Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **ADDITIONAL AUDIT COMMITTEE** **19 OCTOBER 2023** on the rising of Authority	**Agenda Item No:** **5** **Report No:** **AUD/139/23**

FINANCIAL STATEMENTS 2020/21

Presented by the Head of Finance

SUMMARY

This reports sets out the changes to the Authority's Statement of Accounts that have occurred from the draft set presented to Audit Committee in July 2021, to those that are now presented for approval.

The audit of the accounts has been impacted by a number of factors that have resulted in delay to the Auditor being able to issue their Results Report.

RECOMMENDATIONS

Members Note:	(1)	the movement between the draft and final statement of accounts as set out below; and
Members Approve	(2)	the financial statement of account for 2020/21.

BACKGROUND

1 The draft Statement of Accounts for 2020/21 was presented to the Audit Committee on 22 July 2021 (Paper AUD/122/21) in order to meet the requirements of The Accounts and Audit (Amendment) Regulations 2021, which set out the publication date as 30 September 2021.

2 The Auditor had expressed the concerns of all audit firms around the delivery of audits by this date, although they had expected to begin their fieldwork in the September, with a view to being able to present their Results Report later in 2021. However, resourcing issues meant that the audit did not commence until November 2021, but after a couple of weeks, due to these issues, the Auditor had to pause. Due to the significant work the Authority officers were required to do to facilitate the commencement of the Leisure Services Contract, along with the duty for the Authority to provide disclosure of a large volume of documents relating to the litigation with Lee Valley Leisure Trust Limited, the audit fieldwork was not able to commence until May 2022.

3 The fieldwork continued until mid-June 2022, with the Audit Partner informing the completion was expected by August 2022. However, due again to

resourcing, the auditor was not able to conclude at the time, and restart was delayed until October 2022.

4 Once the audit work recommenced, the Auditor identified in October questions around presentation of Capital Grants Received. After discussion, officers agreed to amend the Financial Statement to reflect this change, which they did in November. Subsequently, in December 2022 the Auditor then identified questions around presentation of historic cost depreciation of assets, which required officers to fully re-evaluate transactions back to 2007. After several iterations of this work following reviews by both Auditors and the Authority, this was accepted by the Auditor in September 2023.

MOVEMENT BETWEEN THE DRAFT ACCOUNT AND THOSE PRESENTED FOR AUDIT

5 At the July 2021 Audit Committee officers had identified several areas which would need to be revised before the Financial Statement were presented for Audit in September 2021. These amendments are detailed below, and in Appendix A to this report, and were included in the Accounts that were presented for Audit when it commenced in November 2021.

6 **Asset Valuation**

At the time of production of accounts in July 2021, the final asset revaluation schedule was not available, which meant that the value of the assets stated on the Balance Sheet might be subject to change. Once finalised, this resulted in an increase to the value of assets by £483,000, with the other side of this being charged against unusable reserves.

7 **Accumulated Absences**

The Chartered Institute of Public Finance & Accounting (CIPFA) Standard of Recommended Practice (SORP) require that an annual calculation is made to put a cost to the amount of outstanding and banked annual leave, i.e., not taken, at the year end. It is not usual practice to actually make payment to individual employees for this leave, apart from in exceptional circumstances. It simply sets an accrued value to this, but does not mean that it will actually be paid. The total additional accrual was £322,000, due to the Authority's employee count increasing significantly in 2020/21 with the TUPE transfer of employees on the termination of the Leisure Services Contract from 1 April 2020.

8 **Capital Receipt**

A capital receipt of £16,000 was identified as being included within revenue income rather than being credited to the Usable Capital Receipts Reserve.

MOVEMENT BETWEEN ACCOUNTS PRESENTED FOR AUDIT AND FINAL VERSION

9 As detailed in the Audit Results Report (ARR) (Paper AUD/140/23) there were a number of audit differences identified between the Auditor and officers during audit of the then accounts. These are detailed below and shown in Appendix B to this report.

10 Capital Grants Received In Advance

The balance of Capital Grants received in advance had been overstated by £16.474m due to the assessment of "conditions" attached to grants that had been received, and applied, to fund capital projects. Most grants will have conditions attached to them, initially to cover works required for initial recognition (primary conditions), but also should future events take place, such as disposal, or a certain time period had elapsed since the grant was issued, that may result in a grant being repaid (secondary conditions).

Authority officers, in consultation with external auditors in 2012/13, agreed a process whereby grants received that had satisfied the primary conditions, but not the secondary conditions, would be carried as Receipts In Advance until the secondary period had elapsed.

This however, was subsequently identified as differing from the SORP guidance, which stated that the secondary, return obligation condition, would not arise until such time that it was expected for this condition to be breached, so did not prevent the grant being fully recognised.

Officers, on review, agreed with this and amended the accounts. Whilst this is a material value, as the grant had already been received and used, and was merely a balance sheet presentation issue, it would have no impact on the financial stability of the Authority.

11 Transfer between reserves

When an asset is revalued, it results in either a balance being carried in the Revaluation Reserve (RR) for a gain in value, or in the Capital Adjustment Account (CAA) for a reduction in value. Assets are depreciated annually, with this annual reduction ultimately also being charged to the CAA.

When this depreciation is calculated on the revalued asset value, a corresponding calculation should also be done to reduce any gain or loss carried in the RR or CAA. It was this secondary calculation that the Authority had not calculated, which meant that the balance being carried in the RR was greater than it should have been.

The current capital accounting regime, was introduced in 2007, and it is for these 14 years that officers had to recalculate all the net gains and losses on both the revalued asset values, as well as the historic values back to 2007, or to when the asset was acquired.

In total, this resulted in a £12.162million movement between RR and CAA. As both of these accounts are classed as Unusable Reserves, the net impact of this change to the balance sheet was £NIL.

12 Property, plant and equipment

Several assets had been recorded under incorrect classifications within the non-current assets categories. In total, this amounted to three assets, with movement between Land and Buildings, Community Assets, Vehicle Plant and Equipment, and Assets under Construction. As this was a classification error, the balance Sheet impact was £NIL.

Preliminary works, such as building design, planning, and groundwork surveys, on the new Ice Centre had been charged to the existing asset, rather than a new Asset Under Construction.

Build works for the Wildlife Discovery Centre had been charged against the site's land asset, under Community Assets, rather than its own distinct Building asset.

Engineering and Equipment, including the pumps, at Lee Valley White Water Centre had been separated from the component building asset and classified as an Equipment asset. The Auditors view was that whilst the pumps may be themselves a separate asset, because we did not componentize other assets – such as material equipment at Lee Valley VeloPark or Lee Valley Ice Centre, for consistency, we should not separate for Lee Valley White Water Centre either. Whilst officers initially disagreed with this assessment, in order to facilitate the closure of the 2020/21 accounts rather than requiring a significant amount of works to assess separately all major assets, agreement was that we would reclassify this year, with a view to reviewing the asset base for componentization at the time of the new full asset valuation as at 31 March 2024.

A further difference was identified that, due to an allocation error, had resulted in one asset being overstated by £700,000. This was amended in the accounts.

13 **Pension Liability**

Due to the timing of the Pension report received by the Authority, and the subsequent Pension Fund audit, the Auditor requested that the Authority request a second valuation report bringing the asset values in line with those on the Pension Audit. This second report resulted in a change to the net pension liability of £1.545million. This amendment was also made, but again, due to this being an unusable reserve, it has £NIL impact to the Authority on its balance sheet.

14 **Contingent Liability**

The Authority initially, correctly, disclosed a contingent liability in the draft accounts relating to the potential cash outflow for a case brought against it by the Lee Valley Leisure Trust Limited. As this case was settled before the 2020/21 accounts were fully audited, the contingent liability falls away and is replaced by the known obligation to make payment. Due to there being a number of amounts either payable to, or receivable from, Lee Valley Leisure Trust Limited in the draft 2020/21 accounts, an adjustment was made to write these out and replace with the known obligation.

The overall impact is a net change reduction to the General Fund of £876,000.

15 **Other adjustments**

One further adjustment of £59,000 to the final accounts was made due to identification of a further sum of income relating to 2020/21. This is not listed in the ARR.

FINAL ACCOUNTS 2020/21

16 Appendix C to this report sets out the final Statement of Accounts for 2020/21, incorporating all agreed changes and amendments. These are subject to minor revisions that the Auditor may consider appropriate before final authorisation.

The Accounts and Audit Regulations require that the Authority should consider and approve the Statement of Accounts. Subject to this approval, and approval of the following ARR (Paper AUD/140/23), these will be published on the Authority's website.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

18 All financial implications are included within the body of this report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

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APPENDICES ATTACHED

Appendix A	Movement between the draft account and those presented for audit
Appendix B	Movement between accounts presented for audit and final version
Appendix C	Final Statement of Accounts 2020/21

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance & Accounting
SORP	Standard of Recommended Practice
ARR	Auditors Results Report
RR	Revaluation Reserve
CAA	Capital Adjustment Account

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Lee Valley Park

Balance Sheet 2020/21

Movement between published draft accounts and statements presented for audit

	Draft Accounts £000s	Asset Valuation £000s	Absences Calculation £000s	Capital Receipt £000s	Audit Version £000s
Non current assets	224,359	483			224,842
Long term assets	877				877
Current assets	10,721				10,721
Current liabilities	(3,766)		(322)		(4,088)
Net pension liability	(43,865)				(43,865)
Long term creditors	0				0
Capital grants received in advance	(16,474)				(16,474)
NET ASSETS	171,852	483	(322)	0	172,013
Usable reserves					
General fund	(6,232)			16	(6,216)
Capital receipts reserve	(11,732)			(16)	(11,748)
Capital grants unapplied	(61)				(61)
Total usable reserves	(18,025)	0	0	0	(18,025)
Unusable reserves					
Revaluation reserve	(44,407)	(727)			(45,134)
Pensions reserve	43,865				43,865
Capital adjustment account	(152,682)	244			(152,438)
Deferred capital receipts	(877)				(877)
Short-term accumulating absences	274		322		596
Total unusable reserves	(153,827)	(483)	322	0	(153,988)
TOTAL RESERVES	(171,852)	(483)	322	0	(172,013)

Lee Valley Park

Balance Sheet 2020/21

Movement between accounts presented for audit and final statements

	Audit Version £000s	Capital Grants R.I.A. £000s	Historic Cost Depreciation £000s	Asset Classification £000s	Asset Valuation £000s	Pension Valuation V2 £000s	Lee Valley Trust Settlement £000s	Additional Debtor £000s	Final Statements £000s
Non current assets	224,842			0	(700)				224,142
Long term assets	877								877
Current assets	10,721						(623)	59	10,157
Current liabilities	(4,088)						717		(3,371)
Net pension liability	(43,865)					1,545			(42,320)
Long term creditors	0						(970)		(970)
Capital grants received in advance	(16,474)	16,474							0
NET ASSETS	**172,013**	**16,474**	**0**	**0**	**(700)**	**1,545**	**(876)**	**59**	**188,515**
Usable reserves									
General fund	(6,216)						876	(59)	(5,399)
Capital receipts reserve	(11,748)								(11,748)
Capital grants unapplied	(61)	61							0
Total usable reserves	**(18,025)**	**61**	**0**	**0**	**0**	**0**	**876**	**(59)**	**(17,147)**
Unusable reserves									
Revaluation reserve	(45,134)		12,162		700				(32,272)
Pensions reserve	43,865					(1,545)			42,320
Capital adjustment account	(152,438)	(16,535)	(12,162)						(181,135)
Deferred capital receipts	(877)								(877)
Short-term accumulating absences	596								596
Total unusable reserves	**(153,988)**	**(16,535)**	**0**	**0**	**700**	**(1,545)**	**0**	**0**	**(171,368)**
TOTAL RESERVES	**(172,013)**	**(16,474)**	**0**	**0**	**700**	**(1,545)**	**876**	**(59)**	**(188,515)**

Lee Valley Regional Park Authority

Statement of Accounts

For the year ended 31 March 2021

Lee Valley
Regional Park Authority

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Lee Valley Regional Park Authority

Statement of Accounts 2021

For the year ended 31 March 2021

Contents

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Narrative Report

The Lee Valley Regional Park Authority (LVRPA) is an award winning and leading leisure organisation. It has a statutory duty under the Lee Valley Regional Park Act (1966) to develop the 10,000 acre Park as a regional destination - a destination that attracts over 7 million visitors in a normal year. The Authority's vision is that the LVRPA should be "A World Class Leisure Destination".

Over recent years the Authority has undertaken significant work to attract external funding to support the development of the Regional Park; and it is committed to continue to reduce its reliance on the levy. The levy is a charge on council tax payers in London, Essex and Hertfordshire – which equates to 80p per person per year. The maximum levy is determined by a formula set out in "The Levying Bodies (General) Regulations 1992" - adjusted annually to account for inflation.

These accounts for 2020/21 provide information about costs and income from our services and our assets and liabilities at the year end. The report sets out a summary of significant matters and the main financial performance of the Authority during 2020/21; its ongoing liabilities; future capital investment and the underlying economic climate that influences future performance.

In delivering its statutory objectives the Authority uses non-financial (as well as financial) Key Performance Indicators (KPIs) to measure in year performance with other Performance Indicators (PIs) underpinning the KPIs. These KPIs were reviewed in line with the business plan and revised KPIs were due to be reported on from 2020/21. However, due to Covid-19 these were put on hold until 2021/22. The table below summarises the revised KPIs, showing performance for 2020/21 where this data was collected:

Key Performance Indicator	2019/20	2020/21	Explanation
Levy Contribution	37.6%	36.7%	Percentage charged of the maximum chargeable
Customer Satisfaction	84.0%	n/a	Customer satisfaction Rating
Stakeholder Perception	74.0%	n/a	Stakeholder satisfaction
Business Priorities Progress	95.0%	n/a	Percentage of actions delivered in year
Usage	7.4m	10.2m	Number of Visitors (Millions)

The Authority experienced a significant increase in visitors to the Parklands during the lockdowns in the year

The Authority's financial strategy is embodied in its Strategic Business Plan. The Plan is designed to deliver the vision of creating a world class leisure destination. The Plan is underpinned by a financial strategy that aims to optimise the use of financial resources to meet business objectives. The strategy includes maintaining a strong financial position, which these accounts demonstrate. The Authority continually reviews its business plan with the latest plan (2020-25) approved in January 2020, with a further one year (2022/23) revision, along with a revised plan to cover the period from 2024-2027 currently in preparation. This plan sets out service objectives and business priorities for the coming period and is underpinned by the Medium Term Financial Plan (MTFP).

The statutory power to increase the levy (which for 2020/21 was only 36.7% levied of the maximum chargeable), the Medium Term Financial Plan, the ongoing risk management and internal control framework, annual, weekly and daily evaluation of the Authority's cash flow ensure the LVRPA is, and remains, a going concern. Senior Management have, and will continue to regularly assess that the Authority is a going concern and this will be subject to the external auditor testing under ISA 570 requirements.

A key development of the Authority has been to outsource its six main sporting venues in a new ten year contract to improve economy, efficiency and effectiveness and the new business plan sets out themes to continue this organisational change. These themes are:

- Continue to reduce in real terms the levy for the LVRP paid by the taxpayers of London, Essex and Hertfordshire.
- Increase income from existing venues/sites through a range of investment opportunities both directly and with third parties and the appropriate pursuit of commercial income through Authority owned land and property assets
- Improve the accessibility of the LVRP to its regional constituency through marketing and community engagement initiatives.
- Continue to develop new operational models for its services as the Authority moves to being more of an enabling organisation.
- Enhance the Park's environmental infrastructure

- Provide a first rate visitor experience and grow the visitor figure to 7.5 million.

The following paragraphs set out the most significant matters in the accounts, such as the Authority's overall financial position.

Expenditure compared to budget

The 2020/21 budget was set in January 2020. It was subsequently replaced by and Emergency Budget in May 2020 in response to the Covid-19 pandemic. At the end of the year the Authority had general unallocated reserves of £2.7m.

Budget compared to actual

2020/21	Budget £'000s	Actual £'000s
Net operating expenditure	17,474	14,232
Levy on local authorities	(9,576)	(9,576)
Net general fund surplus	7,898	4,656
Total financing costs	(3.653)	(2,941)
Movement in unallocated reserve	4,245	1,715

Capital Investment

Capital investment totalled £1.3m. This was financed by a contribution from revenue (£0.3m), earmarked reserves and receipts (£0.9m), and grants (£0.1m).

London Olympics 2012

In July 2005, London was awarded the 2012 Olympic Games. Under the Olympic arrangements entered into with the Authority, some of the Authority's land and assets were used and developed. The Olympic Games were held during the summer of 2012 and the Authority retains some contingent liabilities.

Velopark

The Authority continues to retain a contingent liability of up to £5.25m in relation to the lottery funding agreement between the Authority, Sport England and the Olympic Development Agency (ODA). In addition, a contingent liability of £2m exists in relation to a funding agreement with the London Marathon Trust for legacy works. LVRPA paid £3.5m during 2012/13 as its contribution to the construction of the Velopark. The contingent liabilities are shown in note 37.

The Authority has entered into an Agreement for Lease with the College World of Sport (CWS). The 20 year lease was commenced in August 2020 and will provide rental income for the Authority. The Authority refurbished and converted a number of units into classrooms and student pods for CWS to use as their UK base and for them to begin offering Higher Education courses from 20/21. Unfortunately, due to the onset of the Covid-19 pandemic, the tenant was unable to launch the college. Although the lease commenced on 1st August 2020, the tenant advised that the further lockdown periods in the Autumn and Winter of 2020 prevented further progress and officers are in communication with the tenant to understand the plans and timing of the open the new facility.

Other Olympic Agreements

Third Supplemental Agreement

This agreement was completed on the 7th February 2013 following receipt of both Secretary of State and Sport England consents. The agreement covers arrangements for utilities and individual agreements for substation leases and high voltage cables are still being finalised. All substation leases have been completed together with one of the easements. There is one easement still outstanding which will be finalised as soon as the final documents are agreed. This is an on-going matter and is outside the Authority's control as the contact is awaited from the utility company. This will have no impact on the accounts.

Lee Valley White Water Centre

This asset was transferred to the Authority on 17 December 2010 and the depreciated replacement cost is valued at £22m. The Authority has a contingent liability of up to £900,000 in relation to its lottery funding agreement with Sport England. In addition, the Authority also has a contingent liability of up to £4m in relation to its funding agreement originally with the East of England Development Agency (EEDA). Since the closure of the EEDA, the benefits of this funding agreement rest with the Department for Business, Innovation and Skills. The Authority enhanced this facility further in 2013/14 by investing £6.4m with contributions from the British Canoe Union (£0.8m), Sport England (£0.8m) and a reinstatement contribution from LOCOG (£0.7m). The Authority entered into a variation of its lottery funding agreement with Sport England to cover the additional amount of funding which increased the total contingent liability.

The land and building valuation of this asset has been included in the statements. The contingent liabilities are shown in note 37.

Parklands in Queen Elizabeth Olympic Park

The Authority has agreed that two separate plots of land in the North of the Park will be leased back to the LLDC at a peppercorn rent (£1) for twenty-five years and at £20,000 per annum for forty years respectively, and will place an obligation on the LLDC in relation to the parklands lease to carry out grounds maintenance of the parklands which has been estimated by the LLDC to be up to £25,000 per annum. The area of land which has been leased for the forty-year period at £20,000 per annum has been independently valued at £320,000 and this lease was completed in 2013. The lease of the land in the North Parklands for the 25-year period was completed in February 2018. The LLDC requested a variation to the North Parklands lease to permit them to grant a sub-lease of part of the land to a third party to build a High Ropes attraction. This was approved by Authority Members and the variation to the lease completed. Construction of the attraction has been delayed due to the impact of COVID-19 but it is anticipated that it will commence as soon as reasonably practicable and should now be completed before February 2021.

Lee Valley Ice Centre Redevelopment

The redevelopment of the Lee Valley Ice Centre into a new twin-pad ice rink was given full planning consent on 20 November 2020. The procurement exercise for construction of the venue commenced in May 2020, and after full evaluation and clarification, Members agreed the award of the contract with Buckingham Group Contracting Ltd in April 2021 (A/4301/21). The construction process agreed was for a single stage, not continuity of ice, to commence in July 2021 and complete late in 2022. This was identified as the cheapest option, offered less overall risk, and saved at least 12 months on the build programme.

Members also agreed that, subject to the provisions in the Local Government Act 2003, the Authority would seek to borrow up to £30m to fund the construction programme.

The venue closed to the public on 27 June 2021, with further club and coaches use permitted up to 18 July 2021. From this period, the strip out of the building was due to commence, and the site was formally handed over to BGCL on 16 August 2021. Construction continued throughout 2021 and 2022, with practical completion and handover of site from constructor to landlord occurring on 10 May 2023.

Pension Scheme

The Authority is a member of the Local Government Pension Scheme, administered by the Local Pensions Partnership (for the London Pensions Fund Authority). The net liability (ie the amount by which the pensions liabilities exceed its assets) affects the Authority's net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the Authority's financial position remains healthy. The deficit on the pension scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the scheme actuary. The full triennial valuation of the scheme was completed by January 2020 – this showed the Authority had a surplus of £725k (101.5% funded) compared to a deficit at the last triennial valuation of £3,437K (89.9% funded).

Management of the Venues under the Leisure Service Agreement

In February 2015 (paper A/4201/15) Members approved entering into the Leisure Services Contract (the Contract) commencing on 1 April 2015 between the Lee Valley Regional Park Authority and the Lee Valley Leisure Trust Limited trading as Vibrant Partnerships (the Trust). The contract was for a five year period to establish a "sound" operational profile before going through a full market testing exercise. All decisions relating to this process were made by the full Authority.

The Authority completed a procurement process for the re-let of the six sports venues from 1 April 2020, but following a legal challenge made to that process, the Authority took the decision (Paper A/4278/20) to bring the sporting venues under its direct management on the expiry of the contract on 31 March 2020. In October 2019 the Authority had already decided (Paper A/4273/19) to bring back the eight smaller (non-sporting Leisure Service Contract (LSC)) venues back under its direct management on the expiry of the contract with the Trust as these fitted with the new business priorities and generated a positive financial return for the Authority.

Initially this was anticipated that this arrangement would be for a period of six-months, but due to the Covid-19 pandemic, Authority members agreed an extension until 31 March 2022. The Authority has now entered into a 10 year Leisure Services Contract with GLL for the management for the six sports venues from 1 April 2022.

Litigation with Lee Valley Leisure Trust Limited

Following the award of the new contract, the Authority received a legal claim ("Claim") from the Trust challenging the lawfulness of the Authority's decision to award the LSC to GLL. This challenge meant that the Authority was unable to enter into the contract with GLL following the award and whilst the litigation was ongoing, and in January 2020, the Authority members took the decision to take the sport venues back in house from 1 April 2020 while the challenge was ongoing.

The Authority was informed by the Trust in September 2020 that it would withdraw its challenge to the procurement of the new LSC providing the Authority agreed that it would be on a "drop hands" basis with each party bearing its own costs, which meant that the Authority could continue its discussion with GLL with regards the contract award.

Subsequently, the Authority entered into a contract with Greenwich Leisure Limited (GLL) for implementation of the new Leisure Services Contract from 1 April 2022.

In addition to the legal challenge on the award of the LSC, the Authority received a further legal claim in January 2020 from the Trust relating to payment of the Management Fee for 2019/20, several Clause 14 adjustment claims and other contract related matters. This was further extended to cover the impact of the Covid-19 lockdown which commenced in March 2020. The Authority submitted a counter claim against the Trust which was due to be heard in court in November 2022.

In the meantime, the Trust entered into Administration in September 2020, with Beever and Struthers being appointed the administrator.

However, following discussion between both parties and their legal representatives, the legal claims between the two parties was settled by an out of court Settlement Agreement in October 2022. As a result of this, and adjustment has been made to the 2020/21 accounts to reflect the sums payable between the parties.

Land and Property Strategy

The Land & Property Review Working Group was established at the Executive Committee meeting on 17 December 2015 to consider and develop a proposed Corporate Land and Property Strategy for consideration and approval by full Authority. The terms of reference for the Land & Property Review Working Group were approved as follows:

- To review the land and property portfolio in support of delivery of the Authority's statutory remit and overall objectives
- To review adopted land acquisition policies
- Develop a land and property acquisition/disposal strategy within the parameters of the Lee Valley Regional Park Act 1966 (the Park Act)

The aim of the Working Group was to review the Authority's approach to acquisition and disposal and to consider a fresh approach with the development of a Corporate Land and Property Strategy. In addition to the above it is an opportunity to look at sites which are not delivering benefit for the Regional Park. The disposal of properties may also reduce revenue costs as maintenance obligations for some areas of land would be reduced. Conversely acquisition of land may increase revenue costs for the maintenance and management of the land.

The Authority has generally adopted a cautious approach for any disposals based on prevailing Counsel's opinion at the time and independent advice prior to any disposal of land. More recent advice has explored a more flexible approach, in particular, to disposal where land is no longer required for the purposes of any of the Authority's functions. This has the potential for raising capital for enabling development and/or opportunity for enhancement of existing open space and/or opening of currently closed land within the Regional Park.

Following approval of the Corporate Land and Property Strategy by the Executive Committee in December 2016, the Authority adopted the Strategy on 19 January 2017. A review of the areas of land for potential disposal has been undertaken by officers and discussed with the Member working group. At the appropriate time each area of land is brought forward for a decision by the Executive Committee and/or Authority and is reflected in the balance sheet accordingly.

Borrowing and Capital Funding

The Authority has the facility to borrow funds for capital expenditure from the Public Works Loan Board (PWLB) and other institutions. Short term borrowing is covered by our bank overdraft.

The Capital Financing Requirement measures the underlying need to borrow for capital (not revenue) purposes. It does not necessarily mean that borrowing will be undertaken. The following capital financing requirements are based upon the value of the Authority's depreciated value of fixed assets less provisions set aside for loan repayment

	2019/20 Actual	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
LVRPA CFR	£12.2m	£11.7m	£11.2m	£10.8m	£34.3m	£33.3m

Any new borrowing in the future must be self-funded, for example via efficiency savings, levering in external funding, new income streams or through the levy. Capital investment in the current year has been funded from the Authority's accumulated cash balances and, as a result, no new external long term borrowing has been undertaken. At the balance sheet date of 31 March 2021, the Authority carried no external debt, and had no external borrowing.

The estimated impact of new capital investment and asset management decisions on the levy is £1.2m and is included in the table below. Where additional revenue from the levy is used to finance capital expenditure this would have an impact on contributing authorities. This would mean that the Authority would need to increase the levy over the current level. The base indicator for 2020/21 is £1.2m and is included in the table below. This figure takes account of the resourcing requirements for the capital programme and was included in a report to Members as part of the 2020/21 (revised) to 2024/25 capital programme.

	2019/20 Actual	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Expenditure	£2.6m	£1.2m	£16.8m	£15.5m	£1.0m	£1.0m
Financed by						
External resources*	£0.1m	£0.0m	£16.0m	£14.0m	£0.0m	£0.0m
Internal resources*	£2.5m	£1.2m	£0.8m	£1.5m	£1.0m	£1.0m
Total Financing	£2.6m	£1.2m	£16.8m	£15.5m	£1.0m	£1.0m

Economic Climate

The economic climate has, and will continue to impact on the Public Sector purse and particularly the finances of the Authority. The Authority set its annual budget in the context of the five-year business priorities that were appropriate at the time. The assumptions behind this forecast are reviewed annually; the medium term financial forecast is restated and then approved by Members. The Authority is conscious of the financial pressures faced by the levied authorities and the spending assessments that impact upon them. The levy was increased by 2% in 2020/21, after a period of eleven years of reducing, or stable change - and has achieved a real term decrease in excess of 50%. Officers and Members are committed to providing on-going savings and efficiencies to achieve economy and efficiency through the best use of public funds whilst delivering its own core objectives detailed in the five-year Business Priorities 2020 – 2025 and statutory role. Consideration of the levy in future years will be subject to inflation, business risks, Covid 19 impact and other economic factors prevailing at the time. The impact of the war in Ukraine which commenced in early 2022, on both energy and general cost of living increases will further contribute to the pressure on the public sector. The levy strategy will need to be reviewed in the light of the Covid 19 impact going forward from 2023/24.

The Authority is continuing a robust plan of income generation and major development projects across the Park to deliver its remit and reduce the reliance on the levy. The business plan priorities for 2020-25 are being developed further. This will set out further development in the key projects, for example investments into the sporting venues, for this five-year period along with a financial plan. The key measure has been to ensure that the reliance on the levy fell to 53.0% of the maximum that the Authority could legally charge. This target was achieved in 2013/14 and for 2020/21 it currently stands at 36.7%% of the maximum chargeable – a cost per head of population of £0.80p. The Senior Management Team manages a variety of major and smaller projects to develop the Park and its Venues, create efficiencies and generate further income. The proposals from this group are considered by Members of the Executive Committee and full Authority.

Financial liabilities relating to the Olympic venues were significant, in particular, the business rates attributed to the Velopark, the Lee Valley White Water Centre and LV Hockey & Tennis Centre. These liabilities were recognised within the medium term financial plan. Between April 2015 and March 2020 the business rate liability on venues (transferred into the Trust) have achieved 80% mandatory rate relief thus reducing the financial burden by £1.7m per year. Although these venues have temporarily transferred back to the Authority until the award of a new LSC contract, the impact of Covid 19 has meant the Authority received a business rates holiday during 2020/21 and again for 2021/22 and not incur any additional liability.

The financial impact of Covid 19 had the potential to severely impact the financial stability of the Authority. Income from fees and charges was reduced due to lockdowns and restrictions throughout 2020/21. In the light of this significant financial pressure, Members approved a revised emergency budget and decided not to request a supplementary levy from contributing councils but instead, to utilise cash reserves in the short term to cushion this impact. This would not have been sustainable in the long term and will require further revision of the levy strategy and future year's budgets. The Chief Executive with Members and the Senior Management Team has developed a recovery plan for 2021/22 and beyond. This will address the rebuilding of reserves and strengthening the Authority's resilience in the context of a challenging economic climate and the possible continuing uncertainty caused by Covid 19.

Revenue Reserves

The Authority's current Reserves Policy states that the Authority should maintain a minimum general reserve balance of £3-£4m and was approved at the Annual Budget and levy setting meeting of the full Authority on 21 January 2021. The individual usable reserves are explained below:

General Fund

The general fund reserves currently stand at £2.7m. Members agreed in January 2023 that reserves were allowed to fall below the current policy limit for a short period, with the Medium Term Plan focusing on rebuilding these reserves over the subsequent years, and the LSC, and in particular the Ice Centre, comes to full maturity by 2025.

Earmarked Reserves

The Authority maintains renewal and repair funds to replace equipment and for major repairs to buildings or structures that cannot be funded in one year from service revenue budgets. An insurance fund is also maintained to self-insure certain risks that are not otherwise covered by the insurance policies of the Authority. For example, storm damage and insurance excesses on existing policies. All services are charged an annual premium, with policy excesses for claims against the Authority by third parties charged to the fund balance in any given year.

Capital Receipts Reserve

There is a balance of £11.7m on this reserve mainly due the sale of the option land at Olympic Park but more recently through sales identified from the Corporate Land & Property Strategy.

Capital Fund

The Authority is able to set aside 3% of its Levy each year in accordance with the Lee Valley Regional Park Act section 49 (30) for capital expenditure purposes, although we have not always chosen to do so recently due to the pressure on the revenue budget. Where this has been the case, use of existing capital receipts to finance spend has increased.

The Annual Governance Statement (AGS) highlights the major risks and uncertainties the Authority faces in the years ahead and recognising the impact of the London 2012 Olympics legacy on the Authority as it continues to establish the legacy facilities within its normal business operating environment and more recently the significant impact of Covid 19 on the business operations of the Authority and therefore a major source of its financial income. The AGS sets out the risks and opportunities the Authority faces having moved the majority of its venues into a charitable Trust, retendering and reletting of this contract from April 2022 whilst temporarily taking back their operation and management. The AGS considers the impact of the ongoing poor economic climate and demonstrates the Authority's response to the pressure on the public purse.

The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice.

CIPFA's recommended accounting practice complies, with International Financial Reporting Standards (IFRS) subject to appropriate agreed variations for Local Authorities. The change to IFRS from Generally Accepted Accountancy Principles (GAAP), made three years ago, allows inter-authority comparison and brings benefits in consistency and comparability between financial reports whilst continuing to follow private sector best practice.

The accounts consist of:

- the Comprehensive Income and Expenditure Statement: This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices;
- the Balance Sheet: The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority;
- the Movement in Reserves Statement: This statement shows the movement in the year on the different reserves held by the Authority;
- a Cash Flow Statement: This shows the total cash we received and how we used it; and
- a Statement of Accounting Policies: These describe the main principles used to prepare the accounts.

Following a review of the presentation of local authority accounts, CIPFA made some changes to the 2016/17 Code, with the introduction of an Expenditure and Funding Analysis.

The objective of the Expenditure and Funding Analysis is to demonstrate to levy payers how the funding available to the Authority (ie government grants, rents, fees and charges and the levy) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Comprehensive Income and Expenditure and Expenditure and Funding Analysis, now include a segmental analysis that represents how we are structured, and how we operate, monitor and manage financial performance. This means that we are now no longer required to recharge the cost of support services to the individual service headings. In order to ensure that comparison to previous year's expenditure is consistent, the cost of support services has been reversed out of the service headings. The Total Net Cost of Services will remain the same, although the total expenditure and income reported in the prior year accounts will be reduced for comparison in the current Statement of Accounts.

To assist general readers of these accounts, we have explained some of the main technical terms in notes to the accounts and in a glossary.

The unaudited accounts were issued on 22 July 2021 and the audited accounts were authorised for issue on XX XXXX 2023.

Kevin Bartle
Section 151 Officer
XX XXXX 2023

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STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority must

- arrange for the proper administration of its financial affairs and ensure that one of its officers is responsible for administering those affairs – that officer is currently the Section 151 Officer;
- must manage its affairs to secure economic, efficient and effective use of resources and safeguarding its assets; and
- approve the Statement of Accounts.

The Section 151 Officers responsibilities

The Section 151 Officer is responsible for preparing the Authority's statement of accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code requires that the accounts present a true and fair view of the financial position at the accounting date and income and expenditure for the year ended 31 March 2021.

In preparing this statement of accounts, the Section 151 Officer:

- Selected suitable accounting polices and then applied them consistently;
- Made judgements and estimates that were responsible and prudent; and
- Complied with The Code.

The Section 151 Officer has also:

- Kept proper accounting records that were up to date; and
- Taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that these statements of account present a true and fair view of the financial position of the Authority as at 31 March 2021 and the income and expenditure for the 2020/21 financial year.

Kevin Bartle
Section 151 Officer
XX XXX 2023

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ANNUAL GOVERNANCE STATEMENT 2020/21

Scope of responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority does not have a duty under the Local Government Act 1999 in the same way that local authorities do to make arrangements to secure continuous improvement when exercising its functions, having regard to a combination of economy, efficiency and effectiveness; but it considers and adopts these elements as a matter of best practice.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

The Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework for Good Governance in Local Government. This statement explains how the Authority has complied with the Code and also meets the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities for which it is accountable to its stakeholders and the wider community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks likely to impair the achievement of the Authority's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The governance environment

A clear statement of the Authority's purpose and vision is set out in "The Lee Valley Regional Park Authority Business Strategy 2010-2020" and the updated Business Plan priorities 2020-25 were included as part of the 2021/22 Revenue Budget and Levy (Paper A/4292/21). These priorities are translated into more specific aims and objectives in the service improvement plans which are prepared annually and, where objectives are complex, included as part of the corporate risk register as part of the risk management framework. The achievement of these objectives is monitored by the Senior Management Team, the Performance Team, the Executive, Audit and Scrutiny committees.

The Authority does not have directly elected Members but Members appointed to the Authority by local councils. Members are responsible for setting policies and priorities and for the efficient and effective use of resources. The behaviour of Authority Members is regulated through a Model Code of Conduct made by statutory instrument, which is adopted and regulated within their own Councils' systems and which is supported by a Members' planning code of good practice within this Authority. At the AGM in July 2018 the Authority also approved (Paper A/4261/18) a Conflict of Interests/Loyalties Protocol which sits as an Appendix to Standing Orders. Employees are also subject to a Code of Conduct and a number of specific policies (e.g. on whistle blowing, IT usage, bullying and harassment) which are set out in the Employee Handbook. Advice on these matters is embedded through on-going training.

The Authority does not have a formal constitution but relies on a traditional local authority committee model. Policy and decision making are facilitated by a clear framework of delegation set out in the Lee Valley Regional Park Act 1966, the Authority's Standing Orders and Financial Regulations. This sets out, among other things, where responsibility lies for developing and delivering policy, and for taking decisions. The Standing Orders and Financial Regulations provide for some delegation to officers but within a policy framework laid down by the Authority, and with the more significant executive decisions being taken by the elected Members of the Executive Committee and the Full Authority.

Compliance with established policies, procedures, laws and regulations is ensured by the requirement in the Standing Orders to give the Chief Executive, the Monitoring Officer and the Chief Finance Officer the opportunity to comment on every report submitted to a decision making body. The Monitoring Officer has a legal duty to ensure the lawfulness of decision making.

Risk management is embedded in the Authority through a Corporate Risk Management Framework (Paper AUD/90/18) which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. The Authority maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk. Risk management awareness is an integral part of the Authority's employee/management competency framework. Risk Management is led on at Director level and matters of risk for the Authority are reported directly to the Audit Committee who receive reports on risk management at each meeting and who take appropriate action to ensure that corporate business risks are up-to-date; being actively managed; and agree the soundness of the Authority's risk management arrangements.

The Authority's programme for securing continuous improvement in its services is set out in the annual service plan and driven by the Business Priorities. Actions for improvement are drawn from a variety of sources including internal audit; the Authority's own service reviews and, external inspections such as those undertaken by Quest, Green Flag and the British Safety Council. An annual assessment of performance, detailing future performance targets, is set out in the Performance Monitoring Reports agreed quarterly by the Scrutiny Committee.

The Section 151 Officer role, currently occupied under a Service Level Agreement with the London Borough of Enfield, is currently designated as the responsible officer for the administration of the Authority's financial affairs under section 151 of the Local Government Act 1972 and section 11 (1) of the Lee Valley Regional Park Act 1966. This includes ensuring the lawfulness and financial prudence of decision making; providing advice, particularly on financial impropriety, publicity and budget issues; giving financial information; and acting as the Authority's money laundering, whistle blowing and anti-fraud, bribery & corruption reporting officer. Policies relating to whistle blowing anti-fraud, bribery & corruption were approved by Members of the Audit Committee in September 2017 (Paper AUD/81/17) and approved by the full Authority in October 2017 (Paper A/4246/17). This is supported by Authority wide awareness training for all staff and elected Members. These policies are normally reviewed every third year (unless legislation or regulations change) and review of these particular policies was completed in September 2017. Further review is scheduled later this year, but may, due to the Covid 19 crisis and the mobilisation of the Leisure Service Contract be delayed until 2022. The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). Following a Senior Management Restructure (Paper E/649/19) and as approved by Members in June (Paper E/682/20), new financial management and accountancy support arrangements will be in place from July 2020. These arrangements will secure ongoing financial savings to the Authority as well as providing a broader approach to the delivery of these services, maintaining not only the current standards achieved but also ensuring longer term business continuity. The London Borough of Enfield will support the Authority to fulfil the Chief Finance Officer role (statutory Section 151 requirements as set out in the CIPFA guidance) supporting the Authority's Head of Finance and the Finance Team to deliver robust financial services.

The Authority has a performance management regime through which quality of service is measured through corporate performance indicators which in turn are reported through the Annual Performance Management Report. This is monitored by the Senior Management Team and scrutinised on a six-monthly basis by the Executive Committee and a quarterly basis by the Scrutiny Committee.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, recommendations from the Annual Internal Auditor's report, comments and recommendations made by the external auditors and other reviews by independent agencies.

The terms of reference for the Audit Committee requires it to monitor and review the Authority's system(s) of internal financial control and authorise/approve the Annual Governance Statement; it also monitors and reviews the Authority's Health & Safety and risk management policies and programmes.

The Internal Auditor reports to the Authority's Chief Executive Officer and Corporate Director, but in order to ensure independence has direct access to the, Monitoring Officer, the Chair of Audit Committee and the Audit Committee itself.

The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control, which is incorporated in the Annual Internal Audit Report to the Audit Committee. The Annual Internal Audit Report for 2020/21, which was presented to the Audit Committee on 22 July 2021 (Paper AUD/121/21), provided substantial assurance, that the Authority's internal control systems are considered to be fundamentally sound and accords with proper practice.

The Audit Committee approved a Risk Management Strategy in May 2010 (Paper AUD/06/10) (in which it was concluded that risk management arrangements are an established part of business operations and are entrusted with senior officers). The Strategic Risk Register has undergone regular monitoring this year. A new Risk Management Strategy was approved by the Audit Committee on 21 June 2018 (Paper AUD/90/18). A full review of the risk register was undertaken in the spring of 2018 and a new register approved at the Audit Committee in June 2018 (Paper AUD/90/18).

The Audit Committee also ensure a robust management framework for Health & Safety is maintained. Annually all sites are audited by the Health & Safety contractor - with a 95% (plus) approval rating for Authority operated sites. The work of the Authority is independently assessed by a third party (British Safety Council). The British Safety Council carried out an independent audit in March 2016 and awarded the Authority a 5* rating (their highest level score) providing further assurance regarding the management of risk for Health & Safety. Health and Safety matters were reported separately to the Audit Committee in the Annual Health & Safety report to the Audit Committee on 24 June 2021 (Paper AUD/119/21).

Senior Managers continue to review the processes and controls they have in place to allow them to achieve their service objectives. Reporting on financial and performance management information to the Executive Committee and the Scrutiny Committee has taken place over the course of the year. Based on the information provided during the year and reviews of data quality, controls can be seen to be satisfactorily in place.

The review of the effectiveness of the system of internal control is informed by:

- The work of managers within the Authority;
- The work of the Internal Auditor;
- The work of the Health & Safety contractor;
- The work of Corporate Risk Management;
- Performance Management Information; and
- The External Auditors in their Annual Audit Results report.

The results of the review of the Authority's system of internal control have concluded that it is satisfactory and effective.

Significant Governance Issues

The Authority has received significant assets as a result of the London 2012 Olympics. The London Legacy Development Corporation completed the legacy transformation works at the Lee Valley VeloPark, and Lee Valley Hockey & Tennis between April 2013 and May 2014. These assets were transferred to the Authority and are recognised in the accounts. These additional asset transfers are valued in excess of £110m, and with that comes a responsibility to manage and operate these as economically and efficiently as possible and in line with the Lottery Funding Agreements with Sport England that the Authority has entered into.

The Authority's existing governance structure was put in place in 2009. It was reviewed in July 2010 and 2015 to ensure management and decision making processes remained robust, relevant and fit for purpose. Members continue to review the committee structures on an annual basis at the AGM – the most recent review in July 2017 (Paper A/4243/17). In support of the Full Authority there are Executive, Audit, Scrutiny and Regeneration and Planning committees covering all areas of the Regional Park. Relevant Member working groups are established annually and cover Park wide strategic initiatives as well as specific major projects and initiatives.

Members agreed to the establishment of an Independent Remuneration Panel (IRP) to carry out a review of the remuneration of the roles of Chairman and Vice Chairman at the Executive Committee in April 2016 (Paper E/443/16). An IRP was convened and an update on progress reported to the AGM in July 2016 with a full report on the IRP recommendations on remuneration for the Chairman and Vice Chairman being reported to the full Authority in October 2016. The IRP recommended that there would be a 1% increase for both remunerations with a further 1% per annum until the current Trust contract expires at which point the remuneration should be reviewed taking into consideration the impact and any changes to the roles from any future contract. The full Authority noted and approved the recommendations from the IRP but deferred the increase in remuneration until 1st July 2017 to coincide with the commencement of the new four year term of office.

The Authority reviewed its own financial reporting requirements in the context of the International Financial Reporting Standards (IFRS) which were embedded as part of the 2010/11 final accounts process. Annually accounting policies, estimates and assumptions are reviewed by the Head of Finance and approved by the Audit Committee (Paper AUD/117/21), to ensure they are relevant and up-to-date and that they accord with best practice.

The economic climate has, and will continue to impact on the Public Sector purse and particularly the finances of the

Authority. The Authority sets the annual budget in the context of the five year business priorities. The assumptions behind this forecast are reviewed annually; the medium term financial forecast is restated and then approved by Members. The Authority is conscious of the financial pressures faced by the levied authorities and the spending assessments that impact upon them. The levy will remain at its current level in 2020/21 (0% change) and for the previous ten years – has achieved a real term decrease in excess of 50%. Officers and Members are committed to providing on-going savings and efficiencies to achieve economy and efficiency through the best use of public funds whilst delivering its own core objectives detailed in the new five year Business Priorities 2020 – 2025 and statutory role. Consideration of the levy in future years will be subject to inflation, business risks, Covid 19 impact and other economic factors prevailing at the time. The levy strategy will need to be reviewed in the light of the Covid 19 impact going forward from 2021/22.

The focus for the Authority in 2021/22 is to deliver against its budget through a combination of maximising Government support, minimising expenditure and generating what income it can. The Authority developed a recovery plan for 2021/22 which will seek to rebuild the Authority's reserves and ensure resilience against a backdrop of the financial impact of 2020/21, the challenging economic climate and the possible ongoing uncertainties caused by Covid19. Senior Management have collectively reviewed the Authority as a going concern and incorporated this review with an action plans within the existing risk management framework – this will be developed further in the autumn as part of a new levy and budget strategy from 2022.

The Authority is continuing a robust plan of income generation and major development projects across the Park to deliver its remit and reduce the reliance on the levy. The business plan priorities for 2020-25 will be developed further with a one year business plan for 2022. This will set out further development in the key projects, for example, the Ice Centre twin pad development, for this five year period along with a financial plan. The key measure has been to ensure that the reliance on the levy fell to 53.0% of the maximum that the Authority could legally charge. This target was achieved in 2013/14 and for 2020/21 it currently stands at 36.7%% of the maximum chargeable – a cost per head of population of £0.80p. The Senior Management Team manages a variety of major and smaller projects to develop the Park and its Venues, create efficiencies and generate further income. The proposals from this group are considered by Members of the Executive Committee and full Authority.

In February 2015 (paper A/4201/15) Members approved entering into the Leisure Services Contract (the Contract) commencing on 1 April 2015 between the Lee Valley Regional Park Authority and the Lee Valley Leisure Trust Limited trading as Vibrant Partnerships (the Trust). The contract was for a five year period to establish a "sound" operational profile before going through a full market testing exercise. All decisions relating to this process were made by the full Authority.

The Authority completed a procurement process for the re-let of the six sports venues from 1 April 2020, but following a legal challenge made to that process, the Authority took the decision (Paper A/4278/20) to bring the sporting venues under its direct management on the expiry of the contract on 31 March 2020. In October 2019 the Authority had already decided (Paper A/4273/19) to bring back the eight smaller (non-sporting Leisure Service Contract (LSC)) venues back under its direct management on the expiry of the contract with the Trust as these fitted with the new business priorities and generated a positive financial return for the Authority.

Initially this was anticipated that this arrangement would be for a period of six-months, but due to the Covid-19 pandemic, Authority members agreed an extension until 31 March 2022. The Authority has subsequently entered into a 10 year Leisure Services Contract with GLL for the management for the six sports venues from 1 April 2022.

The legal challenge from Lee Valley Leisure Trust Limited in relation to the management fee and end of contract liabilities which continued after the end of the 5 year contract on 31st March 2020 was concluded in the autumn of 2022 with a Settlement Agreement. As a result of this, and adjustment has been made to the 2020/21 accounts to reflect the sums payable between the parties.

The Authority's approved 2020-2025 business priorities ensures it continues to meet existing and new corporate objectives that are emerging and this has fed into the medium term financial planning of the Authority. Having established the operational model for its 14 sport and leisure venues, the Authority will, as part of the new business plan priorities (2020 to 2025), review all service areas with the aim of determining the most cost efficient and effective delivery mechanisms.

Reporting on the Authority's use of Public Funds demonstrates to stakeholders and Council Tax payers how their money is spent. Closing the accounts in a timely manner and receiving an unqualified Audit opinion provide information and evidence to those stakeholders about how the Authority works.

Shaun Dawson
Chief Executive
xx xxx 2023

Paul Osborn
Chairman
xx xxx 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEE VALLEY REGIONAL PARK AUTHORITY

The independent auditor's report will be included within the Statement of Accounts at the conclusion of the audit.

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LEE VALLEY PARK

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund £000s	Capital Receipts £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Reserves £000s
Balance as at 31 March 2020		(7,879)	(12,687)	0	(20,566)	(189,225)	(209,791)
Movement in Reserves 2020/21							
(Surplus) / deficit on provision of services		8,807			8,807		8,807
Other comprehensive income & expenditure					0	12,469	12,469
Total comprehensive income and expenditure		8,807	0	0	8,807	12,469	21,276
Adjustments between accounting basis and funding basis under regulations	4	(6,327)	939	0	(5,388)	5,389	1
Increase/decrease in 2020/21		2,480	939	0	3,419	17,858	21,277
Balance carried forward		(5,399)	(11,748)	0	(17,147)	(171,367)	(188,514)

RESTATED	Note	General Fund £000s	Capital Receipts £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Reserves £000s
Balance as at 31 March 2019		(7,927)	(13,963)	0	(21,890)	(194,966)	(216,856)
Movement in Reserves 2019/20							
(Surplus) / deficit on provision of services		7,877			7,877		7,877
Other comprehensive income & expenditure					0	871	871
Total comprehensive income and expenditure		7,877	0	0	7,877	871	8,748
Adjustments between accounting basis and funding basis under regulations	4	(7,830)	1,276	0	(6,554)	4,871	(1,683)
Increase/decrease in 2019/20		47	1,276	0	1,323	5,742	7,065
Balance carried forward		(7,880)	(12,687)	0	(20,567)	(189,224)	(209,791)

LEE VALLEY PARK

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2020/21			2019/20 RESTATED		
		Expenditure	Income	Net Total	Expenditure	Income	Net Total
	Note	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive		789	(2)	787	2,238	(126)	2,112
Corporate Services		3,314	(665)	2,649	6,334	(734)	5,600
Financial Services		3,230	289	3,519	3,170	(164)	3,006
Parklands and Open Spaces		7,175	(3,865)	3,310	5,566	(1,171)	4,395
Leisure Venues Management		9,558	(1,327)	8,231	1,635	(56)	1,579
Cost of services		**24,066**	(5,570)	**18,496**	**18,943**	(2,251)	**16,692**
Other operating income and expenditure	6	63	(16)	47	67	556	623
Financing and investment income and expenditure	7	1,597	(1,686)	(89)	1,893	(1,728)	165
Non-specific grant income	8	0	(9,646)	(9,646)	0	(9,604)	(9,604)
(Surplus) / deficit on provision of services	19			**8,808**			**7,876**
(Surplus)/deficit on revaluation of plant, property and equipment assets	9			(27)			5,077
Remeasurement of the net defined benefit liability/asset	29			12,496			(4,206)
Other comprehensive income and expenditure				**12,469**			**871**
Total comprehensive income and expenditure				**21,277**			**8,747**

LEE VALLEY PARK

BALANCE SHEET

	Note	2020/21 £000s	RESTATED 2019/20 £000s	RESTATED 2018/19 £000s
Property, plant and equipment				
Land and buildings	9	180,345	180,640	186,881
Vehicles, plant, furniture and equipment	9	694	3,364	3,671
Infrastructure	9	1,884	1,966	2,106
Community assets	9	34,464	34,705	34,466
Assets under construction		605	0	0
Assets held for sale	9	0	0	1,775
Investment properties	9	5,902	5,872	5,785
Biological assets	9	248	236	217
Total non current assets		224,142	226,783	234,901
Long term debtors		877	878	879
Long term assets		877	878	879
Short term investments	35	4,200	7,245	9,298
Inventories	12	243	117	129
Short term debtors	13	1,515	1,598	1,388
Payments in advance		275	101	180
Cash and cash equivalents	14	3,924	2,884	1,557
Current assets		10,157	11,945	12,552
Short term creditors	15	(2,820)	(2,713)	(2,402)
Receipts in advance		(551)	(162)	(162)
Current liabilities		(3,371)	(2,875)	(2,564)
Net pension liability	29	(42,320)	(26,940)	(28,883)
Long term creditors		(970)	0	0
Revenue grants received in advance	23	0	0	(29)
Capital grants received in advance	23	0	0	0
Long term liabilities		(43,290)	(26,940)	(28,912)
NET ASSETS		188,515	209,791	216,856
Usable reserves				
General fund	5	(5,399)	(7,879)	(7,927)
Capital receipts reserve	5	(11,748)	(12,687)	(13,963)
Capital grants unapplied	5	0	0	0
Total usable reserves		(17,147)	(20,566)	(21,890)
Unusable reserves				
Revaluation reserve	17	(32,272)	(44,407)	(49,483)
Pensions reserve	17	42,320	26,940	28,883
Capital adjustment account	17	(181,135)	(171,154)	(173,688)
Deferred capital receipts	17	(877)	(878)	(879)
Short-term accumulating compensated absences account	17	596	274	201
Total unusable reserves		(171,368)	(189,225)	(194,966)
TOTAL RESERVES		(188,515)	(209,791)	(216,856)

The unaudited accounts were issued on 22 July 2021 and the audited accounts were authorised for issue on xx xxxxx 202x

LEE VALLEY PARK

CASHFLOW STATEMENT

	Note	2020/21 £000s	RESTATED 2019/20 £000s
Net surplus / (deficit) on the provision of services		(8,807)	(7,877)
Adjust net surplus or deficit on the provision of services for investing and financing activities			
Proceeds from the sale of non-current assets	4	(16)	556
Adjust net surplus or deficit on the provision of services for non-cash movements			
Depreciation/impairment of property, plant and equipment	9	3,711	3,896
Revaluation of non-current assets	9	274	1,390
Changes in the fair value of investment properties	9	(30)	363
Changes in the fair value of biological assets	9	(13)	(19)
Loss on disposal of non-current assets		0	0
Revenue grants credited on recognition	8	0	(29)
Capital grants credited on recognition	8	(70)	0
Pension fund adjustments	19	2,884	2,263
(Increase)/decrease in long term debtors		1	1
(Increase)/decrease in long term creditors		970	0
(Increase)/decrease in stock	12	(126)	19
(Increase)/decrease in debtors	13	83	(209)
(Increase)/decrease in payments in advance		(175)	79
Increase/(decrease) in receipts in advance		389	0
Increase/(decrease) in creditors	15	107	310
Net cash flows from operating activities		(818)	737
Investing activities			
Purchase of non current assets	9	(1,275)	(2,589)
Proceeds from the sale of non-current assets	4	16	1,128
Repayment/(purchase) of long and short-term investments	35	3,045	2,052
Net cash outflow from investing activities		1,786	591
Financing activities			
	23	0	0
Capital grants received in advance	23	70	0
Net cash outflow from financing activities		70	0
Net increase or decrease in cash and cash equivalents		1,038	1,328
Cash and cash equivalents at the beginning of the reporting period	14	2,884	1,557
Cash and cash equivalents at the end of the reporting period		3,922	2,885
Cash and cash equivalents at the end of the reporting period			
Cash and cash equivalents	14	3,924	2,884
Bank overdraft	14	0	0
Cash and cash equivalents		3,924	2,884

NOTE 01
STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21, 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 are 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 does not currently have any borrowing, but it is likely that for any future borrowing, 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 £10,000 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 a 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:

- Lee Valley Ice Centre – an ice rink, with ancillary facilities; a steel frame building, clad in corrugated sheeting; and
- 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.

NOTE 02

EXPENDITURE AND FUNDING STATEMENT

	2020/21			2019/20 RESTATED		
	Net Expenditure Chargeable to General Fund £000s	Adjustments between Funding and Accounting Basis £000s	Net Expenditure in the Comprehensive Income & Expenditure Statement £000s	Net Expenditure Chargeable to General Fund £000s	Adjustments between Funding and Accounting Basis £000s	Net Expenditure in the Comprehensive Income & Expenditure Statement £000s
Services						
Chief Executive	706	81	787	1,807	305	2,112
Corporate Services	2,066	583	2,649	794	4,806	5,600
Financial Services	2,124	1,395	3,519	1,714	1,292	3,006
Parklands & Open Spaces	2,393	916	3,309	3,923	472	4,395
Leisure Venues Management	4,759	3,472	8,231	1,579	0	1,579
Net Cost of Services	**12,048**	**6,447**	**18,495**	**9,817**	**6,875**	**16,692**
Other Income and Expenditure	(9,568)	(120)	(9,688)	(9,770)	954	(8,816)
(Surplus)/deficit on provision of services	**2,480**	**6,327**	**8,807**	**47**	**7,829**	**7,876**

	2020/21 £000s	2019/20 £000s
Opening Fund	(7,879)	(7,927)
Movement	2,480	47
Closing Fund	(5,399)	(7,880)
General Fund	(2,680)	(4,384)
Renewals Fund	(817)	(671)
Repairs Fund	(1,323)	(505)
Insurance Fund	(450)	(689)
Common Areas Sinking Fund	(129)	(129)
Capital Fund	0	(1,500)
	(5,399)	(7,878)

NOTE 02

EXPENDITURE AND FUNDING STATEMENT

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2020/21	Adjustments of Capital Purposes £000s	Net Change for the Pensions Adjustment £000s	Other Differences £000s	Total Adjustments £000s
Chief Executive	0	64	17	81
Corporate Services	481	71	32	584
Financial Services	92	1,328	(25)	1,395
Parklands & Open Spaces	432	335	150	917
Leisure Venues Management	2,981	342	148	3,471
Net Cost of Services	3,986	2,140	322	6,448
Other Income and Expenditure	(865)	744	0	(121)
Surplus or Deficit	3,121	2,884	322	6,327

RESTATED 2019/20	Adjustments of Capital Purposes £000s	Net Change for the Pensions Adjustment £000s	Other Differences £000s	Total Adjustments £000s
Chief Executive	214	68	23	305
Corporate Services	4,719	75	12	4,806
Financial Services	115	1,153	24	1,292
Parklands & Open Spaces	240	218	14	472
Leisure Venues Management	0	0	0	0
Net Cost of Services	5,288	1,514	73	6,875
Other Income and Expenditure	207	747	0	954
Surplus or Deficit	5,495	2,261	73	7,829

ADJUSTMENTS FOR CAPITAL PURPOSES

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditur e – The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

NET CHANGE FOR THE PENSIONS ADJUSTMENTS

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

OTHER DIFFERENCES

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For services this represents the removal of compensated absences accrual for holiday pay

NOTE 08

HERITAGE ASSETS

The 2011/12 CIPFA Code of Practice on Local Authority Accounting introduced a requirement to disclose Heritage Assets separately. Heritage assets are assets that are 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 is classified 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)

NOTE 04

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2020/21	General Fund £000s	Capital Receipts £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s
Adjustments involving the Capital adjustment account				
Reversal of items debited or credited to the Comprehensive income and expenditure statement:				
Charges for depreciation and impairment of non current assets	(3,711)			(3,711)
Revaluation gains of property, plant and equipment	115			115
Revaluation losses of property, plant and equipment	(390)			(390)
Movements in the fair value of investment properties	30			30
Movements in the fair value of biological assets	13			13
Capital grants and contributions recognised	70			70
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:				
Statutory provision for the financing of capital investment	486			486
Capital expenditure charged against the General fund/Earmarked Reserves	250			250
Adjustment involving capital receipts reserve				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	16	(16)		0
Capital expenditure financed from Usable Capital Receipts		955		955
Adjustments involving the Pensions reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(4,572)			(4,572)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,688			1,688
Adjustment involving deferred capital receipts				
Principal received in respect of long term debtors (finance leases)	(1)			(1)
Adjustment involving the Short-term compensated absences account				
Amount by which officer remuneration charged to the Comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(322)			(322)
	(6,328)	939	0	(5,389)

NOTE 04

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

[illegible]	RESTATED General Fund £000s	Capital Receipts £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s
Adjustments involving the Capital adjustment account				
Reversal of items debited or credited to the Comprehensive income and expenditure statement:				
Charges for depreciation and impairment of non current assets	(3,896)			(3,896)
Revaluation gains of property, plant and equipment	8			8
Revaluation losses of property, plant and equipment	(1,398)			(1,398)
Movements in the fair value of investment properties	(363)			(363)
Movements in the fair value of biological assets	19			19
Capital grants and contributions recognised	0			0
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:				
Statutory provision for the financing of capital investment	507			507
Capital expenditure charged against the General fund/Earmarked Reserves	185			185
Adjustment involving capital receipts reserve				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(556)	(1,128)		(1,684)
Capital expenditure financed from Usable Capital Receipts		2,403		2,403
Adjustments involving the Pensions reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(3,077)			(3,077)
Employer's pensions contributions and direct payments to pensioners payable in the year	814			814
Adjustment involving deferred capital receipts				
Principal received in respect of long term debtors (finance leases)	(1)			(1)
Adjustment involving the Short-term compensated absences account				
Amount by which officer remuneration charged to the Comprehensive Income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(73)			(73)
	(7,831)	1,275	0	(6,556)

NOTE 05

USABLE RESERVES

		Balance at 01/04/2019 £000s	Transfers Out 2019/20 £000s	Transfers In 2019/20 £000s	Balance at 01/04/2020 £000s	Transfers Out 2020/21 £000s	Transfers In 2020/21 £000s	Balance at 31/03/2021 £000s
Usable reserves								
General fund		(4,223)	0	(161)	(4,384)	1,704	0	(2,680)
Earmarked Reserves								
Renewals Fund		(681)	66	(56)	(671)	18	(164)	(817)
Repairs Fund		(944)	1,099	(660)	(505)	1,055	(1,873)	(1,323)
Insurance Fund		(700)	11	0	(689)	0	239	(450)
Common Areas Sinking Fund	iv	(128)	0	(1)	(129)	0	0	(129)
Capital fund	v	(1,250)	37	(287)	(1,500)	1,750	(250)	0
		(7,926)	1,213	(1,165)	(7,878)	4,527	(2,048)	(5,399)
Capital receipts reserve		(13,963)	2,403	(1,128)	(12,688)	955	(16)	(11,749)
Capital grants unapplied		0	0	0	0	0	0	0
Total Usable reserves		(21,889)	3,616	(2,293)	(20,566)	5,482	(2,064)	(17,148)

i. This reserve has been used to meet the costs of eventual replacement equipment within the park

ii. This reserve has been used to meet the costs of repairing equipment within the park

iii. This reserve is used to meet the costs of meeting excess and claims not covered by the insurance policies.

iv. This reserve has been set up to meet potential costs of undertaking work on the shared Picketts Lock Site.

v. This reserve held to improve the facilities of the Authority

NOTE 06

OTHER OPERATING EXPENDITURE

	Note	2020/21 £000s	2019/20 £000s
(Gain)/loss on disposal of non-current asset		(16)	556
Pension administration expenses	19	63	67
Total other operating expenditure		**47**	**623**

NOTE 07

FINANCING AND INVESTMENT

	Note	2020/21 £000s	2019/20 £000s
Interest payable and similar charges	[illegible]	6	5
Net interest on the net defined pension benefit liability/(asset)	[illegible]	681	680
Interest receivable on finance leases (lessor)	26	(116)	(116)
Investment interest	11	(20)	(100)
Changes in the fair value of investment properties	9	(30)	363
Changes in the fair value of biological assets	9	(13)	(19)
Rental received on investment properties	10	(597)	(648)
Total Financing and Investment		**(89)**	**165**

NOTE 08

NON SPECIFIC GRANT INCOME

	Note	2020/21 £000s	RESTATED 2019/20 £000s
Levies on local authorities	32	(9,576)	(9,576)
Revenue grants and contributions	23	0	(29)
Capital grants and contributions	23	(70)	0
Total Non Spcific Grant Income		**(9,646)**	**(9,605)**

NOTE 09

NON CURRENT ASSETS

	Land and Buildings £000s	Vehicles, plant and equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Assets Under Construction £000s	Assets held for disposal £000s	Total excluding investment prop £000s	Investment Properties £000s	Total 2020/21 £000s
Cost or Valuation									
At 01 April 2020	181,436	6,228	3,172	34,705	0	0	225,541	5,872	231,413
Additions	670	1	0	0	605	0	1,276	0	1,276
Revaluation									
- recognised in the Revaluation Reserve	(2,713)	0	0	0	0	0	(2,713)	0	(2,713)
- recognised in the provision of services	(987)	0	0	0	0	0	(987)	30	(957)
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
Other movements	2,791	(2,550)	0	(241)	0	0	0	0	0
At 31 March 2021	**181,197**	**3,679**	**3,172**	**34,464**	**605**	**0**	**223,117**	**5,902**	**229,019**
Accumulated Depreciation and Impairment									
At 01 April 2020	(796)	(2,864)	(1,206)	0	0	0	(4,866)	0	(4,866)
Depreciation charge	(3,509)	(120)	(82)	0	0	0	(3,711)	0	(3,711)
Depreciation written out									
- to the Revaluation Reserve	2,741	0	0	0	0	0	2,741	0	2,741
- to the provision of services	714	0	0	0	0	0	714	0	714
At 31 March 2021	**(850)**	**(2,984)**	**(1,288)**	**0**	**0**	**0**	**(5,122)**	**0**	**(5,122)**
Net Book Value									
At 31 March 2021	**180,347**	**695**	**1,884**	**34,464**	**605**	**0**	**217,995**	**5,902**	**223,897**
At 31 March 2020	**180,640**	**3,364**	**1,966**	**34,705**	**0**	**0**	**220,675**	**5,872**	**226,547**

NOTE 09

NON CURRENT ASSETS

	Land and Buildings £000s	Vehicles, plant and equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Assets Under Construction £000s	Assets held for disposal £000s	Total excluding investment prop £000s	Investment Properties £000s	Total 2019/20 £000s
Cost or Valuation									
At 01 April 2019	187,168	6,388	3,235	34,466	0	1,775	233,032	5,785	238,817
Additions	1,901	0	0	239	0	0	2,140	449	2,589
Revaluation									
- recognised in the Revaluation Reserve	(2,106)	(161)	(63)	0	0	0	(2,330)	0	(2,330)
- recognised in the provision of services	(5,528)	0	0	0	0	0	(5,528)	(363)	(5,891)
Derecognition									
- disposal	0	0	0	0	0	(1,775)	(1,775)	0	(1,775)
Other movements	0	0	0	0	0	0	0	0	0
At 31 March 2020	**181,435**	**6,227**	**3,172**	**34,705**	**0**	**0**	**225,539**	**5,871**	**231,410**
Accumulated Depreciation and Impairment									
At 01 April 2019	(287)	(2,717)	(1,129)	0	0	0	(4,133)	0	(4,133)
Depreciation charge	(3,501)	(306)	(89)	0	0	0	(3,896)	0	(3,896)
Depreciation written out									
- to the Revaluation Reserve	715	159	13	0	0	0	887	0	887
- to the provision of services	2,277	0	0	0	0	0	2,277	0	2,277
At 31 March 2020	**(796)**	**(2,864)**	**(1,205)**	**0**	**0**	**0**	**(4,865)**	**0**	**(4,865)**
Net Book Value									
At 31 March 2020	**180,639**	**3,363**	**1,967**	**34,705**	**0**	**0**	**220,674**	**5,871**	**226,545**
At 31 March 2019	**186,881**	**3,671**	**2,106**	**34,466**	**0**	**1,775**	**228,899**	**5,785**	**234,684**

NOTE 09

BIOLOGICAL ASSETS

	2020/21	2019/20
	£000s	£000s
Balance at 1 April		
Dairy Cattle	**237**	**217**
Movement in fair value	13	20
Balance at 31 March	**250**	**237**

CAPITAL COMMITMENTS

At 31 March 2020, the Authority has a material capital commitment outstanding of £0.7m from a contract of £0.9m for the build of the Wildlife Discovery Centre. This is due for completion in October 2020.

NOTE 10

INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Rental income and expenses for investment properties

	2020/21	2019/20
	£000s	£000s
Rental income from investment property	(598)	(648)
Direct operating expenses arising from investment property	0	0
Net gain	**(598)**	**(648)**

NOTE 11

FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

Financial Assets

	Investments		Debtors	
	2020/21	2019/20	2020/21	2019/20
	£000s	£000s	£000s	£000s
Current Assets				
Amortised Cost	8,124	10,129	2,392	2,476
Total Financial Assets	8,124	10,129	2,392	2,476

Financial Liabilities

	Borrowing		Creditors	
	2020/21	2019/20	2020/21	2019/20
	£000s	£000s	£000s	£000s
Current Liabilities				
Amortised Cost	0	0	(2,820)	(2,713)
Total Financial Liabilities	0	0	(2,820)	(2,713)

Gains and Losses in Relation to Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows.

	Surplus / deficit on the provision of services	
	2020/21	2019/20
	£000s	£000s
Interest Revenue		
Financial assets measured at amortised cost	(18)	(100)
Interest Expense	6	6

NOTE 12

INVENTORIES

	2020/21	2019/20
	£000s	£000s
Agriculture produce		
Opening balance	117	129
Net movement	0	(13)
Closing balance	**117**	**116**
Other stock		
Opening balance	0	0
Net movement	125	0
Closing balance	**125**	**0**
Total		
Opening balance	117	129
Net movement	125	(13)
Closing balance	**242**	**116**

NOTE 13

DEBTORS

	2020/21 £000s	2019/20 £000s
Central government bodies	322	414
Other local authorities	(1)	0
All other bodies	1,193	1,183
Total debtors	**1,514**	**1,597**

NOTE 14

CASH AND CASH EQUIVALENTS

	2020/21 £000s	2019/20 £000s
Cash held by Authority	15	3
Bank current accounts	67	78
Short-term deposits with banks	3,844	2,803
Total cash and cash equivalents	**3,926**	**2,884**

BANK OVERDRAFTS	2020/21 £000s	2019/20 £000s
Bank current accounts overdrafts	0	0

NOTE 15

CREDITORS

	2020/21 £000s	2019/20 £000s
Central government bodies	0	(104)
Other local authorities	0	0
All other bodies	(2,820)	(2,608)
Total creditors	**(2,820)**	**(2,712)**

NOTE 16

PROVISIONS

There are no provisions recognised in the accounts

NOTE 17

UNUSABLE RESERVES

	2020/21	2019/20
	£000s	£000s
Unusable Reserves		
Revaluation Reserve	(32,271)	(44,407)
Capital adjustment account	(181,135)	(171,154)
Pensions reserve	42,320	26,940
Short-term compensated absences account	596	274
Deferred capital receipts	(877)	(878)
Total unusable reserves	(171,367)	(189,225)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2020/21	2019/20
	£000s	£000s
Balance at 1 April	(44,407)	(49,482)
Upward revaluation of assets	(1,962)	(185)
Downwards revaluation of assets	1,935	4,219
Surplus or deficit on revaluation of non-current assets not posted to the (surplus) or deficit on the provision of services	(44,434)	(45,448)
Difference between fair value depreciation and historic cost depreciation	575	0
Accumulated gains on assets sold or scrapped	0	1,042
Other amounts written off to the capital adjustment account (see note)	11,588	0
Amount written off to the capital adjustment account	12,163	1,042
Balance at 31 March	(32,271)	(44,406)

Other amounts written off the the capital adjustment account

This represents the cumulative correction of the difference between fair value and historic cost depreciation previously not transferred to the capital adjustment account

NOTE 17

UNUSABLE RESERVES

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.
The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

		RESTATED
	2020/21	2019/20
	£000s	£000s
Balance at 1 April	(171,152)	(173,688)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and expenditure statement:		
- Charges for depreciation and impairment of non current assets	3,711	3,896
- Revaluation gains/losses on Property, plant and equipment	274	1,390
- Amounts of non current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income and expenditure statement	0	1,042
	3,985	6,328
Adjusting amounts written out of the revaluation reserve	(12,163)	(1,042)
Net written out amount of the cost of non current assets consumed in year	(8,178)	5,286
Capital financing applied in the year:		
- Capital grants and contributions credited to the Comprehensive Income and expenditure statement that have been applied to capital financing	(70)	0
- Application of grants from Capital Receipts Unapplied Account	0	0
- Transfer from Usable Capital Grants Account	0	0
- Use of capital receipts to finance new capital expenditure	(955)	(2,403)
- Use of major repairs fund to finance new capital expenditure	0	0
- Use of capital fund to finance new capital expenditure	(250)	(37)
- Statutory provision for the financing of capital investment charged against the General fund	(486)	(507)
- Capital expenditure charged against the General fund	0	(148)
	(1,761)	(3,095)
Movements in the fair value of Investment properties debited or credited to the Comprehensive Income and expenditure statement	(31)	364
Movements in the fair value of Biological Assets debited or credited to the Comprehensive Income and expenditure statement	(13)	(19)
Balance at 31 March	(181,135)	(171,152)

NOTE 17

UNUSABLE RESERVES

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2020/21	2019/20
	£000s	£000s
Balance at 1 April	26,940	28,883
Actuarial (gains) or losses on pensions assets and liabilities	12,496	(4,206)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or deficit on the provision of services in the Comprehensive Income and expenditure statement	4,572	3,077
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,688)	(814)
Balance at 31 March	42,320	26,940

Short-term compensated absences account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2020/21	2019/20
	£000s	£000s
Balance at 1 April	274	201
Settlement or cancellation of accrual made at the end of the preceding year	(274)	(201)
Amounts accrued at the end of the current year	596	274
Amount by which officer remuneration charged to the Comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0
Balance at 31 March	596	274

NOTE 17

UNUSABLE RESERVES

Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts.

	2020/21 £000s	2019/20 £000s
Balance at 1 April	(878)	(878)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal on the Comprehensive Income and Expenditure Statement	1	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	(877)	(878)

NOTE 18

CASHFLOW OPERATING ACTIVITIES

The cash flows from operating activities includes the following items

	2020/21 £000s	2019/20 £000s
Interest paid	6	6
Interest received	(18)	(100)

NOTE 19

EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows

	2020/21 £000s	RESTATED 2019/20 £000s
Expenditure		
Employee expenses	11,362	6,374
Other services expenses	8,717	7,282
Support service recharges	0	0
Depreciation	3,711	3,896
Revaluation and impairment	274	1,390
Interest payments	6	5
Pension interest and administration costs	1,667	1,974
Change in fair value of investment properties	0	0
Change in fair value of biological assets	(13)	(19)
Gain or loss on non-current assets	0	0
Contribution to Capital	0	0
Total expenditure	25,724	20,903
Income		
Fees, charges and other income	(6,168)	(2,926)
Interest & investment income	(136)	(216)
Return on Pension Assets	(923)	(1,227)
Levies on local authorities	(9,576)	(9,576)
Change in fair value of investment properties	(29)	362
Change in fair value of biological assets	0	0
Gain or loss on non-current assets	(16)	556
Capital grants and contributions	(70)	0
Total income	(16,918)	(13,027)
(Surplus) / deficit on provision of services	8,806	7,876

NOTE 20

STAFF REMUNERATION

	Year	Salary £000s	Expenses, fees and allowances £000s	Pension contribution £000s	Total £000s
Senior Officers receiving over £150,000					
Chief Executive Officer (CEO) - S Dawson	2020/21	166	1	25	**192**
	2019/20	162	1	35	**198**
Senior Officers receiving between £50,000 and £150,000					
Deputy Chief Executive	2020/21	127	1	20	**148**
	2019/20	119	1	26	**146**
Corporate Director	2020/21	91	1	14	**106**
	2019/20	92	2	19	**113**
Corporate Director	2020/21	85	1	13	**99**
	2019/20	75	2	16	**93**
Director Of Finance & Resources	2020/21	61	0	6	**67**
	2019/20	119	2	26	**147**
Project Consultant	2020/21	74	1	8	**83**
	2019/20	108	2	23	**133**
Project Consultant	2020/21	61	1	8	**70**
	2019/20	108	2	23	**133**

Post titles are as at 31 March, or at date the employee left the Authority.

Expense allowances typically include a car allowance, healthcare and reimbursement for travel and subsistence expenses.

The Director of Finance & Resources left the Authority on 6 July 2020

The Project Consultants left the Authority on 30 September 2020

NOTE 20

STAFF REMUNERATION

REMUNERATION BANDING

The Authority's employees receiving more than £50,000 remuneration for the year, excluding employer's pension contributions and severance payments, were paid the following amounts.

Remuneration Bands *	2020/21 No. of Staff	2019/20 No. of Staff
£55,000 - 59,999	7	3
£60,000 - 64,999	3	2
£65,000 - 69,999	1	0
£70,000 - 74,999	1	1
£75,000 - 79,999	3	2
£80,000 - 84,999	1	0
£85,000 - 89,999	1	0
£90,000 - 94,999	1	1
£105,000 - 109,999	0	2
£120,000 - 124,999	0	2
£125,000 - 129,999	1	0
£160,000 - 164,999	1	1

* Remuneration Bands with no staff in have been excluded.

NOTE 21

MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year.

	2020/21 £000s	2019/20 £000s
Allowances	9	9

NOTE 22

TERMINATION BENEFITS

The Authority terminated the employment of three senior officers during 2020/21.
The total cost for exit packages of £652,000 has been charged to
the Authority's comprehensive income and expenditure statement in the current year.

NOTE 23

GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21

	2020/21 £000s	2019/20 £000s
Credited to Services		
Improvement of open areas of the Authority	0	0

LONG TERM LIABILITIES

	2020/21 £000s	2019/20 £000s
Grants Receipts in Advance (Capital Grants)		
Improvement of open areas of the Authority	0	0
Other grants	70	0
	70	0

CAPITAL GRANTS RECEIVED IN ADVANCE

	2020/21 £000s	2019/20 £000s
Balance at 1 April	0	29
Revenue Grants received in year	0	0
Grants credited to Comprehensive Income and Expenditure Account that have been used to fund capital expenditure	0	(29)
Balance at 31 March	0	0

CAPITAL GRANTS RECEIVED IN ADVANCE

	2020/21 £000s	RESTATED 2019/20 £000s
Balance at 1 April	0	0
Capital Grants received in year	70	0
Grants credited to Comprehensive Income and Expenditure Account that have been used to fund capital expenditure	(70)	0
Balance at 31 March	0	0

NOTE 24

RELATED PARTIES

Related parties are organisations or individuals that, as a result of their relationship with us, may exert, or be seen as exerting, influence over our business. Significant transactions in 2020/21 were as follows:

	2020/21	2019/20
	£000s	£000s
Income		
Levies receivable		
As per note 32 for analysis levy	(9,576)	(9,576)
Income included in Comprehensive Income and Expenditure Statement		
Lee Valley Leisure Trust Limited	0	104
Capital grants receivable over £10,000		
England Hockey	0	107
London Legacy Development Corporation	0	0
English Sports Council	70	0
Payments		
Expenditure included in Comprehensive Income and Expenditure Statement		
Lee Valley Leisure Trust Limited	0	1,600

The Lee Valley Leisure Trust Limited was a related party for 2019/20, until the conclusion of the Leisure Services Contract to manage our sport and leisure facilities. From 1 April 2020 these returned to in-house operation.

Members and senior officers are required to complete a declaration of related party transactions detailing any relationship that they may have.

Where there are transactions with borough and county councils (for example road sweeping and planning applications) these are conducted at arms length.

The pension scheme administered by the London Pensions Fund Authority (LPFA) is also a related party as it affects the authority and its officers directly. Disclosures about the pension fund are made in Note 29.

This disclosure note has been prepared on the basis of specific declarations obtained in March 2021 in respect of related party transactions. The Authority has prepared this disclosure in accordance with IAS 24 and how it applies to the public sector.

NOTE 25

CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2020/21	2019/20
	£000s	£000s
Opening capital financing requirement	12,100	12,608
Capital investment		
Property, plant and equipment	1,275	2,140
Investment properties	0	449
Sources of finance		
Capital receipts	(955)	(2,403)
Capital Fund	(250)	(37)
Government grants and other contributions	(70)	0
Finance Leases	(1)	(1)
Direct revenue contributions	0	(148)
Minimum revenue provision	(486)	(507)
Closing capital financing requirement	11,613	12,101
Explanation of movements in year		
Increase/(decrease) in underlying need to borrowing unsupported by government financial assistance.	(488)	(508)
Change in capital financing requirement	**(488)**	**(508)**

NOTE 26

LEASES

AUTHORITY AS A LESSEE

Operating leases

The Authority has one significant operating lease relating to the land for the King George Reservoir.

The future minimum lease payments due under non-cancellable leases in future years are:

	2020/21 £000s	2019/20 £000s
Not later than 1 year	0	10
Later than one year and not later than five years	8	8
Later than five years	0	0
	8	18

This land acquired under the operating lease is sub-let, and the future minimum sub lease payments expected to be received by the Authority in future years are:

	2020/21 £000s	2019/20 £000s
Not later than 1 year	11	11
Later than one year and not later than five years	42	42
Later than five years	53	63
	106	116

The expenditure charged to the Cultural, Environmental, and Planning Services line in the Comprehensive Income and Expenditure Statement during the year in relation to this lease was

	2020/21 £000s	2019/20 £000s
Minimum lease payments	10	10
Sub lease payments receivable	(11)	(11)
	(1)	(1)

NOTE 26

LEASES

AUTHORITY AS A LESSOR

Operating leases

The Authority has a number of properties that have tenants who pay commercial rent. These are treated as operating leases, based on an assessment against the Code.

The future minimum lease payments receivable under non-cancellable leases in future years are

	2020/21	2019/20
	£000s	£000s
Not later than one year	291	291
Later than 1 year and not later than 5 years	1,166	1,165
Later than 5 years	20,470	20,761
	21,927	22,217

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £385k contingent rents were receivable by the Authority (2019/20: £436k).

Finance leases

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2020/21	2019/20
	£000s	£000s
Finance lease debtor as at 31 March	877	878
Unearned finance income	9,128	9,243
Gross investment in lease as at 31 March	10,005	10,121

Gross investment in lease

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	2020/21	2019/20
	£000s	£000s
Not later than one year	117	117
Later than 1 year and not later than 5 years	469	469
Later than 5 years	9,418	9,536
	10,004	10,122

NOTE 27

IMPAIRMENT OF NON CURRENT ASSETS

	2020/21 £000s	2019/20 £000s
Impairment as a result of movement in Market Value, charged to the Comprehensive Income and Expenditure Statement		
Lee Valley Caravan Park, Dobbs Weir	0	169
Lee Valley White Water Centre	52	120
Lee Valley Ice Centre	0	904
Land at Riverside, Broxbourne	0	200

NOTE 28

EXTERNAL AUDIT COSTS

	2020/21 £000s	2019/20 £000s
Fees payable to the Ernst and Young for external audit services carried out by the appointed auditor	14	15

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

The Authority participates in the Local Government Pension Scheme, administered by London Pensions Fund Authority. This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund which are calculated to balance the pension liabilities with investment assets.

As part of the terms and conditions of employment of our officers and other employees, we offer retirement benefits. Although these benefits will not actually be payable until employees retire, we must disclose our commitment to make the payments at the time that employees earn their future entitlement.

The table below summarises the membership data as at 31 March 2019 for members receiving funded benefits, and as at 31 March 2019 for any members receiving unfunded benefits.

	Number	Salaries/ Pensions £000s	Average Age
Actives	194	5,945	46
Deferred pensioners	471	860	43
Pensioners	224	1,378	73
Unfunded pensioners	40	70	79

The Authority recognises the cost of retirement benefits in the net cost of services when the benefits are earned by employees, rather than when they are eventually paid. However, the charge we are required to make against local taxpayers is based on the cash payable in the year, so the real cost of retirement benefits is removed from the income and expenditure statement after net operating expenditure.

The net liability (ie the amount by which the pensions liabilities exceed its assets) of £42.3m affects the Authority's net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the Authority's financial position remains healthy. The deficit on the pension scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method. This estimates pensions that will be payable in future years depending on assumptions about factors such as mortality rates and salary levels. The scheme liabilities have been assessed by Barnett Waddingham , an independent firm of actuaries, their estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

Demographic/Statistical assumptions

The following set of demographic assumptions have been used, and are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Life expectancy from age 65 years		31/03/2021	31/03/2020
Retiring today	Males	22.0	22.2
	Females	24.5	24.5
Retiring in 20 years	Males	23.4	23.7
	Females	26.0	26.1

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Financial assumptions

The financial assumptions used for the purposes of the IAS19 calculations are as follows:

Assumptions as at:	31 March 2021		31 March 2020		31 March 2019	
	% per year	Real %	% per year	Real %	% per year	Real %
RPI increases	3.2%	-	2.7%	-	3.4%	-
CPI increases	2.9%	(0.4%)	1.9%	(0.8%)	2.4%	(1.0%)
Salary increases	3.9%	0.7%	2.9%	0.2%	3.9%	0.5%
Pension increases	2.9%	(0.4%)	1.9%	(0.8%)	2.4%	(1.0%)
Discount rate	2.0%	(1.2%)	2.4%	(0.3%)	2.4%	(1.0%)

These assumptions are set with reference to market conditions at 31 March 2021.

Balance sheet disclosure as at 31 March 2021

	31/03/2021	31/03/2020	31/03/2019
	£000s	£000s	£000s
Present value of defined benefit obligation	99,140	74,189	79,158
Fair value of scheme assets	(57,810)	(48,099)	(51,295)
	41,330	26,090	27,863
Present value of unfunded obligation	990	850	1,020
Unrecognised past service cost	0	0	0
Net liability in Balance Sheet	42,320	26,940	28,883

The movement in the net pension liability for the year to 31 March 2021 is as follows:

	31/03/2021	31/03/2020
	£000s	£000s
Surplus/(deficit) at start of year	26,940	28,883
Current service cost	2,906	1,798
Employer contributions (regular)	(1,618)	(744)
Contributions for unfunded benefits	(70)	(70)
Past service costs	922	532
Interest cost	1,604	1,907
Interest income	(923)	(1,227)
Remeasurements	12,496	(4,206)
Administration expenses	63	67
Surplus/(deficit) at end of year	42,320	26,940

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Remeasurements in Other Comprehensive Expenditure and Income

	31/03/2021 £000s	31/03/2020 £000s
Return on plan assets in excess of interest	9,170	(2,381)
Other acturial gains/(losses) onassets	0	(1,665)
Change in financial assumptions	(23,352)	9,061
Changes in demographic assumptions	798	(299)
Experience gain/(loss) on defined benefit obligation	888	(510)
Changes in effect of asset ceiling	-	-
Remeasurements	(12,496)	4,206

Profit & Loss Account Costs for the Year to 31 March 2021

	31/03/2021 £000s	31/03/2020 £000s
Service cost	3,828	2,330
Net interest on the defined liability (asset)	681	680
Administration expenses	63	67
Total	4,572	3,077
Actual return on Scheme assets	10,093	(1,154)

Reconciliation of the present value of the defined benefit obligation

	31/03/2021 £000s	31/03/2020 £000s
Opening defined benefit obligation	75,039	80,178
Current Service Cost	2,906	1,798
Interest cost	1,604	1,907
Change in financial assumptions	23,352	(9,061)
Changes in demographic assumptions	(798)	299
Experience (gain)/loss on defined benefit obligation	(888)	510
Estimated benefits paid	(2,448)	(1,880)
Past service costs	922	532
Contributions by employees	511	826
Unfunded pension payments	(70)	(70)
Closing defined benefit obligation	100,130	75,039

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Reconciliation of fair value of employer assets

	31/03/2021 £000s	31/03/2020 £000s
Opening fair value of employer assets	48,099	51,293
Interest income on assets	923	1,227
Return on assets, excluding interest	9,170	(2,381)
Other actuarial gains/(losses)	0	(1,665)
Administration expenses	(63)	(67)
Contributions by employer including unfunded	1,688	814
Contributions by employees	511	826
Estimated benefits paid plus unfunded	(2,518)	(1,950)
Closing fair value of employer assets	57,810	48,099

The estimated asset allocation as at 31 March 2021 is as follows

	31/03/2021		31/03/2020	
	£000s	%	£000s	%
Equities	32,098	55.5%	26,052	54.2%
LDI/Cashflow matching	0	0.0%	0	0.0%
Target Return Portfolio	13,265	22.9%	11,723	24.4%
Alternative Assets	-	-	-	-
Infrastructure	4,937	8.5%	3,376	7.0%
Commodities	0	0.0%	0	0.0%
Property	5,096	8.8%	4,393	9.1%
Cash	2,414	4.2%	2,555	5.3%
Total	57,810	99.9%	48,099	100.0%

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Sensitivity analysis

	31/03/2021 £000s	Increase in assumption £000s	Decrease in assumption £000s
Adjustment to discount rate (increase/decrease by 0.1%)		+0.1%	-0.1%
Present Value of Total Obligation	100,130	98,035	102,270
Projected Service Cost	3,548	3,426	3,674
Adjustment to long term salary increase (increase/decrease by 0.1%)		+0.1%	-0.1%
Present Value of Total Obligation	100,130	100,337	99,924
Projected Service Cost	3,548	3,550	3,546
Adjustment to pension increases and deferred revaluation (increase/decrease by 0.1%)		+0.1%	-0.1%
Present Value of Total Obligation	100,130	102,043	98,256
Projected Service Cost	3,548	3,672	3,427
Adjustment to mortality age rating assumption (increase/decrease by 1 year)		+1 year	-1 year
Present Value of Total Obligation	100,130	104,888	95,605
Projected Service Cost	3,548	3,706	3,396

Projected pension expense for the year to 31 March 2022

	31/03/2022 £000s
Service cost	3,548
Net interest on the defined liability/(asset)	835
Administration expenses	75
Total	**4,458**
Employer contributions	1,079

NOTE 30

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

Risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

credit risk – the possibility that other parties might fail to pay amounts due to the Authority

liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments

market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

The Authority carries out certain functions for which charges are levied and invoices have to be raised. Facilities should secure payment for provision of services before the date of the event. Where ongoing agreements are in place payment is collected at the beginning of the contract or by monthly instalments by direct debit. As a result of this Authority has a proportionally small Accounts Receivable Ledger for an organisation its size. The Authority's policy is to set aside a provision for bad debts in order to minimise the effect of default by customers and the provision made for debts as at 31st March 2021 was £1,100.

At 31st March 2021 amounts owed by customers stood at £394,000, (£409,000 31st March 2020). In this context a customer is any person or organisation for whom an invoice is raised in the Authority's main accounts receivable ledger. Ranging from small value invoices to individuals to multi-million pound invoices for contracted works. The Authority's standard terms are for payment within 30 days, and payment up front for hire of facilities. The £394,000 outstanding is analysed by age as follows.

Aged debtor profile

	2020/21	2019/20
	£000s	£000s
Less Than 30 Days	166	175
31 to 60 Days	40	10
61 to 90 Days	22	44
91+ Days	166	179
	394	408

Generally no provision is made for debts less than 12 months old except where there are concerns about specific debts. Debts over 12 months old will usually be the subject of litigation or agreed payment plans and the decision on whether to provide for them, and for how much, will depend upon individual circumstances which include an assessment of current credit status, outstanding county court judgements and the progress of litigation.

Additional credit risk arises from deposits with banks and financial institutions and the Authority's general policy objective is to invest its surplus funds prudently. The Authority's investment priorities are:

security of the invested capital

liquidity of the invested capital

an optimum yield which is commensurate with security and liquidity

The Authority sets limits on principal amounts invested and the duration of those investments, dependant on the financial standing of institutions and applied sector and country limits in line with their financial strength.

The Authority's Treasury Management Policy states that deposits can be made with banks and the top 7 listed Building Societies. Full details can be found in the Authorities Treasury Management Policy.

The operation of some building societies does not require them to have a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Authority uses such building societies that have a minimum asset size of £10,000 million, but restrict these types of investments.

The CLG's Guidance on Investments, revised during 2009/10, reiterated security and liquidity as the primary objectives of a prudent investment policy. Although the Guidance becomes operative on 1st April 2010, its principal recommendations run parallel to the credit risk management requirements in the revised Treasury Management Code. In the revised Guidance, Specified Investments are those made with a body or scheme of "high credit quality".

Both the Guidance and the revised Treasury Management Code emphasise that counterparty credit criteria should not rely on credit ratings alone but should include a wider range of indicators. The revised Code requires that ratings assigned by all three rating agencies – Fitch, Moody's and Standard & Poor's – be taken into account and the lowest rating be used

After the particularly torrid economic recession and a severe downturn in growth that extended into early 2009, there were some signs of a 'recovery'. In order to stimulate growth, the Bank of England maintained the Bank Rate at 0.5% throughout the year and also took extreme measures to revive the economy through its Quantitative Easing (QE) programme. The increased supply of money in the system due to QE did not however translate into an increase in the movement of money in the system as banks were, and still are, unwilling to lend.

NOTE 30

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

Therefore during another year of economic uncertainty and the continued reluctance of 'bank to bank' lending, managing counterparty risk continued to be the Authority's overwhelming investment priority

The following analysis summarises the authority's potential maximum exposure to credit risk as at 31 March 2021.

Credit rating of institutions holding investments

	Long Term Credit Rating	Sum Invested as at 31/03/21 £000s	Sum Invested as at 31/03/20 £000s
FITCH rating agency			
Upper Medium Grade	A	63	2,288
Lower Medium Grade	BBB+/BBB	5,780	7,761
Highly Speculative	B	0	0
Not Rated		2,200	0
Total Invested		8,043	10,049

The following analysis summaries the authority's potential maximum exposure to credit risk based on experience of default and non-collection over the last five financial years.

Default rate and non collection rate

	Amount at Nominal Value 31/03/2021 £000s	Historical experience of defaults 31/03/2021 £000s	Amount at Nominal Value 31/03/2020 £000s	Historical experience of defaults 31/03/2020 £000s
Deposits with banks and financial institutions at nominal value	8,043	0	10,049	0

The authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

NOTE 30

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

Liquidity Risk

The authority ensures it has adequate though not excessive cash resources, borrowing arrangements, overdraft and standby facilities to enable it, at all times, to have the level of funds available which are necessary for the achievement of its business / service objectives.

The Authority has access to the following to assist with liquidity:

An overdraft facility of £50,000 overnight with our bankers – NatWest Bank.

A Special Interest bearing account with Natwest

A Call account with Santander PLC from which monies can be 'called back'

As the Authority has access to borrowings from the Public Works Loan Board, there is not thought to be a significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

	2020/21 £000s	2019/20 £000s
Less than 1 year	0	0
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
More than 5 years	0	0
	0	0

Market Risk

The Authority seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek protection from the effects of such fluctuations.

The Authority is exposed to significant risk in terms of its exposures to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates – the interest rate expense charge to the Income and Expenditure Account would rise

Borrowings at fixed rate – the fair value of the liabilities borrowings would fall

Investments at variable rate – the interest income credited to the Income and Expenditure Account would rise

Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure or Movement in Reserves. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

Price Risk

The Authority manages its exposure to fluctuations in prices so as to minimise any detrimental impact on its budged income / expenditure levels. The Authority does not invest in instruments such as equity shares as part of its Treasury function and thus has no exposure to loss arising from movements in price.

Foreign Exchange Risk

The Authority manages its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budged income / expenditure levels. The Authority has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

NOTE 31

INTERNAL INSURANCE

We manage insurable risk externally, through commercial insurance, and from our own resources. Services contribute to the insurance fund to cover agreed liabilities, such as storm damage to trees, and certain uninsured losses, particularly insurance-claim excesses. The surplus or deficit shown is the difference between total contributions from services, and claims made or provided for in the year. Surpluses are normally re-invested in (and deficits made good from) the insurance fund.

NOTE 32

ANALYSIS OF LEVY

	2020/21	2019/20
	£000s	£000s
Corporation of London	19	18
Inner London boroughs		
Camden	217	215
Greenwich	196	197
Hackney	174	172
Hammersmith and Fulham	188	188
Islington	190	189
Kensington and Chelsea	228	232
Lambeth	262	260
Lewisham	211	210
Southwark	249	246
Tower Hamlets	239	234
Wandsworth	317	317
Westminster	311	310
Outer London boroughs		
Barking and Dagenham	120	119
Barnet	346	346
Bexley	192	195
Brent	228	230
Bromley	309	312
Croydon	311	306
Ealing	273	274
Enfield	229	231
Haringey	184	184
Harrow	205	205
Havering	208	211
Hillingdon	239	239
Hounslow	202	202
Kingston Upon Thames	149	149
Merton	178	178
Newham	191	188
Redbridge	214	215
Richmond Upon Thames	208	210
Sutton	172	174
Waltham Forest	181	181
Hertfordshire and Essex authorities		
Hertfordshire	1,060	1,062
Essex	1,254	1,256
Thurrock	121	122
Total levies on local authorities	**9,575**	**9,577**

NOTE 33

NON-CURRENT ASSET VALUATIONS

The Authority carries out a five year rolling programme of asset valuations that ensures all property, plant and equipment required to be measured at current value is revalued at least every five years. In addition to the partial valuations carried out each year, the major assets (Lee Valley Velopark, Lee Valley Hockey and Tennis Centre, Lee Valley White Water Centre, and Lee Valley Athletics Centre) are revalued on an annual basis.

The Authority undertook a partial asset valuation in 2020/21, with an effective date of 31 March 2021. This exercise was undertaken by an external consultant, Montagu Evans, Chartered Surveyors. Valuation were made in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

Along with the major assets as detailed above, a further 20% of our total assets were subject to revaluation. These consisted mainly of asset in the North of the Park, around Dobbs Weir, Broxbourne, and Stanstad Abbots, but also the Lee Valley Ice Centre. The assets revalued at 31 March 2021 were previously valued at £153m, and represented 67% of our total Property, Plant and Equipment portfolio. Overall there was a net reduction to the value of our non-current assets by £0.2m.

The valuations comply with the reporting requirements to show, where appropriate, the separate value of land and the separate value of buildings for those prescribed catagories of non-current assets together with the value of components of those specified non-current assets on the next occasion when one of the following events occurs with each of the specified non-current assets:- acquisition, significant additional spend or change to the economic life of the asset or the next time it is to be re-valued in the five year rolling programme.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets.

Market activity has being impacted in many sectors. As at the valuation date, Montagu Evans considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that they were faced with an unprecedented set of circumstances on which to base a judgement.

The last full valuation was carried out in 2018/19 with an effective date of 31 March 2019, with the next full valuation due in 2023/24.

NOTE 34

INFORMATION ON ASSETS HELD

Lee Valley Park was established in 1967 to help meet the leisure needs of the people of London, Hertfordshire and Essex. It stretches along 23 miles of the River Lea from east London to Ware in Hertfordshire. It was created to regenerate 4000 hectares of land and water for a wide range of sporting, leisure and nature conservation activities.

A breakdown of our significant fixed assets, excluding investment properties, is given below:

Leisure/sports centres	Lee Valley Ice Centre, Leyton
	Lee Valley Athletics Centre
	Lee Valley White Water Centre
	Lee Valley Velopark
	Lee Valley Tennis and Hockey Centre
Golf courses	18 - hole golf course at Lee Valley Leisure Complex
Riding centre	Lee Valley Riding Centre, Leyton
Farms	Holyfieldhall Farm, Waltham Abbey
	Hayes Hill Farm, Waltham Abbey
Boatyards	Lee Valley Marina, Springfield, Clapton
	Lee Valley Marina, Stanstead Abbotts
Campsites/caravan parks	Lee Valley Campsite, Sewardstone
	Lee Valley Caravan Park, Dobbs Weir
	Lee Valley Campsite, Picketts Lock Complex
Sports ground	Myddelton House sports ground
Heritage sites	Three Mills Centre
	Myddelton House Gardens, Enfield
	Rye House Gatehouse, Hoddesdon
	Lee Valley Waterworks Centre
	Gunpowder Park, Waltham Abbey
	Abbey Gardens, Waltham Abbey
The Park and its open spaces	Spitalbrook, Broxbourne
(Community assets)	Essex & Middlesex Filter Beds, Leyton
	Tottenham Marshes
	Waltham and Cheshunt Marshes
	Fishers Green, Waltham Abbey
	Cathagens Estate, Broxbourne
	Wharf Road, Wormley

We also directly own over 1,400 hectares of the land and water resources which make up a total of about 4,000 hectares of the Lee Valley from Ware in Hertfordshire to the Thames at East India Dock.

NOTE 35

INVESTMENTS

Short term investments	2020/21 £000s	2019/20 £000s
Maturing within 7 days	0	0
Maturing between 7 days and 3 months	2,000	5,020
Maturing between 3 months and 1 year	2,200	2,225
	4,200	**7,245**

NOTE 36

BORROWING

At balance sheet date - 31/03/2021 - the Authority had no long or short term borrowing outstanding.

NOTE 37

CONTINGENT ASSETS AND LIABILITIES

In respect of the Lee Valley White Water Centre, the Authority has a contingent liability of £0.9m in relation to its lottery funding agreement with Sport England and £4m in relation to its funding agreement with East of England Development Agency (EEDA).

There is also a contingent liability of £5.25m for the Velopark in relation to the joint lottery funding agreement between the Authority, Sport England and the Olympic Development Authority. In addition the Authority also has a contingent liability of £2m in relation to a funding agreement with the London Marathon Trust.

NOTE 38

EVENTS AFTER THE BALANCE SHEET DATE

The legal claim against the Authority from the Lee Valley Leisure Trust Limited (In Administration) was settled by an out of court Settlement Agreement in October 2022.

An adjustment has been made to the 2020/21 accounts to reflect the sums payable between the parties.

NOTE 39

Management Risk Assessment Re Going Concern

The Authority, like most public sector organisations, continues to face a very challenging time, with high inflation, huge rises in energy prices, and a general cost of living crisis, all coming off the back of the Covid-19 pandemic and the Russian invasion of Ukraine, which both have had a significant impact on the local and global economy.

We are continuing our recovery from the impact on our cash resources caused by the widespread enforced closure of Park sites and venues, as well as building on the relationship with GLL who manage our major sporting venues.

One of the underlying risks facing the LVRPA over the next twelve to eighteen months is to ensure that as an entity we continue as a going concern. It is for management to assess this risk and ensure robust financial and action plans are in place now, and going forward, that meet the current and future possible needs to ensure our continued recovery as well as building resilience for the future.

Whilst we do have the statutory power enshrined in the Park Act on raising the levy, and if required, a supplementary levy, and currently only do so to a third of what we legally could, it is not sufficient that we only rely on this power as if the Authority is in financial trouble the chances are that most of the contributing councils are also in equally dire financial circumstances. Equally the external political pressure will be to maintain or minimise increases in such levy demands if as expected similar circumstances rematerialize.

The concept of a going concern assumes that the Authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2020/21) in respect of going concern reporting requirements reflect the economic and statutory environment in which this Authority operates. These provisions confirm that, as the Authority cannot be created or dissolved without statutory prescription, it must prepare financial statements on a going concern basis of accounting.

The Authority carries out functions essential to the local/regional community and is a revenue-raising body (with limits on revenue-raising powers set out in the Park Act 1966 and Levying Regulations 1992, arising only at the discretion of central government). If this Authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for this Authority's financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that services will continue to operate for the foreseeable future.

NOTE 40

Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has to make judgements about complex transactions, or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

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 Lee Valley Leisure Trust Limited is a charity set up as an Industrial and Provident Society to run the main leisure facilities owned by the Authority from 1 April 2015. Whilst the Authority is able to appoint up to three members to the board of the Trust, it does not have direct power to influence that operations and activities of the Trust. Therefore, 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.

The management contract for the leisure facilities ended on 31 March 2020, and all facilities returned to the in-house operation.

NOTE 41

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contained estimated figures that are based on assumptions made by the Authority about the future of that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those estimates.

The items in the Authority's balance sheet at 31 March 2021 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

The net pension liability can vary considerable year on year, due to the complex ways in which the assumptions interact. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2,095,000

A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

Property, plant and equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The life of our assets vary considerable, due to the mature and age of particular assets; land and buildings vary between 5 and 60 years, with vehicles, plant and machinery between 5 and 15.

If the useful live of assets is reduced, then depreciation will increase and the net carrying amount of the assets falls.

We carry out a full review of our assets on a five yearly basis, although year on year we review a percentage of our assets for possible change in value and/or useful life.

Under its Land & Property strategy the Authority has taken decisions to declare certain parts of its land portfolio as surplus to the Park's requirements. Where and asset has formally been approved as surplus by the full Authority it has been classified as a non-current asset held for sale.

NOTE 42

Accounting standards that have been issued but have not yet been adopted

The Code of Practice requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards have been issued, that relate to future accounting periods.

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- IFRS 16: Leases
    - The CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2022/23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16.

NOTE 43

PRIOR PERIOD ADJUSTMENTS

Capital Grants Received In Advance

Officers have reviewed all grants that are classified as capital grants received in advance, to ensure that where grants had been applied to fund capital expenditure, they were correctly written off to the comprehensive income and expenditure statement.

During the audit of the 2020/21 financial accounts, it has been identified that our treatment of classifying grants that we had applied to fund capital expenditure, had incorrectly assumed that conditions remained outstanding where a contingent liability was present. This differed from the treatment set out in the SORP, where grants should be written off to the comprehensive income and expenditure when applied.

As a result, and due to the material value of the required amendment, we have retrospectively amended the opening balances and comparative amounts for the prior period as per our accounting policies and applicable accounting standards.

This has led to changes to all the main accounts statements, Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, And Cash Flow, as well as Notes 2, 4, 8, 17, 19 and 23.

A change of this nature does not have an impact on the financial stability of the Authority, or the judgement of it as a going concern, but rather corrects an error in accounting classification and treatment.

The Balance Sheet as at 31 March 2019 has been restated as follows

	2018/19 AS PUBLISHED £000s	Amount of Restatement £000s	2018/19 RESTATED £000s
Property, plant and equipment	234,901	0	234,901
Other Assets and Liabilities	(18,045)	0	(18,045)
Capital grants received in advance	(17,554)	17,554	0
NET ASSETS	199,302	17,554	216,856
Total usable reserves	(21,951)	61	(21,890)
Total unusable reserves	(177,351)	(17,615)	(194,966)
TOTAL RESERVES	**(199,302)**	**(17,554)**	**(216,856)**

The Balance Sheet as at 31 March 2020 has been restated as follows

	2019/20 AS PUBLISHED £000s	Amount of Restatement £000s	2019/20 RESTATED £000s
Property, plant and equipment	226,782	0	226,782
Other Assets and Liabilities	(16,992)	0	(16,991)
Capital grants received in advance	(17,382)	17,382	0
NET ASSETS	**175,417**	**17,382**	**209,791**
Total usable reserves	(20,628)	61	(20,567)
Total unusable reserves	(171,781)	(17,443)	(189,224)
TOTAL RESERVES	**(192,409)**	**(17,382)**	**(209,791)**

The effect on the 2019/20 Comprehensive Income and Expenditure Statement comparative figures is as follows

	2019/20 AS PUBLISHED £000s	Amount of Restatement £000s	2019/20 RESTATED £000s
Cost of services	16,693		16,693
Other operating income and expenditure	623		623
Financing and investment income and expenditure	165		165
Non-specific grant income	(9,776)	172	(9,604)
(Surplus) / deficit on provision of services	**7,705**	**172**	**7,877**
Other comprehensive income and expenditure	**871**		**871**
Total comprehensive income and expenditure	**8,576**	**172**	**8,748**

GLOSSARY OF FINANCIAL TERMS AND ABBREVIATIONS

Accounting policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

i. recognising;
ii. selecting measurement bases for; and
iii. presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the income and expenditure account or balance sheet it is to be presented.

Actuarial gains and losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

i. events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
ii. the actuarial assumptions have changed.

Capital expenditure
Expenditure on the acquisition of a non-current (IFRS term – SORP term fixed) asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Class of long term assets
The classes of long term assets required to be included in the accounting statements are:

Property, plant and equipment, expected to be used in more than one period;

- Investment property;
- Intangible assets;
- Long term investment;
- Investment in associates and joint ventures; and
- Surplus assets, held for disposal.

Further analysis of any of these items should be given if it is necessary to ensure fair presentation.
Operational assets Non-operational assets:

Community assets
Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency
The principle that the accounting treatment of like items within an accounting period, and from one period to the next is the same.

Contingent Asset
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability
A contingent liability is either:

i. a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
ii. a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and democratic core
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Current service cost (pensions)
The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment
For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

i. termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and

ii. termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Revenue expenditure funded from capital under statute
Expenditure which may properly be capitalised, but which does not result in, or remain matched with, assets controlled by the Authority. For instance, capital grants given to external bodies, or loans awarded for capital purchases.

Defined benefit scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation
The measure of the cost or re-valued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, the passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discretionary benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as the local government (discretionary payments) regulations 1996.

Estimation techniques
The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example;

i. methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period; or
ii. different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as whole rather than individual balances.

Events after the balance sheet date
Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the statement of accounts is authorised for issue.

Exceptional items
Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected rate of return on pensions assets
For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another.

Finance lease
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90 per cent or more) of the fair value of the leased asset. The present value should be calculated by using the interest rate implicit in the lease. However, where the present value of the minimum lease payments does not amount to 90 per cent or more of the fair value of the leased asset, it should not be automatically assumed that the lease is not a finance lease. FRS 5 requires that the substance of the transaction be reflected and therefore the lease may still need to be classified as a finance lease.

Notwithstanding the fact that the lease meets the definition above, the presumption that an asset should be classified as a finance lease may in exceptional circumstances be rebutted if it can be clearly demonstrated that the lease in question does not transfer substantially all the risks and rewards of ownership (other than legal title) to the lessee.

IAS 19 (under SORP FRS17)
IAS 19 is the UK accounting standard relating to pensions accounting. It requires that an organisation should account for retirement benefits when it is committed to give then, even if the actual giving will be many years into the future. IAS 19, the code standard covers a wider range of benefits than FRS17, the SORP standard, as it includes not only short term benefits but post employment, e.g. pensions, other long term employee benefits and termination benefits. It requires all short term benefits to be accounted for as they are earned. IAS 19 also distinguishes between accumulating and non accumulating benefits.

Going concern
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure assets
These are assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy, for example highways and footpaths

Interest cost (pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment properties
Interest in land and/or buildings:
i. in respect of which construction work and development have been completed; and
ii. which is held for its investment potential, with any rental income being negotiated at arm's length.

Investments (non-pensions fund)
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

Liquid resources
Current asset investments that are readily disposal by the Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Net book value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net current replacement cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net realisable value
The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-operational assets
Non-current assets held by the Authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. There are three categories of non-operational assets; investment properties; assets that are surplus to requirements and assets under construction. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it should be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arms length.

Operating leases
A lease other than a finance lease.

Operational assets
Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Past service cost
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Prior period adjustments
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Related parties
Two or more parties are related parties when at any time during the financial period:

I. one party has direct or indirect control of the other party; or
II. the parties are subject to common control from the same source; or
III. one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
IV. the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

I. central government;
II. local authorities and other bodies' precepting or levying demands on the council tax;
III. its subsidiary and associated companies;
IV. its joint ventures and joint venture partners;
V. its members;
VI. its chief officers; and
VII. its Pension Fund.

Examples of related parties of a pension fund include its:

I. administering authority and its related parties;
II. scheduled bodies and their related parties; and
III. trustees and advisers.

These lists are not intended to be comprehensive.
For individuals identified as related parties, the following are also presumed to be related parties:

I. members of the close family, or the same household, and
II. partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

Related party transactions
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

I. the purchase, sale, lease, rental or hire of assets between related parties;
II. the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
III. the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
IV. the provision of services to a related party, including the provision of pension fund administration services;
V. transactions with individuals who are related parties of an authority or a pension fund, except that applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

This list is not intended to be comprehensive.
The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Residual Value
The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either

I. an employer's decision to terminate an employee's employment before the normal retirement date or
II. an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme liabilities
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibilities for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

I. a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
II. the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
III. the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

I. goods or other assets purchased for resale;
II. consumable stores;
III. raw materials and components purchased for incorporation into products for sale;
IV. products and services in intermediate stages of completion;
V. long-term contract balances; and
VI. finished goods.

Tangible non-current assets
Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Useful life
The period over which the Authority will derive benefits from the use of a non-current asset.

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