

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

A meeting of the **EXECUTIVE COMMITTEE** (Quorum – 4) will be held at Myddelton House on:

**THURSDAY, 22 MAY 2025 AT 10:30**

at which the following business will be transacted:

## **AGENDA**

### **Part I**

1 To receive apologies for absence

2 DECLARATION OF INTERESTS

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

3 MINUTES OF LAST MEETING

To approve the Minutes of the meeting held on 24 April 2025 (copy herewith)

4 PUBLIC SPEAKING

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

5 Q4 REVENUE BUDGET MONITORING 2024/25 Paper E/884/25

Presented by Keith Kellard, Head of Finance

6 Q4 CAPITAL PROGRAMME BUDGET MONITORING Paper E/887/25  
2024/25

Presented by Keith Kellard, Head of Finance

- 7      ANNUAL REPORT ON TREASURY MANAGEMENT      Paper E/886/25  
ACTIVITY 2024/25

Presented by Keith Kellard, Head of Finance

- 8      Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.
- 9      Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item.

**AGENDA**  
**Part II**  
**(Exempt Items)**

- 10      ILL HEALTH RETIREMENT      Paper E/885/25

Presented by Victoria Yates, Head of Human Resources

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 3

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

14 May 2025

Shaun Dawson  
Chief Executive

## LEE VALLEY REGIONAL PARK AUTHORITY

### EXECUTIVE COMMITTEE 24 APRIL 2025

Members Present: Paul Osborn (Chairman) Heather Johnson  
Susan Barker Graham McAndrew  
Ross Houston Gordon Nicholson

Apologies Received From: David Andrews and Chris Kennedy

In Attendance: John Bevan and David Gardner

Officers Present: Shaun Dawson - Chief Executive  
Beryl Foster - Deputy Chief Executive  
Jon Carney - Corporate Director  
Keith Kellard - Head of Finance  
Julie Smith - Head of Legal  
Marigold Wilberforce - Head of Property  
Sandra Bertschin - Committee & Members' Services Manager  
Lindsey Johnson - Committee & Members' Services Officer

Also present: Kevin Bartle – S151 Officer

#### Part I

#### 387 DECLARATIONS OF INTEREST

Name	Agenda Item No.	Nature of Interest	<i>Prejudicial</i> ✓
Gordon Nicholson	8	Local Ward Councillor	<i>Non-pecuniary</i>

#### 388 MINUTES OF LAST MEETING

**THAT the minutes of the meeting held on 20 March 2025 be approved and signed.**

#### 389 PUBLIC SPEAKING

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

#### 390 EXEMPT ITEMS

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

Agenda Item No	Subject	Exempt Information Section Number
7	Contract for Replacement of Gold Top Surfaces	3

	at Lee Valley Hockey & Tennis Centre and Lee Valley VeloPark	
8	Proposed Wayleave for Power Cable at Wharf Road, Broxbourne	3

- 391 CONTRACT FOR REPLACEMENT OF GOLD TOP SURFACES AT LEE VALLEY HOCKEY & TENNIS CENTRE AND LEE VALLEY VELOPARK Paper E/882/25

The report was introduced by the Head of Legal.

- (1) the key terms and conditions of the contract for replacement of 'Gold Top' surfaces at Lee Valley Venues in the Queen Elizabeth Olympic Park as set out in paragraphs 9-11 of Paper E/882/25;
- (2) delegation to the Head of Legal Services to make any non-material changes to the terms and conditions and to finalise the contract; and
- (3) the signing and sealing of the new contract with Henderson & Taylor Public Works Ltd for the replacement of 'Gold Top' surfaces at Queen Elizabeth Olympic Park was approved.

- 392 PROPOSED WAYLEAVE FOR POWER CABLE AT WHARF ROAD, BROXBORNE Paper E/883/25

The report was introduced by the Head of Property.

- (1) entering into a Wayleave in relation to the site shown in red on the plan at Appendix A to Paper E/883/25;
- (2) the consideration set out in 3.1 and payment of the reasonable fees of the Authority's professional property advisor and legal representative to be met by UK Power Networks;
- (3) application to be made for Secretary of State consent; and
- (4) the signing and sealing as appropriate of all necessary legal documentation was approved.

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Chairman

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Date

The meeting started at 12.07pm and ended at 12.23pm

# LEE VALLEY REGIONAL PARK AUTHORITY

## EXECUTIVE COMMITTEE

22 MAY 2025 AT 10:30

### Agenda Item No:

5

### Report No:

E/884/25

## Q4 REVENUE BUDGET MONITORING 2024/25

Presented by the Head of Finance

### EXECUTIVE SUMMARY

This report summarises service spending for 2024/25 compared to budget. Figures are 'near final' and are only likely to be the subject of small changes during the remainder of the closure of accounts process. The year-end position shows a net under spend of £900,000 against the net revenue budget deficit of £166,000. The net surplus for the year is £734,000. The major variations are summarised in the table below.

This represents an improvement on the position reported to Members at Quarter 3 (Paper E/879/25) with explanations provided within this report. This improvement is mainly due to two additional caravan sales completing in Quarter 4, savings made against consultant and IT budgets, and additional property income. Budget totalling £20,000 is requested to be carried forward to 2025/26, which effectively reduces the net surplus to £714,000.

Description	Annual	Forecast	Variance
	Budget	Outturn	
Interest Payable / Receivable	928	757	-171
Minimum Revenue Provision	1,148	1,002	-146
Property	-1,462	-1,770	-308
Asset Protection, Maintenance & Development	298	403	105
Marina Growth Provisional Budget	300	0	-300
Marinas	-452	-531	-79
Caravan Sales	-11	-187	-176
Campsites	-563	-262	301
Business Support Services	2,719	2,638	-81
Parklands and Open Spaces	3,232	3,302	70
Sport & Leisure	1,122	1,106	-16
Leisure Services Contract	683	648	-35
Other	3,165	3,183	18
Levies	-10,966	-10,966	0

LSC Expired Voucher Provision	0	-57	-57
General Contingency	25	0	-25
<b>SUB-TOTAL</b>	<b>166</b>	<b>-734</b>	<b>-900</b>
Budget Carry Forward to 25/26	0	20	
<b>TOTAL</b>	<b>166</b>	<b>-714</b>	

## RECOMMENDATIONS

- Members Note: (1) the report;
- Members Approve: (2) the budget carry forward as stated in paragraph 21 of this report; and
- (3) the uses of the surplus generated in 2024/25 to fund the two additional fixed term posts, as detailed in paragraph 22.

## BACKGROUND

- 1 The Executive Committee recommended a budget for 2024/25 at its meeting in January 2024 (Paper E/838/24). Members approved this at the Authority meeting on 18 January 2024 (Paper A/4346/24). This report compares income and expenditure to 31 March 2025 with the budget.
- 2 The summary financial position of each Authority service or facility is shown in Appendix A to this report.
- 3 The net revenue budget, which included £155,000 of budget carried forward from 2023/24, was set at a deficit of £166,000. The year-end position shows a £734,000 surplus, which is a £900,000 improvement on budget.

## GENERAL ECONOMIC FACTORS

### 4 Inflation

March's inflation for the Retail Price Index (RPI) stood at 3.2% and Consumer Price Index (CPI) at 2.6%. The Bank of England expect inflation to rise again over the next year to around 3.7%, partly because of higher energy prices, before settling back down again to its 2% target (Bank of England Monetary Policy Committee Report May 2025). The Bank of England cut the base rate from 4.5% to 4.25% on 8 May 2025. Any future rate cuts are expected to be introduced slowly to keep inflation under control.

### 5 Energy Costs

The Authority purchases energy through the Laser framework that has secured energy prices below market rates and has protected the Authority from the worst of the energy price increases over the last year. The current agreement started in October 2024 and has fixed prices until September 2025.

The 2024/25 energy budgets were built based on actual energy consumption, energy tariffs secured to September 2024, and Laser's forecast at that time for the new tariff from October 2024.

Consumption across Authority venues is being monitored closely and overall consumption is in line with 2023/24. The new tariffs for October 2024 to September 2025 are better than the forecasts used when building the budget for 2024/25. Electricity prices have reduced by 25% to an average of 21p per kwh and gas prices by nearly 50% to 4p per kwh. Overall this has saved £100,000. To note, pre-energy crisis prices were around 14p/kwh for electricity, and 2p/kwh for gas.

As part of the shared risk position for utilities at the Leisure Services Contract (LSC) venues, the Authority takes the risk for tariff and Greenwich Leisure Ltd (GLL) takes the risk for utility consumption. This arrangement ended after the first two contract years, however both parties would like to extend this for the remainder of the contract. A deed of variation is currently being drafted to give effect to this revision of the utilities provisions in the LSC, as approved by Members in June 2024 (Paper E/859/24).

The 2024/25 budget includes £950,000 to cover this tariff risk, which reduces to £850,000 in 2025/26. To date consumption savings of approximately 25% have been achieved across the LSC venues due to the LED investment projects and good management practices. The new arrangement will take these LED savings into account as part of a consumption benchmarking process and will benefit the Authority.

## **MAIN VARIANCES FROM BUDGET**

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

## **FINANCING**

### **7 Interest Receivable (£170,000 additional income)**

Interest receivable has been increased due to a higher than anticipated cash holding, interest rates remaining higher than forecast for the year, along with effective treasury management. The cash holding included money for years 1 and 2 of the LSC utility risk share, that GLL didn't invoice for, and the Authority didn't pay, until quarter 3.

### **8 Contributions to Earmarked Reserves (£118,000 additional contribution)**

To support the National Grid's North London Reinforcement project, the Authority has leased the Cornmill Meadows car park for use as a works depot until 2028 (Paper E/877/25). This has generated additional income as shown against Property Income in paragraph 11, which is being ringfenced for future improvement works in the area.

### **9 Minimum Revenue Provision (£146,000 saving against budget)**

Under the Prudential Code we are required to make a statutory provision for repayment of debt, be that external or internal, used to finance capital expenditure. This is based on a calculation of the Capital Financing Requirement (CFR) as at the prior year balance sheet date and is known as Minimum Revenue Provision (MRP). Each capital project that is not fully financed will have its own CFR, and the calculation of MRP will be different. In addition, there is also a legacy CFR for capital expenditure prior to regulation changes in 2008.

As previously reported, there is a saving against budget of £146,000.

## **CHIEF EXECUTIVE**

### **10 Communications (£20,000 underspend)**

The Communications budget for 2024/25 includes a one-off growth to carry out a stakeholder audit, including a review of stakeholder perception which is an Authority KPI that has not been measured for a number of years. This audit has not been carried out during this financial year, and therefore the budget will be requested to be carried forward to 2025/26 to allow the audit work to be completed.

## **CORPORATE SERVICES**

### **11 Property Management (£308,000 additional income)**

As explained above an additional income of £100,000 has been received for the lease of Cornmill Meadows car park to the National Grid.

The Authority has leased land in Cheshunt to the Youth Hostel Association since 2004 when they built their 'London Lee Valley' hostel. The Authority receives a fixed rental and profit share arrangement. Due to the restrictions in place during the Covid pandemic no profit share payments were due. Their business has now recovered and the Authority will receive a profit share this year of £50,000 on top of the annual rental of £17,000, in addition to some back dated profit share payments.

The rateable value of Myddelton House, which is used to calculate business rates, has historically included Abercrombie Lodge. This has now been split out and the tenants of Abercrombie Lodge are directly liable for their rates bill. Following this change in valuation the Authority has received a rebate of £80,000 for two prior years where it has paid these rates.

### **12 Asset Protection, Maintenance & Development (£105,000 additional expenditure)**

The bulk of the additional expenditure is for asset condition surveys that will inform the 20-year asset management programme. The results of these surveys are being fed into the medium-term financial plan to forecast annual requirements and the necessary contributions.

## **BUSINESS SUPPORT SERVICES**

### **13 Information Technology (£103,000 reduced expenditure / increased income)**

Savings have been made on system licences and replacement of hardware where working life can be extended further than expected. Additional income has been generated from building IT support costs into event agreements where Authority staffing or infrastructure is being used.



## **SMALL VENUES**

### **14 Marinas (£79,000 budget surplus - £531,000 net income)**

Both marinas have performed well, achieving £531,000 net income, which is £79,000 better than budget. At Springfield we have benefitted from commission on a good level of customer boat sales. At Stanstead the rechargeable works business is performing well, where there has been a focus on accepting smaller jobs with a quicker turnaround to maximise engineer productivity.

### **15 Marina Review Growth Budget (£300,000 budget saving)**

In November 2023 Members were presented with an initial review of the marinas that aimed to ensure a sustainable business model that can meet quality and health and safety standards and continue to deliver a surplus for the Authority. It proposed a growth in staffing at both marinas to enable these objectives. A £300,000 growth budget was included in the 2024/25 budget, but officers were asked to review the proposed restructure and make savings. The review was completed and presented to Members in October 2024. The impact of the review is included within the individual marina outturns above.

### **16 Campsites (£301,000 budget overspend - £262,000 net income)**

Occupancy levels across the campsites have been down on last year which has impacted income. This is linked to the wetter and colder start to the year and has particularly impacted touring pitches, although Autumn/Winter occupancy returned back to last year's levels.

At Dobbs Weir income has exceeded £1m for the first time, partly due to the investment in new accommodation. Although this is over 10% growth on last year it is behind target. There has been additional expenditure over the winter to ensure the campsite is at a high standard ready for the new season, recognised through an upgrade from a 3 to 4 star rating from VisitEngland, and strong early year bookings. The 2025/26 budgets for campsites have been built based on customer demand in 2024/25 and fees and charges increases.

### **17 Caravan Sales (£176,000 additional income)**

The budget for caravan sales was set prudently as no Authority direct caravan sales could be reasonably foreseen during the year, with an assumption that there would be some commission from customer pre-owned caravan resales. Four direct sales have been completed and they are reflected in the additional income.

## **LEISURE SERVICES CONTRACT**

### **18 Management Fee (£27,000 additional expenditure)**

The third year of the LSC commenced on 1 April 2024. The Authority is due to receive a management fee payment of £576,000 from GLL this year. Adjustments to the management fee are explained below.

In July 2023 Members approved the capital project to refurbish the track wall and safety barrier at Lee Valley VeloPark (Paper A/4340/23). This was originally planned for December 2023 but was pushed back to August 2024.

Members approved a loss of income figure of £23,743 based on the December dates (Paper A/4341/23), but the revised timeline has resulted in a reduced loss of income of £18,774, as reported to Executive in September (Paper E/860/24). The contractor was required to return to complete remedial works in October, for which there was a loss of income of £8,834.

Some savings have been made against grounds maintenance budgets for the LSC venues, that offset the loss of income claims. This has been mainly at Lee Valley Ice Centre where the ongoing works at the venue has meant that the full schedule of grounds maintenance work has not been implemented this year.

## **FURTHER MOVEMENTS TO THE GENERAL FUND**

### **19 LSC Expired Voucher Provision (£57,000 reduced expenditure)**

When the LSC commenced in April 2022 there were a high number of unredeemed gift vouchers which had been extended during the periods of restrictions due to Covid-19. The LSC allowed for the Authority to reimburse GLL for any voucher redemptions. A provision of £150,000 was made in the accounts for the expected value of voucher redemptions, based on historic redemption rates. The actual redemption rates were lower, and vouchers to the value of £93,000 were redeemed. All of these vouchers had expired by the end of March 2024, so the remaining balance of £57,000 will be moved back to the general fund.

### **20 Legacy Donation**

Members were advised in September that a legacy donation had been left to the Authority. The donation of £268,000 has now been received. Officers are considering an appropriate use of this money and will report back to Members.

Whilst this will initially be classed as a revenue receipt, it has not been included within the General Fund outturn position, but has been ring-fenced pending a decision on the use.

### **21 Budget Carry Forwards**

As mentioned in paragraph 10, the 2024/25 budget included a provision of £20,000 for a stakeholder audit that has yet to be delivered. This will now be expended in 2025/26.

<b>Description</b>	<b>Budget Carry Forward</b>
Communications – Stakeholder Audit	20
<b>Total Impact on 2025/26 Budget</b>	<b>20</b>

### **22 Use of 2024/25 Surplus**

There are a number of areas that officers have identified as requiring funding, and it is recommended to Members to approve additional allocation in 2025/26 and 2026/27.

### **Additional Fixed Term Posts – Up to £250,000 over two years**

Officers identified two additional, initially two year, posts in the 2025/26 Revenue Budget and Levy Report (Paper A/4360/25):

- Arboriculture Officer; and
- Assistant Conservation Officer.

These two posts would support the Authority's open spaces management, and whilst the funding from existing reserves would be for an initial period, should these posts be determined as being required on a permanent basis, would be added to the Authority's establishment and incorporated into the base budget from 2027/28. Funding for 2025/26 would be £90,000 and 2026/27 £120,000, reflecting that the posts would not be filled until July this year. Additional provision of up to £40,000 over the two years would support any additional financial implication in respect of increased grounds maintenance or survey costs.

### **Remaining Surplus**

Initially, the remaining surplus from 2024/25 should be held in the General Fund. We do have a number of major projects in the pipeline over the coming years which will require funding, and officers will report back to Members on these and their funding requirements.

### **Asset Maintenance**

Over the past six months consultants have been engaged to conduct condition surveys on all the Authority's built operational assets, as well as the residential properties, and open spaces infrastructure (such as footpaths and bridges).

Whilst these surveys are now substantially complete, there are a few areas that are still waiting to conclude. Officers will fully report back to Members in the early autumn on the outcome of these, and the estimated costs associated with this asset management.

However, works requirements for 2025/26 have now been reviewed and, where appropriate, profiled to ensure that urgent works are delivered in the next 12 months. This has shown that, based on the revised programme, funding of the Asset Maintenance (AM) programme for 2025/26 will have a shortfall of around £375,000.

The Condition Survey report that will be presented to Members in the early autumn will set out the full 25-year maintenance programme funding requirements. This will also pick up on the Member led discussion on the creation of a Major Asset Infrastructure Fund to set aside funds for future capital works that may be required at our major sporting assets or other major infrastructure. At that time, it may be that an additional contribution to AM for 2025/26 from the General Fund is required so there is sufficient funding to deliver the programme

It should be noted that over the remaining term of the LSC, GLL also have an Asset Maintenance requirement. Funding of this programme has been included in the Leisure Operators Base Trading Account (LOBTA) and sufficient funding allocated for them to deliver their requirement.

## ENVIRONMENTAL IMPLICATIONS

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

## FINANCIAL IMPLICATIONS

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

The final General Fund balance is expected to be around £5.3million as at the end of March 2025, after allowing for further adjustments outside of standard revenue monitoring for capital costs not yet charged to capital (i.e. Rammey Marsh groundwork costs and livestock valuation).

If approved, the 2025/26 budget will carry a deficit of c £90k, reflecting requirement to draw from reserves for the funding of the two additional posts.

## HUMAN RESOURCE IMPLICATIONS

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

## LEGAL IMPLICATIONS

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

## RISK MANAGEMENT IMPLICATIONS

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

## EQUALITY IMPLICATIONS

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

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## PREVIOUS COMMITTEE REPORTS

Executive	E/879/25	Q3 Revenue Budget Monitoring 2024/25	20 March 2025
Executive	E/869/24	Q2 Revenue Budget Monitoring 2024/25	19 December 2024
Executive	E/860/24	Q1 Revenue Budget Monitoring 2024/25	19 September 2024
Authority	A/4346/23	2023/24 Revenue Budget & Levy	18 January 2024
Executive	E/838/24	2023/24 Revenue Budget & Levy	18 January 2024

## APPENDIX ATTACHED

Appendix A Detailed outturn forecast

## **LIST OF ABBREVIATIONS**

LSC	Leisure Services Contract
GLL	Greenwich Leisure Limited
CFR	Capital Financing Requirement
MRP	Minimum Revenue Provision
RPI	Retail Price Index
CPI	Consumer Price Index
LOBTA	Leisure Operators Base Trading Account

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
OPERATIONAL SERVICES							
Chief Executive	-5	660	655	675	655	-20	(3%)
Corporate Services	-2,101	1,468	-633	-319	-633	-314	(98%)
Business Support Services	-22	2,661	2,639	2,719	2,638	-81	(3%)
Sport and Leisure	-268	1,375	1,107	1,122	1,107	-15	(1%)
Parklands and Open Spaces	-939	4,243	3,304	3,232	3,302	70	2%
Small Venues	-5,247	4,392	-855	-628	-855	-227	(36%)
Leisure Services Contract	-576	1,225	649	683	648	-35	(5%)
	-9,158	16,024	6,866	7,484	6,862	-622	(8%)
FINANCING							
Interest Receivable	-370	0	-370	-200	-370	-170	(85%)
Interest Payable & Bank Charges	0	1,127	1,127	1,128	1,127	-1	(0%)
Contributions to/from Earmarked Reserves	-268	1,933	1,665	1,547	1,665	118	8%
Financing of Capital Expenditure	0	71	71	71	71	0	0%
Minimum Revenue Provision (General)	0	351	351	413	351	-62	(15%)
Minimum Revenue Provision (Ice Centre)	0	580	580	600	580	-20	(3%)
Minimum Revenue Provision (Velo)	0	0	0	64	0	-64	(100%)
Levies on Local Authorities	-10,966	0	-10,966	-10,966	-10,966	0	0%
General Contingency	0	0	0	25			
Movement in General Fund				166	-680	-846	(510%)
LSC Expired Voucher Provision					-57		
General Provision for Bad Debts					3		
TOTAL MOVEMENT IN GENERAL FUND				166	-734	-900	

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
CHIEF EXECUTIVE							
Chief Executive	0	243	243	243	243	0	0%
PR / Communications	-5	417	412	432	412	-20	(5%)
TOTAL CHIEF EXECUTIVE	-5	660	655	675	655	-20	(3%)
CORPORATE SERVICES							
Legal Service	-4	499	495	549	495	-54	(10%)
Property Management	-2,081	311	-1,770	-1,462	-1,770	-308	(21%)
Planning and Strategic Partnerships	0	108	108	158	108	-50	(32%)
Asset Protection, Maintenance & Development	-16	419	403	298	403	105	35%
Committee Service	0	131	131	138	131	-7	(5%)
TOTAL CORPORATE SERVICES	-2,101	1,468	-633	-319	-633	-314	(98%)
BUSINESS SUPPORT SERVICES							
Financl Management	0	521	520	536	520	-16	(3%)
Human Resources Management	0	274	274	232	274	42	18%
Information Technology	-13	869	856	959	856	-103	(11%)
Corporate Insurances	0	512	512	514	512	-2	(0%)
Audit / Health & Safety	-9	257	248	248	248	0	0%
Non Distributed Costs	0	58	58	62	58	-4	(6%)
Corporate Training / Apprenticeships	0	62	62	60	62	2	3%
Project & Funding Delivery	0	108	108	108	108	0	0%
TOTAL BUSINESS SUPPORT SERVICES	-22	2,661	2,639	2,719	2,638	-81	(3%)
SPORT AND LEISURE							
Events	-201	282	80	78	80	2	3%
Sports Development	-37	103	66	107	66	-41	(38%)
Policy and Performance	0	748	748	712	748	36	5%
Learning & Engagement Service	-30	163	134	145	134	-11	(8%)
Community Access	0	79	79	80	79	-1	(1%)
TOTAL SPORT AND LEISURE	-268	1,375	1,107	1,122	1,107	-15	(1%)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	313	313	318	313	-5	(2%)
Myddelton House Management	-24	358	333	370	333	-37	(10%)
Parklands							
River Lee Country Park	-67	450	383	361	383	22	6%
Gunpowder Park	-8	91	83	84	83	-1	(1%)
Countryside Areas	-182	1,826	1,644	1,605	1,644	39	2%
Abbey Gardens	-4	90	86	86	86	0	0%
Three Mills	-5	24	18	25	18	-7	(28%)
East India Dock and Bow Creek	-22	24	2	26	2	-24	(92%)
Leyton Marsh	0	0	0	0	0	0	0%
Broxbourne Riverside	-1	22	22	19	22	3	16%
Fisheries	-126	35	-91	-73	-91	-18	(25%)
Visitor Attractions							
Myddelton House	-175	414	239	195	239	44	23%
Rye House Gatehouse	-1	3	2	7	2	-5	(71%)
Park Projects							
Volunteers	0	57	57	57	57	0	0%
Biodiversity Management	0	127	127	126	127	1	1%
Farms							
Lee Valley Farm, Holyfieldhall	-256	395	139	80	139	59	74%
Initiatives and Partnerships							
King George Reservoir South	-14	14	-1	-1	-1	0	0%
Lee Valley Boat Centre	-41	0	-41	-41	-41	0	0%
Broxbourne Chalets	-13	0	-13	-12	-13	-1	(8%)
TOTAL PARKLAND AND OPEN SPACES	-939	4,243	3,304	3,232	3,302	70	2%
Small Venues							
Lee Valley Marina Springfield	-1,211	720	-490	-431	-490	-59	(14%)
Lee Valley Marina Stanstead	-912	871	-41	-21	-41	-20	(95%)
Marina Growth Provisional Budget	0	0	0	300	0	-300	(100%)
Lee Valley Waterworks Centre	-12	77	65	79	65	-14	(18%)
Lee Valley Campsite (Sewardstone)	-669	598	-71	-128	-71	57	45%
Lee Valley Caravan Park (Dobbs Weir)	-1,064	959	-105	-343	-105	238	69%
Lee Valley Leisure Centre Campsite	-578	513	-65	-76	-65	11	14%
Lee Valley Leisure Centre Golf Course	-122	182	60	19	60	41	216%
Almost Wild Campsite	-51	31	-21	-16	-21	-5	(31%)
Caravan Sales	-628	441	-187	-11	-187	-176	(1600%)
TOTAL SMALL VENUES	-5,247	4,392	-855	-628	-855	-227	(36%)



	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
LEISURE SERVICES CONTRACT							
Management Fee	-576	28	-549	-576	-549	27	5%
LSC Venues Direct Costs	0	247	247	309	247	-62	(20%)
LSC Contingency (Utilities)	0	950	950	950	950	0	0%
TOTAL LSC VENUES AND BUSINESS SUPPORT	-576	1,225	649	683	648	-35	(5%)
TOTAL OPERATIONAL SERVICES	-9,158	16,024	6,866	7,484	6,862	-622	(8%)

## **Q4 CAPITAL PROGRAMME BUDGET MONITORING 2024/25**

Presented by Head of Finance

### **EXECUTIVE SUMMARY**

This report summarises capital spending in 2024/25 compared to the current capital programme. Figures are near final, but may be subject to minor changes during the remainder of the closure of accounts process.

Appendix A to this report provides a financial summary of current schemes within the capital programme and shows that overall capital expenditure for the year-end is currently projected to be £4.136 million, with £0.011 million of capital receipts.

### **RECOMMENDATION**

Members Note: (1) the report.

### **BACKGROUND**

- 1 Authority initially approved the capital programme for 2024/25 at its meeting on 18 January 2024 (Paper A/4348/24). Additional approvals for investment at Lee Valley Campsite Sewardstone (Paper A/4351/24) has updated the programme. This report compares the actual spend with the current programme.
- 2 Where there is a significant variance, resulting in a projected under or over spend for a particular project, a brief explanation for the variance is provided below by the Accountable Officer for that scheme.
- 3 Where slippage is projected and reported, those resources remain earmarked for the particular schemes in question in future years. Where an under spend is reported these savings are added back into capital funds.
- 4 The original annual budget for 2024/25 was **£3.284 million** net expenditure. However, reprofiling due to prior year slippage, along with the inclusion of other identified schemes, has meant the profiled capital budget for 2024/25 is now **£6.875 million**. The projected capital expenditure for the year is **£4.136 million**.

Project phasing and delivery profiling account for the majority of the movement against the original 2024/25 budget profile, with some projects (Hostile Vehicle Mitigation, Middlesex Filter Beds, St Pauls Field) along with completion of remaining works at Lee Valley Ice Centre scheduled for delivery in 2024/25.

There is also a budget provision for works at East India Dock Basin, which is discussed later in the paper, although as this is not a fully approved project it has not been included in the 2024/25 budget.

## **SPECIFIC SCHEMES**

5 The review of major schemes in 2024/25 is detailed below.

### **6 Lee Valley Ice Centre Redevelopment**

Following the practical completion of Lee Valley Ice Centre in May 2023, and subsequent administration of Buckingham Group Contracting Limited (BGCL) in September 2023, there remained a number of snagging/defects that needed to be remedied.

Members approved the recommendations within Paper E/820/23 to make a claim for the outstanding liquidated damages owed to the Authority, terminate the contract with BGCL and, following the termination, where possible to require BGCL's sub-contractors to remedy defects under collateral warranties and to employ third parties to undertake any remaining outstanding snagging and defect works.

Officers have undertaken all of the above and the process for rectification of the snagging and defects continues to be undertaken and is near completion. The final project cost is forecast to be under the approved budget of £30million, including all the operational fit out costs as well as capitalisation of development borrowing costs.

We haven't had any contact with the administrators since November 2023. A letter was previously sent to the Administrators setting out the Authority's position with regard to BGCL's liability for sums due to the Authority in respect of rectification works and liquidated damages.

The Administrators have had an extension granted until 3 September 2025. Officers will update Members if any further progress with the Administrators is made.

### **7 Lee Valley Ice Centre Funding**

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

Officers have continued to adopt the more cash and affordability efficient approach of short-term loans, rather than locking in long-term debt, and have to date borrowed £23 million on terms of up to two years.

Due to the current volatility in rates we have continued with this approach as it gives the Authority greater freedom and flexibility to respond should rates drop. Over the last few weeks we have seen Public Works Loans Board (PWLB) long term rates at around **6.00%**. Our Medium Term Financial Forecast is currently based on rates being around **5.00%**, and reducing in line with base rate forecasts. The rates in the short-term market are around **4.45%**, although our current

borrowing is between **4.66% and 5.23%**. It would therefore be prudent to wait for when it may be appropriate to take longer-term borrowing.

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

We continue to be supported by the London Borough of Enfield, via the Section 151 Officer, along with their external treasury advisors, Arlingclose, in adopting this approach to borrowing.

The schedule of current loans means that the next point for refinancing is April 2026, followed by September 2026.

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

## **8 Asset Maintenance**

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

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

The annual AM spend is expected to be around £0.92 million, and includes schemes carried over from the prior year. There has been a small slippage against profiled budget, but these works will roll forward to 2025/26. Main areas included in the programme for 2024/25 are:

- replacement Ground Source Heat Pumps at Lee Valley White Water Centre;
- Marina lighting upgrades;
- footpath maintenance throughout the Regional Park, including phased replacement of gold top on Queen Elizabeth Olympic Park;
- repairs to East India Dock Basin river walls;
- bridge maintenance and repairs; and
- Abbey Gardens monastic wall repairs.

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

## **9 Hostile Vehicle Mitigation**

This project has seen a number of delays due to both the planning process and a significant increase in material costs. This has seen a significant rise in costs above the current approved budget. The scheme has now been fully redesigned with support from counter terrorism experts and the changes have achieved the project requirements whilst reducing the overall scheme costs. The project has been completed with only minor snagging and making good works required.

## 10 **Lee Valley Park Farm, Holyfield Hall**

A paper giving an update on the change of operation at the Farm was presented to Members in October (Paper E/825/23). We are still experiencing difficulty in disposing of some machinery relating to the milking parlour, although we have made some headway in selling some machinery bringing in £7,500. However, the remaining equipment, valued at around £7,500, has still had no interest and the Authority may have to consider scrapping this due to the reduction of dairy farms over the last few years. Scrap value is estimated at £1,000 - £2,000.

On the back of this, we have not yet fully invested in all the livestock and fencing, due in part to the delays in the Government rolling out the Stewardship Agreement that the Farm has applied for. However the contract has now been awarded for the fencing contract to begin and this should be commencing shortly.

The capital received for the sale of livestock and machinery has been ring-fenced for reinvestment in the Farm, which is now expected to complete in this financial year.

## 11 **Landscape, Open Spaces and Investment Projects**

### **Middlesex Filter Beds**

The interim solution is up and running and the filter beds are under normal operation by the Ranger team. The option of finding a suitable electric feed to deliver mains power to run generators is still being reviewed with the consultant Pick Everard. They are now investigating the option of turning a sub meter connection from the Hackney Sports Pavillion to the site and also exploring the Thames Water Sub Meter option on the depot along Lea Bridge Road. Once we have more information on feasibility and costs we will decide if this is worth continuing to progress or seek other options.

### **East India Dock Basin (EIDB)**

Final sampling points have now been agreed with the Marine Management Organisation (MMO) and Port of London Authority (PLA) and we are seeking value for money options from the consultants to complete this final element of the sampling stage. This will allow the application for a licence to disperse silt into the Thames. The Orchard Wharf planning application has now been submitted and the Authority has commented in its statutory role as planning consultee. Officers are discussing the S106 and we may seek to put forward a case to ask for S106 to desilt the Basin.

We are in discussions with the London Borough of Tower Hamlets regarding an option to build a community centre on the footprint of the Basin. We will continue to explore if this is a feasible and mutually beneficial option for both organisations. Both organisations are investigating if such a project could provide a focal point and potential start up to lever further funding for the project at this site.

### **St Pauls Field**

The St Paul's Field project will deliver 3.25km of new footpath from Meadgate Road in Nazeing to Dobbs Weir Road. This will open up an area of the Park which has been inaccessible to the public, delivering a countryside and lakeland pathway for pedestrians and cyclists.

This project was due to be completed at the end of April 2025. Unfortunately despite extensive consultation at planning stage the link along Dobbs Weir Road which was originally thought to be unregistered land does in fact by less than half

a meter form part of the Highway. This has meant we have had to apply to Highways for a Minor Works Agreement to progress the link. This has also unfortunately instigated a planning review and a Section 73 is also required from Epping Forrest District Council. Both of these elements are not seen as an issue and are in progress but will take time to progress through the system. This has unfortunately meant that we are unable to complete the final 50m of path along Dobbs Weir Road. Due to safety concerns and not wanting to put pedestrians at risk the path will now not be open until later in the autumn of 2025. Due also to Highways requirements there is likely to be a small increase to the cost of this scheme yet to be advised by the contractor when the final Highways requirements are in place.

### **North Wall Road**

North Wall Road is north of Lee Valley VeloPark and jointly owned with the London Legacy Development Corporation (LLDC). It is a hard landscape which has had little value for either organisation. We now have a set of RIBA Stage 2 concept designs and a projected cost plan for this site. Further design funding for RIBA Stage 3 and 4 has been secured by LLDC from their Community Infrastructure Levy (CIL) funding and LLDC will manage the next phase of developing this project up to Stages 3 and 4. A full brief has been developed and the project to complete the next phase of designs will be undertaken over the next 12 months. Officers will report back to Members on the designs, costs and outcome of the further development work later in in 2025.

## **12 Venue Investment Projects**

Main updates since the last outturn report in December are as follows.

### **Lee Valley VeloPark Health & Fitness Offer**

The works on conversion of meeting rooms under the concourse at Lee Valley VeloPark to a Gym is complete and the facility opened successfully May 2024. There are still some works required to finalise the external areas which will continue over the next few months as planning permission is required. A design has been developed and an application has been submitted with the London Borough of Newham.

The works have also now been completed to create two flexible enclosed meeting pods on the main concourse of the arena next to the café. We await confirmation of final amounts due to Greenwich Leisure Limited, and payment will occur in 2025/26.

As with the LED lighting projects, this is being procured and delivered by GLL with the Authority providing the funding, with the costs falling due following completion of works once invoiced.

### **Sewardstone Campsite Investment**

We are in the process of drawing together the required reports to obtain planning consent. The Preliminary Ecological Appraisal identified the need for further protected species surveys, which as a material consideration need to be undertaken prior to submitting the application. A Biodiversity Net Gain Assessment has also been completed as part of the application process. This is for the creation of ten additional hard standing pitches, together with the hotel pods and associated facilities.

## **CAPITAL RECEIPTS**

- 13 We expect to receive a small receipt from disposal of encroached land at Hawes Lane, Waltham Abbey (as set out in Paper E/840/24), which is expected imminently as Secretary of State consent to the disposal is currently in hand. Once received it will be added to the general usable capital receipts reserve.

## **ENVIRONMENTAL IMPLICATIONS**

- 14 There are no direct environmental implications arising from the recommendations in this report. However, within each project a full evaluation of environmental implications is undertaken and reported to Members as part of the overall project brief.

## **EQUALITY IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

- 16 A variance during the year on the capital programme can result in additional/reduced investment income being earned in the year as cash balances deposited in the Authority's approved bank accounts change.

## **HUMAN RESOURCE IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

- 19 Failure to deliver a capital project within an agreed timescale could lead to adverse publicity. It may also mean that the Authority fails to achieve its corporate objectives within the time span that was originally anticipated and/or result in revenue budget variations as part of the Medium Term Financial Plan where the investment is intended to generate new income streams.

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## **APPENDIX ATTACHED**

Appendix A                      Capital Monitoring 2024/25 Q4 Outturn

## PREVIOUS COMMITTEE REPORTS

Executive Committee	E/878/24	Q3 Capital Programme Budget Monitoring 2024/25	20 March 2025
Authority	A/4362/25	Proposed Capital Programme 2024/25 (Revised) to 2028/29	23 January 2025
Executive Committee	E/872/24	Q2 Capital Programme Budget Monitoring 2024/25	19 December 2024
Executive Committee	E/861/24	Q1 Capital Programme Budget Monitoring 2024/25	19 September 2024

## ABBREVIATIONS

AM	Asset Maintenance
LLDC	London Legacy Development Corporation
MMO	Marine Management Organisation
PLA	Port of London Authority
RIBA	Royal Institute of British Architects
BGCL	Buckingham Group Contracting Ltd
EIDB	East India Dock Basin
GLL	Greenwich Leisure Ltd
CIL	Community Infrastructure Levy
PWLB	Public Works Loans Board



Project Name	Full Scheme Budget £000s	Prior Years Spend To Date £000s	Profiled Budget 2024/25 £000s	Actual Spend 2024/25 £000s	Projected Variance 2024/25 £000s	Comment
<b>ANNUAL EARMARKED RESERVES</b>						
Biodiversity Action Plan	-	-	75	91	16	Programme Delivery Profiling
IT Infrastructure & Communications	-	-	140	83	-57	Programme Delivery Profiling
Asset Management	-	-	1,350	920	-430	Programme Delivery Profiling
<b>PROJECT SPECIFIC BUDGETS</b>						
Lee Valley Ice Centre Redevelopment	30,000	28,832	1,168	338	-830	Programme Delivery Profiling
Olympic Park Hostile Vehicle Mitigation	495	22	473	287	-186	Revised Project Cost
White Water Pumps Replacement	1,040	1,034	6	14	8	Final Retention - Scheme Complete
Holyfieldhall Farm Operational Change	155	59	96	26	-70	In progress
<b>LANDSCAPE, OPEN SPACE &amp; INVESTMENT PROJECTS</b>						
East India Dock Basin - Feasibility & Surveys	125	94	31	0	-31	In progress
Middlesex Filter Beds Sluice	240	0	240	66	-174	In Progress
St Pauls Field (inc Feasibility)	450	75	375	257	-118	In progress
North Wall Road	60	47	0	8	8	On target
<b>VENUES INVESTMENT PROJECTS</b>						
<b>Non-Sports Venues</b>						
Sewardstone Development	450	0	450	0	-450	In the planning process
<b>Sports Venues</b>						
WhiteWater - Offices/Meeting Rooms	500	519	0	13	13	Final Retention - Scheme Complete
WhiteWater - Slalom Ramp	340	371	0	9	9	Final Retention - Scheme Complete
LSC LED Lighting	1,522	0	1,522	1,348	-174	Schemes Complete
Velo Spectator Barrier	300	9	291	306	15	Scheme Complete
Velopark Health & Fitness Offer	508	0	508	254	-254	Scheme nearing Completion - awaiting payment
<b>Land Disposal Costs</b>						
Rammey Marsh West	0	57	0	116	116	In progress
<b>TOTAL PROGRAMME</b>			<b>6,875</b>	<b>4,136</b>	<b>-2,739</b>	
<b>Capital Receipts</b>						
Holyfieldhall Farm Livestock/Machinery	-200	-195	-15	-11	4	In Progress
Land at Hawes Lane	-16	0	-16	0	16	In Progress
<b>TOTAL INCOME</b>			<b>(31)</b>	<b>(11)</b>	<b>20</b>	
<b>CAPITAL PROGRAMME FINANCING</b>						
Debt			1,476	392		
External Grant Funding			200	200		
Revenue Contribution			521	71		
AM Reserve			1,350	920		
Earmarked Reserves			215	174		
Retained in Revenue			0	116		
Capital Receipts			3,113	2,263		
<b>TOTAL FINANCING</b>			<b>6,875</b>	<b>4,136</b>		

## **ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY 2024/25**

Presented by the Head of Finance

### **EXECUTIVE SUMMARY**

This report provides a summary of treasury management investment and borrowing activity during 2024/25.

### **RECOMMENDATIONS**

- Members Note: (1) treasury management activity during 2024/25; and
- Members Approve: (2) where appropriate the setting up of new treasury investment accounts as set out in paragraph 27 of this report.

### **BACKGROUND**

- 1 Treasury management is the management of the Authority's cash flows, banking, investment, and borrowing decisions and the effective control of the risks associated with those activities, with the aim of optimising performance/returns whilst minimising the associated risks.
- 2 This report looks at the Authority's performance over the past year.

### **ANNUAL PERFORMANCE**

- 3 Treasury management activity is governed by the Authority's Treasury Management Policy, which has the aim of managing risk, avoiding volatility and optimising returns, while maintaining a high degree of accessibility from the accounts to enable the cash requirements of the Authority to be met. Members of the Authority last reviewed and approved the Treasury Management Policy in April 2021 (Paper A/4297/21).
- 4 The Authority has continued to refinance the capital investment on the Lee Valley Ice Centre Redevelopment from short-term borrowing; loans repayable within 24 months. The remainder of the capital programme has been funded from the Authority's accumulated cash balances.

- 5 The Authority's cash position is reviewed on a daily basis and funds are invested or withdrawn as necessary in order to minimise the level of un-invested cash/bank overdraft.
- 6 During the course of this year around 260 transactions have been completed, mainly through the Special Interest Bearing Account (SIBA) of the Authority's current bankers (Nat West).
- 7 Short term investments have ranged in size from £10,000 to £2.2m; and from periods of one day to three months. Interest earned in 2024/25 will total **£365,000**.
- 8 At year end the Authority had total cash reserves of £9.1m, of which £4.2m was held in instant access accounts (with Nat West and Santander), and £4.9m as short term investments (with West Bromwich Building Society). The opening balance at 1 April 2024 was £15.1m, although this was artificially high due to holding an additional £5m in borrowing pending a loan repayment in early April 2024.

## 2024/25 INVESTMENT PORTFOLIO

### 9 Short to Medium Term Investments

The Authority uses an investment firm (Tullet Prebon) to invest funds, in line with the Treasury Management Policy in the short to medium term (up to 2 years) at the best achievable rate. We also have access to treasury advice from Arlingclose if required, via our Service Level Agreement (SLA) with London Borough of Enfield for provision of S151 services.

The sums invested during 2024/25 were:

<b>Investment</b>	<b>Average Amount £m</b>	<b>Interest Earned £000s</b>	<b>Interest Rate Range</b>
Principality BS	£2.1m	£111	4.85% - 5.23%
West Brom BS	£1.8m	£176	4.38% - 5.10%

At 31 March 2025 the balance with West Brom was £4.9m. Principality Building Society have withdrawn from the wholesale money markets with our last investment with them maturing in December 2024. Currently all investment funds are being held at West Brom, although this is now nearing our Treasury Management Policy limit of £5m, as explained further below.

### 10 Day to Day Investments

These are managed on a day to day basis with the Authority's bankers, Nat West. Surplus funds are moved on a day to day basis between the current account and a SIBA, currently achieving a rate of up to 1.90%. The balance on the account at 31 March 2025 was £4.1m.

- 11 Whilst the Treasury Management Policy recommends keeping the balance at any one institute to a maximum of £5m, it does allow for cashflow requirement for it to exceed this level. On seven occasions during 2024/25 (2023/24 15 occasions) the Authority exceeded its limit of £5m held at any one institution. On these occasions this was either due to cash flow timing, relating to cash holding

pending borrowing repayments, or payment of large purchase invoices. The average period above this level was 4 days, with the range between 1 and 10 days.

## INVESTMENT PERFORMANCE 2024/25

- 12 During 2024/25, the Authority's bank accounts and investments achieved the following average interest rates.

Account	Period of Investment	Average Interest Rate Achieved During 2023/24	Average Interest Rate Achieved During 2024/25
		%	%
Nat West SIBA	On-Call	1.53	1.67
Santander	On-Call	3.08	3.03
Principality BS	1-3 months	4.80	5.14
West Bromwich BS	1-3 months	4.77	4.83
<b>Weighted Average</b>		<b>3.67</b>	<b>3.50</b>

- 13 The Authority's weighted average rate of investment return for 2024/25 was 3.50% with total investment income of **£365,000**, significantly above the budget of £200,000. The annual return was higher than budget due to both the higher than forecast interest rates throughout the year, along with a much higher than forecast cash holding. However, it is not proposed to set a target rate of return for future years, although the budget for 2025/26 is set at £200,000, but for officers to continue to utilise cash reserves and manage cash flow with regard to reducing costs related to borrowing, rather than looking to maximise investment returns.
- 14 The Bank of England base rate has reduced three times throughout 2024/25 as the rate of inflation falls. At 1 April 2024 it was 5.25%, but this was reduced by 0.25% in August and November 2024, and February 2025, and it was 4.50% at 31 March 2025. The Bank of England Monetary Policy Committee (MPC) most recently met on 8 May 2025 where they voted to reduce the Base Rate by 0.25% to 4.25%.

In their most recent Monetary Policy Report of May 2025, the Bank of England stated that "Progress on disinflation in domestic price and wage pressures is generally continuing. Twelve-month CPI inflation fell to 2.6% in March from 2.8% in February, close to expectations in the February Report. Although indicators of pay growth remain elevated, a significant slowing is still expected over the rest of the year. Wholesale energy prices have fallen back since the February Report. Previous increases in energy prices are still likely to drive up CPI inflation from April onwards, to 3.5% for 2025 Q3. Inflation is expected to fall back thereafter."

## BORROWING PERFORMANCE 2024/25

- 15 Members agreed the redevelopment of Lee Valley Ice Centre would be funded from external borrowing. The approved strategy is for a mix of short-term, up to 24 months, and longer term borrowing with the focus currently only on short-term borrowing due to the high interest rates that are associated with long term loans, and the impact of that on future revenue budgets.
- 16 During the initial build period from 2021 the Authority utilised its own cash reserves to reduce the initial borrowing costs. We have since been able to

access Local Authority and Public Works Loans Board (PWLB) lending, as well as utilising £5m of capital receipt from the disposal of Mile and Langley Nursery in 2023. We had borrowing of £23m at 31 March 2025.

- 17 The borrowing during 2024/25 is profiled below.

#### Loans Repaid

Lender	Amount	Rate	Loan Period
West Midlands CA	£10m	3.30%	Repaid April 2024
West Midlands CA	£5m	4.40%	Repaid Sept 2024
West Midlands CA	£5m	4.30%	Repaid Dec 2024
Public Works Loans Board	£5m	4.22%	Repaid Dec 2023

#### New Borrowing

Lender	Amount	Rate	Loan Period
Public Works Loans Board	£8m	5.23%	Apr 24 – Apr 26
Public Works Loans Board	£5m	4.66%	Sept 24 – Sept 26
Public Works Loans Board	£5m	4.99%	Dec 24 – Dec 26

- 18 The total borrowing costs accrued in 2024/25, including both interest payable and brokerage costs are **£1.12million**.

### OUTLOOK FOR 2025/26

- 19 Whilst inflation is slowly falling, interest rates do still remain high, which presents a number of challenges and uncertainties over the coming year.

We continue to see an increase in general costs, and whilst we do have certainties in some areas through fixed contract prices (e.g.: Grounds Maintenance, Utilities), there continues to be increases elsewhere.

Coupled with a slowdown in economic growth and increase in costs of all commodities, this may result in less income flow to the Authority. This will continue to be reported to Members on a regular basis at the quarterly Revenue and Capital Outturn reporting cycle. Our current Medium Term Financial Plan forecasts a reduction in cash held by the 31 March 2026 to a level around £7m.

Whilst this is a lower level than is ideal, it does represent full coverage of our unallocated general, and earmarked revenue, reserves. As highlighted in the Annual Capital Budget (Paper A/4362/25), we do not have the cash capacity to cover all reserves. With the necessity to cash back general reserves, as well as the cash-flow need to cover short-term liabilities, this means that the majority of capital resources are not currently directly cash backed.

The implication of this is that with the exception of low value, or short-term, quick return of investment, projects, we would only be able to fund a capital programme with one of external borrowing, external grant funding, or new capital receipts.

- 20 From a Treasury Management perspective, there are both pros and cons to this. On the positive side, the higher than forecast borrowing rates have in turn resulted in an increase in investment income. However, with potentially less cash to invest, the monetary value will be reduced.
- 21 The increase in rates also impact the lending rates and the Authority is in a position where it currently needs to borrow £23m to fund the Lee Valley Ice

Centre redevelopment. Current Public Works Loans Board (PWLB) long-term interest rates have increased to around 6.00% for a 40 year Equal Instalment of Principal (EIP) loan, although the 2-year deals that we are currently utilising were 4.45% on 8 May 2025. We are in a position where we do not need to refinance the Lee Valley Ice Centre loans until April 2026, and we will continue to monitor rates in the meantime.

- 22 The budget for 2025/26 which was approved by Members in January (Paper A/4360/25) set an investment income budget of **£200,000**. With the current levels of interest rates, coupled with forecast cash holdings we are expecting to be able to achieve returns of around this.

The budget for interest costs in relation to borrowing was set at **£1.152m**, which is based on loans outstanding at 1 April 2025, and due to no requirement to refinance in year, this will be the outturn position for 2025/26.

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

## ENVIRONMENTAL IMPLICATIONS

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

## FINANCIAL IMPLICATIONS

- 25 These are dealt with in the main body of the report.
- 26 The Annual Investment Strategy forms one part of the wider Capital Strategy, along with the Treasury Management Strategy, Prudential Indicators, Minimum Revenue Provision Statement, as well as the Revenue and Capital Budgets. These were approved by Members at Authority in January 2025 (Paper A/4361/25).
- 27 As set out in paragraph 10, the Authority exceeded its Treasury Management policy limit of £5m on seven occasions. Rather than amend the policy to increase this limit, it is recommended that further investment accounts be created as and when required. Currently there are only two active accounts, with Principality Building Society and West Bromwich Building Society, although it is unlikely we will invest with Principality due to their exiting the markets. We did not set up any new accounts in 2024/25.

The Treasury Management Policy allows for investment at any UK based Clearing Bank, or one of the top seven rated UK Building Societies. To facilitate the setting up of these, most institutes require a specific board minute agreeing to this.

Based on current cashflow forecast, the £5m limit with West Brom is expected to be breached in August 2025. Therefore, it is recommended that Member approve, where appropriate, the opening of new investment accounts as per the Treasury Management policy, with the approval to do so to last until the relevant Treasury Management Activity paper in May 2026, where Members can then consider options again. Officers will report any new accounts opened before then, within the quarterly Revenue Outturn reports.

## HUMAN RESOURCE IMPLICATIONS

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

## LEGAL IMPLICATIONS

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

## RISK MANAGEMENT IMPLICATIONS

- 30 The risk of investment is considered within the existing Treasury Management Policy. The Authority tries to minimise risk by capping the total investment with any one financial institution to £5m, subject to allowance to exceed this limit for cashflow purposes, and limiting investments to UK clearing banks and the top seven building societies or where the building society assets exceed £10 billion.
- 31 The current Treasury Management Policy was last approved by Members in April 2021 (Paper A/4297/21) and is due for review again by April 2026.

Treasury Management is audited by the internal auditors to ensure procedures and investment decisions comply with the Policy and Investment Strategy approved by Members. The audit was last conducted in January 2021, and the internal auditors provided a “substantial assurance” rating. A new review was undertaken in February 2025, and we are currently awaiting the conclusion of this audit and the issue of the auditor’s report.

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

## EQUALITY IMPLICATIONS

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

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## BACKGROUND REPORTS

CIPFA “Treasury Management in the Public Services Code of Practice & 2021 Cross Sectoral Guidance Notes”

## PREVIOUS COMMITTEE REPORTS

Authority	A/4361/25	Capital Strategy 2024/25 to 2028/29	23 January 2025
Executive	E/855/24	Annual Report on Treasury Management Activity 2023/24	23 May 2024
Executive	E/811/23	Annual Report on Treasury Management Activity 2022/23	25 May 2023
Executive	E/765/22	Annual Report on Treasury Management Activity 2021/22	26 May 2022
Authority	A/4297/21	Treasury Management Policy	29 April 2021

## **LIST OF ABBREVIATIONS**

SIBA	Special Interest Bearing Account
PWLB	Public Works Loans Board
EIP	Equal Instalment of Principal
SLA	Service Level Agreement