales ledger are reviewed to establish the likelihood of their recovery. Where debt is proving to be difficult to recover we create a provision for it. If that debt is then paid the provision is reversed, should the debt ultimately prove irrecoverable it will be written off against the provision.

Biological Assets

Under IAS41 Agriculture, living animals or plants are classified as biological assets, and agricultural produce is the harvested product of the entity's biological asset. A biological asset, or an item of agricultural produce, is classified as an asset when it is both controlled by, and future economic benefit will flow to, an entity, and that its fair value can be measured reliably.

The Authority operates a working dairy farm, with its dairy cattle classified as biological assets, and the milk produced as agricultural produce.

The Authority uses an independent specialist agricultural stock valuer to establish the values its biological assets at the balance sheet date using the fair value method as and active market exists and a value can be reliably measured. Changes in the fair value are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account.

Group Accounts

The Statement of Recommended Practice requires local authorities to consider all their interests in subsidiaries, associated companies and joint ventures and to prepare a full set of group financial statements where they have material interests, thereby providing a complete picture of the Authority's control over other entities.

The Authority has determined that it has no interests in subsidiaries, associates or joint ventures of a material nature, and is not required to prepare group accounts.

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Lee Valley Regional Park Authority
 Final Accounts Closure 2021/22
 Key Closedown Timetable

Date	Task	Comments
Thu 24/02/2022	Audit Committee (Authority)	Accounting Policies & Assumptions
Fri 25/02/2022	Issue Instruction to Pension Valuers	
Tue 01/03/2022	Draft Instructions issued to Valuers	
Fri 04/03/2022	Circulate Related Party Transactions memo	
	Issue Guidance Procedures for Financial Year End	
	Issue Guidance Procedures for New Year	
Thu 10/03/2022	Final Accounts Workshop One Day 8-12 March 2021	via Teams
Thu 31/03/2022	Draft FS Narrative Sections (Governance, SoR, Narrative)	
Fri 01/04/2022	Fixed Assets Impairment Review	
Fri 08/04/2022	Cash balances at 31 Mar agreed and reconciled	
Fri 15/04/2022	Review of Deposit Codes after Year End Posting	
Fri 22/04/2022	Earmarked Reserves Reconciled	
Mon 25/04/2022	External Audit 2020/21 Fieldwork Commencement	TBC
Fri 29/04/2022	Provisional Treasury Management Review (Draft)	
	Purchase Ledger Creditors Reconciled	
	Review Pension Valuation From Actuaries	
	VAT Partial Exemption Calculation	
	Review of all Year End Accruals	
	Reconciliation of assets and liabilities due between LVRPA and GLL	Receipts, Payment, cross year income/expenditure
Wed 11/05/2022	All Revenue Accounts checked	
Fri 13/05/2022	Interim Provisional Outturn to MT	
	Revenue Outturn P13/2022 Draft	
	Capital Outturn P13/2022 Draft	
	External Audit 2020/21 Fieldwork End	TBC
Fri 20/05/2022	Agree all closing/opening balances	
Fri 27/05/2022	Non Current Assets Reconciled	
Fri 10/06/2022	Production of Core Statements	
	Variance Analysis report	
Wed 15/06/2022	Publication of draft unaudited accounts	
Thu 23/06/2022	Audit Committee (Authority)	Accounts 2020/21 Approval Draft Accounts & 2021/22 Audit Plan
Thu 22/09/2022	Audit Committee (Authority)	Update on 2021/22 Audit
TBC	Publication of Notice of Commencement of Period of Exercise of Public Rights	Subject to confirmation from EY of audit
	Final Accounts Audit (2021/22) - Start	Provisional Dates - subject to EY confirmation

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RISK REGISTER 2021/22

Presented by the Corporate Director (S&L)

SUMMARY

At each Audit Committee, Members review the Risk Register for progress against existing actions and to ensure that the Risk Register remains relevant to deal with the corporate risks facing the organisation.

At the Audit Committee in June 2018 (Paper AUD/90/18) Members approved the updated risk management strategy and corporate risk register following the Risk Management Workshop held on 7 June 2018. This Workshop analysed and reviewed the risk management strategy and corporate risk register in detail to ensure that this committee could proactively input into, manage and monitor the register going forward with up to date risks identified that are relevant to the Authority's business over the coming years.

A further Risk Management Workshop is scheduled for March 2022 to review the risk management strategy and corporate risk register with the input from this committee and Authority officers.

The risk management strategy and corporate risk register assists Members in their consideration and approval of the Annual Governance Statement as a key part of the financial statements. A robust risk management framework and register is one key element of the Annual Governance Statement and a source of assurance for Members in approving this statement year on year as part of the published accounts.

RECOMMENDATION

Members Approve (1) the Corporate Risk Register included at Appendix A and the sub-registers at Appendix B and C of this report.

BACKGROUND

1 Risk management is one of the key internal controls for an organisation. Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement (AGS) (which is published with the financial statements).

2 Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

- "A relevant authority must ensure that it has a sound system of internal control which;**
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;**
 - ensures that the financial and operational management of the authority is effective; and**
 - Includes effective arrangements for the management of risk."**

In this context "relevant authority" is referring to the Lee Valley Regional Park Authority.

3 Each financial year the relevant authority must;

- conduct a review of the effectiveness of the system of internal control required by regulation 3; and**
- prepare an annual governance statement - This statement must be published together with the statement of accounts and the narrative statement in accordance with Regulation 10.**

4 Assurance of the Authority's internal control system is derived through the work of the internal audit function (undertaken by Mazars for the Authority); and also through the monitoring of processes put in place by management and other external bodies including those around risk management and health & safety. This provides evidence which allows the Authority to form conclusions on the adequacy and effectiveness of the systems of internal control and also on the efficiency of operations.

5 Risk management is not solely a focus on the finances of the Authority. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:

- the Authority's policies are put into practice;**
- the organisation's values are met;**
- laws and regulations are complied with;**
- required processes are adhered to;**
- financial statements and other published information is accurate and reliable; and**
- human, financial and other resources are managed efficiently and effectively.**

6 The Authority approved a Risk Management Framework in April 2005 (Paper A/3798/05). The Risk Management Framework and more specifically, the Risk Register was developed by Members and senior officers under the guidance of the internal auditors through a number of workshops and meetings. Members have regularly reviewed the register at each Audit Committee, adding in their own comments and improvements.

7 Since this time Members have consistently (and in depth) reviewed the Corporate Risk Register and revised the strategy, format, and content. The strategy has been revised and updated twice since 2005 at the Audit Committee (May 2010, Paper AUD/06/10 and June 2012, Paper AUD/30/12). The strategy has been reviewed again by officers and Members as part of the Risk Management Workshop and was formally approved by the Audit Committee in June 2018 (Paper AUD/90/18) and the strategy, format, and content is due to be reviewed again in March 2022.

REVIEW OF THE STRATEGIC RISK REGISTER

- 8 The current Strategic Risk Register is reviewed by officers and Members on an on-going basis and signed off at each Audit Committee.
- 9 Members last considered the risk register at the Audit Committee in September 2021 (Paper AUD/123/21).
- 10 Since the September Committee, officers have incorporated approved Member revisions, reviewed the register, considered potential new risks and the scoring. This includes the risk sub register that was considered and agreed by the Leisure Services Contract (LSC) Working Group to give greater detail and management emphasis to managing the risks and actions in relation to the LSC Contract Retender (Strategic Risk SR9). This is attached as Appendix B to this report. Further impacts of the Covid-19 pandemic had been included within the current Risk Register but a sub risk register was populated to specifically review these impacts and has been updated to reflect changes to restrictions that have been in place. This is attached as Appendix C to this report.

The table below sets out the movement in managing the residual risks and sets out a summary of the total notional score.

Risk	Residual Risks 25 June 2020	Residual Risks 22 October 2020	Residual Risks 25 February 2021	Residual Risks 24 June 2021	Residual Risks 23 September 2021	Residual Risks 24 February 2022
	5	5	4	3	2	0
	7	7	10	10	12	15
	8	8	8	9	9	8
Total Risks	20	20	22	22	23	23
Notional Score	599	581	602	566	547	512

- 12 The key point to note since the last review of the Authority Strategic Risk Register is the overall decrease in the corporate risk register residual notional score. In addition, several of the original inherent risks have shown a reduction and additional risks that had been added to the risk register as a result of the current Covid-19 situation continue to show an improvement, with the reduction of restrictions imposed by the Government and the reopening of venues. There has been an increase in the residual risk at SR3.2 due to the difficulty of recruiting staff in the current job market.
- 13 The operational and financial risks from the LSC Contract Retender (SR9) have decreased after the withdrawal of the legal challenge from Lee Valley Leisure Trust Ltd and continuing satisfactory progress with Greenwich Leisure Ltd towards the contract initiation. Members approved the Authority entering into the LSC in October, subject to a further approval by the Authority to enter into the lease arrangements, which Members approved in January 2022. The lease arrangements are subject to Secretary of State consent which has been requested. In addition, a final decision relating to the Authority entering into the Admission Agreement for the pension arrangements for staff will be considered at the Additional Authority meeting later today. This is also reflected within the LSC sub register where some of the individual risks are showing an improvement. Although some uncertainty still exists as a result of the Covid-19 situation which had resulted in a further delay to the commencement of the LSC contract, the contract negotiations are now at a final stage with mobilisation taking place, the contract to commence on 1 April 2022.

- 14 Decisions taken to mitigate these risks have been approved by full Authority and monitoring of these risks is taking place at each Executive Committee, senior management and officer level.
- 15 A verbal update will be presented at Committee to advise Members regarding progress of the LSC sub register. There are still continued financial and operational risks caused by the Covid-19 pandemic and its effects on the Authority's business and flow of income. Changes to the register are in red font to indicate changes since the last Audit Committee risk register paper and the changes due to risks within SR9 and the sub-registers are also highlighted red.
- 16 At the last Audit Committee it was requested that the strategy be reviewed again by officers and Members as part of a Risk Management Workshop to be held in March 2022.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 19 Revision of the Strategic Risk Register is a key element of this Authority's system of internal control that contributes to safeguarding the assets of the Authority and its reputation for sound financial management of public funds. This is reflected in the Authority's Annual Governance Statement published within the annual accounts and approved by this Committee.
- 20 Where actions require additional resources these will be identified and approved through the normal budget setting/service planning and management processes in accordance with Financial Regulations.

HUMAN RESOURCE IMPLICATIONS

- 21 The additional human resource implications arising directly from this report have been outlined within the risk register and sub risk register actions and can be met from existing employee resources.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 23 These are dealt with through the main body of the report and through the revised register. Covid-19; the Ice Centre; the Picketts Lock development; the Leisure Services Contract retender projects; and implementation of the Land & Property Strategy are recognised as the highest corporate risks facing the organisation. Continuing mitigation against these identified risks is demonstrated by the proposed

actions in the Strategic Risk Register as set out in Appendix A and primarily through implementing and delivering a Corporate Work Programme for 2021/22 followed by a revised approved Business Plan for 2022-2027. In addition, the Authority will review the updated National Risk Register (2020) to consider any relevant implications that could impact on the business of the Authority as a whole.

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BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy June 2018

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/123/21	Risk Register 2021/22	23 September 2021
Audit Committee	AUD/118/21	Risk Register 2020/21	24 June 2021
Audit Committee	AUD/116/21	Risk Register 2020/21	25 February 2021
Audit Committee	AUD/113/20	Risk Register 2020/21	22 October 2020
Audit Committee	AUD/111/20	Risk Register 2020/21	25 June 2020
Executive Committee	E/674/20	Emergency Budget 2020/21	21 May 2020
Audit Committee	AUD/106/20	Risk Register 2019/20	27 February 2020
Audit Committee	AUD/104/19	Risk Register 2019/20	19 September 2019
Audit Committee	AUD/101/19	Risk Register 2019/20	20 June 2019
Audit Committee	AUD/97/19	Risk Register 2018/19	14 February 2019
Audit Risk Workshop			07 June 2018

APPENDICES ATTACHED

Appendix A	2021/22 Corporate Risk Register – Authority
Appendix B	2021/22 Sub Register LSC retender (SR9)
Appendix C	2021/22 Sub Register Covid 19 Pandemic
Appendix D	Risk Scoring Criteria (extract from the approved risk management strategy (June 2018))

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COVID-19 PANDEMIC SUB RISK REGISTER AS AT 24 FEBRUARY 2022

Sub Risk ID	Sub Risk Name	Strategic Priority	Owner	Impact	Urgency	Time to Resolve	Current Status	Key Actions	Impact	Next Review	Next Review Date	Responsible Parties	Key Risks	Current Status	Next Review Date	Comments
SR2.1	Failure to comply with Covid-19 Health & Safety Regulations	B	CO	9	5	45	Health and Safety management by project into monitor up and coming risks. Risk Register then revised to meet objectives. Staff are being trained comprehensively through e-learning and locally for various site specific needs.	6	2	12	12	Executive Quarterly Monitoring	Facility Covid compliance transfer updated regularly with oversight from meetings between responsible parties. All activities are being monitored through site visits. All activities are being monitored through site visits. All activities are being monitored through site visits.	12 Feb 2022	Facility Covid compliance transfer updated regularly with oversight from meetings between responsible parties. All activities are being monitored through site visits. All activities are being monitored through site visits. All activities are being monitored through site visits.	
SR2.2	Contractors, Generating itself or not delivering agreed deliverables due to limitations imposed by Covid-19 legislation	B	NOF	6	6	42	Review of all current contracts control processes by a responsible officer. Delivery monitored by function/lines of responsibility. Quarterly performance reports to Executive & Strategy Committees.	7	3	21	21	Executive Quarterly Monitoring	Review of all current contracts control processes by a responsible officer. Delivery monitored by function/lines of responsibility. Quarterly performance reports to Executive & Strategy Committees.	12 Feb 2022	Review of all current contracts control processes by a responsible officer. Delivery monitored by function/lines of responsibility. Quarterly performance reports to Executive & Strategy Committees.	
SR2.3	Mismanagement of Facilities Contracts & failure to anticipate needs for a good HSE and operational standard	B	CO	9	5	45	Admin and support from ARMD plus external contractors. Ensure that Contractors apply correct social distancing when working on site. Facilities to remain maintained and supported to regions.	6	2	12	12	Monthly Inspectors & Review. MPM's Clinical Oversight for compliance	Statutory checks being undertaken by site staff and MPM and any other relevant to ensure all necessary checks completed with. Secondary from GLL to ensure MBE maintenance and improvements. Increased cover over the period 5 days from 3 days.	12 Feb 2022	Statutory checks being undertaken by site staff and MPM and any other relevant to ensure all necessary checks completed with. Secondary from GLL to ensure MBE maintenance and improvements. Increased cover over the period 5 days from 3 days.	
SR2.4	Infrastructure LT, Infrastructure of Systems/Quota support due to staff shortages from Covid-19 related illness	B	CO	8	6	48	Reports to Exec Financial/legal/risk implications fully supported. Approval of Infrastructure on remaining staff. Existing IT Infrastructure support processes.	6	2	12	12	Monthly review	IT staff cover for all facilities. Any new work from teams. Any other work from teams. Any other work from teams.	12 Feb 2022	IT staff cover for all facilities. Any new work from teams. Any other work from teams. Any other work from teams.	
SR2.5	The Authority have insufficient staff at all levels due to non-adherence to home targets due to closures of non-essential services, insufficient resources to meet objectives whilst using financial reserves	NOF	CEO	8	8	64	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	3	3	25	25	On going	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	12 Feb 2022	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	
SR2.6	The Authority have insufficient staff at all levels due to impact of long Covid/ remaining in staff being unable to perform duties or on long term absence	NOF	CEO	9	8	72	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	6	3	18	18	On going	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	12 Feb 2022	Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE. Review of business needs. Agreement on essential requirements with HSE.	
SR2.7	Financial risks of over/under spend budgets through non-adherence to home targets due to closures of non-essential services, insufficient resources to meet objectives whilst using financial reserves	NOF	NOF	8	8	64	Quarterly budget monitoring reports. Weekly review against Centre Business Plan targets. Monthly review against Business Plan targets. Monthly review against Business Plan targets.	9	4	28	28	Executive Quarterly Monitoring	Quarterly budget monitoring reports. Weekly review against Centre Business Plan targets. Monthly review against Business Plan targets. Monthly review against Business Plan targets.	12 Feb 2022	Quarterly budget monitoring reports. Weekly review against Centre Business Plan targets. Monthly review against Business Plan targets. Monthly review against Business Plan targets.	
SR2.8	Impact on the Authority's powers to raise the levy and other charges created by Covid-19 pandemic on table budgets	CEO	CEO	9	9	81	Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure. Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure.	9	1	9	9	Executive Quarterly Monitoring	Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure. Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure.	12 Feb 2022	Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure. Shareholder engagement. Create regulatory direction. Review regulatory direction to raise expenditure.	

COVID-19 PANDEMIC SUB RISK REGISTER AS AT 24 FEBRUARY 2022

Item ID	Item Description	Impact	Priority	Responsible	Lead	Start Date	End Date	Phase	Current Status	Next Review	Notes
SRM.3	Project on emergency response to the various risks caused by COVID-19 pandemic, assigned subholder: COVID-19 contractor collaboration.	High	High	High	High	2020-03-01	2022-02-24	Completed	High	2022-02-24	<p>SRM.3 Project on emergency response to the various risks caused by COVID-19 pandemic, assigned subholder: COVID-19 contractor collaboration.</p> <p>SRM.3 Project on emergency response to the various risks caused by COVID-19 pandemic, assigned subholder: COVID-19 contractor collaboration.</p>
SRM.1	Independent pandemic management processes in place post crisis following major international viral outbreak.	High	High	High	High	2020-03-01	2022-02-24	Completed	High	2022-02-24	<p>SRM.1 Independent pandemic management processes in place post crisis following major international viral outbreak.</p> <p>SRM.1 Independent pandemic management processes in place post crisis following major international viral outbreak.</p>
SRM.2	Ability to manage collaboration could be a risk to users, this includes local and/or water communication plan damage to reputation from falling to manage.	High	High	High	High	2020-03-01	2022-02-24	Completed	High	2022-02-24	<p>SRM.2 Ability to manage collaboration could be a risk to users, this includes local and/or water communication plan damage to reputation from falling to manage.</p> <p>SRM.2 Ability to manage collaboration could be a risk to users, this includes local and/or water communication plan damage to reputation from falling to manage.</p>
SRM.3	Records Lack Development Failure in Strategic Policy 2.4 allows for the development of the policies. Lack project control by impact of COVID-19 restrictions.	High	High	High	High	2020-03-01	2022-02-24	Completed	High	2022-02-24	<p>SRM.3 Records Lack Development Failure in Strategic Policy 2.4 allows for the development of the policies. Lack project control by impact of COVID-19 restrictions.</p> <p>SRM.3 Records Lack Development Failure in Strategic Policy 2.4 allows for the development of the policies. Lack project control by impact of COVID-19 restrictions.</p>
SRM.4	Adverse Scenario Contract Renegotiation Adverse Scenario Risk 2.8 allows for the renegotation of the Adverse Scenario Contract due to impact of COVID-19 restrictions and potential Legal Challenge from working Adverse Scenario Renegotiation.	High	High	High	High	2020-03-01	2022-02-24	Completed	High	2022-02-24	<p>SRM.4 Adverse Scenario Contract Renegotiation Adverse Scenario Risk 2.8 allows for the renegotation of the Adverse Scenario Contract due to impact of COVID-19 restrictions and potential Legal Challenge from working Adverse Scenario Renegotiation.</p> <p>SRM.4 Adverse Scenario Contract Renegotiation Adverse Scenario Risk 2.8 allows for the renegotation of the Adverse Scenario Contract due to impact of COVID-19 restrictions and potential Legal Challenge from working Adverse Scenario Renegotiation.</p>



Score 65.43 High Risk
Score 38.43 Moderate Risk

Risk Appetite

Risks are currently assessed using a 1-9 scale for both impact and likelihood.

The Authority's risk appetite is then defined using the scoring matrix below.

Impact	9	9	18	27	36	45	54	63	72	81
	8	18	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9
		Likelihood								

Those risks with a residual score in the green zone are generally considered to be managed to an acceptable level and hence limited or no further actions would be expected.

For those risks with a residual score in the amber zone, the exposure is considered to be partially acceptable. Further actions would be needed to lower this into the green zone, although a decision has to be made as to whether this is cost effective, given that resources are constrained.

Those risks with a residual score in the red zone are considered to have an exposure that is at an unacceptable level and hence further actions are needed to lower this.

On some occasions a decision may be made to accept a higher level of residual risk, although this will be subject to ongoing review and consideration at both Senior Management Team and Member level.

Scoring Criteria

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. Whilst the assessment remains subjective, these criteria serve as a guide and are used to help ensure consistency in scoring across each of the risks identified.

	Impact	Likelihood
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £1,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss between £1,000 and £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss between £10,000 and £25,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss between £25,000 and £50,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss between £50,000 to £250,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss between £250,000 to 500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss between £500,000 to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months