



Lee Valley  
Regional Park Authority

**LEE VALLEY REGIONAL PARK AUTHORITY**

**AUTHORITY MEETING**

**26 APRIL 2018 AT 14:00**

**Agenda Item No:**

**6**

**Report No:**

**A/4252/18**

**FINANCIAL REGULATIONS WAIVERS 2017/18**

Presented by the Director of Finance & Resources

**SUMMARY**

The purpose of this report is to provide Members with a list of waivers to Financial Regulations during the financial year 2017/18, in accordance with Financial Regulation (FR) 8.

**RECOMMENDATION**

Members Note: (1) the report.

**BACKGROUND**

- 1 Financial Regulation (FR) 8 requires the Director of Finance & Resources to make an annual report to Authority of any waivers to the Regulations which have been agreed during the financial year.
- 2 FR8 requires:  
  
"The Director of Finance & Resources can allow exceptions to these Regulations if it is believed that the interests of the Authority would be best served if the Regulations were not applied. The Director of Finance & Resources must keep a written record of any exceptions and submit an annual report to full Authority summarising such decisions".
- 3 Financial Regulations were waived 15 times between April 2017 and March 2018 under delegated authority within Financial Regulations.
- 4 The waivers in 2017/18 were on the basis of:
  - a. procuring from a single supplier as the only/specialist/bespoke supplier; and
  - b. prepayment for goods and services.
- 5 Appendix A to this report lists the 2017/18 waivers and the reasons that they were agreed.

## **ENVIRONMENTAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

- 7 There are no financial implications arising directly from the recommendations in this report. The value of the waivers (circa £750K) in relation to the gross revenue and capital expenditure budgets for 2017/18 represented 4.5% of expenditure and excluding the one major waiver (approved by Members in relation to the Ice Centre emergency repairs - £500K) represented 1.5% of gross budgeted expenditure.

## **HUMAN RESOURCE IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

- 10 The standard terms and conditions for the Authority require payment for goods/services after they have been received. In some circumstances this may be waived but measures should be taken to mitigate risk of potential loss.

These mitigation factors include but are not limited to:

- the value of the transaction is relatively low;
- due diligence checks on the company requesting payment in advance are carried out e.g. verifying their latest set of accounts; previous transaction/work history with the company; checking their website and other sources of customer feedback; and
- where negotiable, only a deposit should be paid and final payment on receipt of goods to secure against potential loss.

## **EQUALITY IMPLICATIONS**

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

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## **BACKGROUND PAPERS**

Financial Regulations

2015

**PREVIOUS COMMITTEE REPORTS**

Authority Meeting	Paper 3818	Financial Regulation Waivers	23 June 2005
Authority Meeting	Paper 3880	Financial Regulation Waivers	24 June 2006
Authority Meeting	A/3937/07	Financial Regulation Waivers	28 June 2007
Authority Meeting	A/4064/09	Financial Regulation Waivers	25 June 2009
Authority Meeting	A/4087/10	Financial Regulation Waivers	22 April 2010
Authority Meeting	A/4115/11	Financial Regulation Waivers	21 April 2011
Authority Meeting	A/4143/12	Financial Regulation Waivers	19 April 2012
Authority Meeting	A/4164/13	Financial Regulation Waivers	25 April 2013
Authority Meeting	A/4185/14	Financial Regulation Waivers	24 April 2014
Authority Meeting	A/4205/15	Financial Regulation Waivers	30 April 2015
Authority Meeting	A/4224/16	Financial Regulation Waivers	28 April 2016
Authority Meeting	A/4239/17	Financial Regulation Waivers	27 April 2017

**APPENDIX ATTACHED**

Appendix A      List of Financial Regulation Waivers – 2017/18

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## FINANCIAL REGULATION WAIVERS – 2017/18

	Waiver Requested & Agreed By:	Reference	Date	Fin Reg. No.	Reason For Waiver
1.	<p>Requested by: Commercial Development Manager Lee Valley Leisure Trust</p> <p>Approved by: Director of Finance &amp; Resources</p>	E-Mail	26/04/2017	FR 432	<p>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</p> <p>The installation of the beach project at Lee Valley White Water Centre meant Contractor X requested payment up front for the project to advance. They ordinarily required 50% upon placement of the order due to needing to pay themselves for sand, wood and various items of beach sports equipment. The initial payment was negotiated down to 25% (£23,145) with further staged payments made as materials etc arrived on site and after work commenced. Due diligence was carried out during the tender exercise and the Authority had used Contractor X previously for a smaller value build and been satisfied with both their workmanship and delivery against timelines and therefore considered this a relatively low risk.</p> <p><b>Contract with an Expected Value between £1,000 and £10,000. Requirement for two competitive quotes.</b></p>
2.	<p>Requested by: Director of Corporate Services</p> <p>Approved by: Chief Executive Officer</p>	E-mail	08/05/2017	FR 571	<p>In relation to the Leisure Services Contract (LSC) and the review of the secondment agreements by the Authority to the Trust, specialist employment legal advice was required to understand the Authority's options going forward and legal position ahead of the LSC procurement exercise. The appointment was for a value of £3,000 to £6,000.</p> <p><b>Contract with an Expected Value between £10,000 and £25,000. Requirement for three competitive quotes.</b></p> <p>The request to waive Financial Regulations in regards to obtaining 3 quotes for emergency asbestos removal uncovered at Hayes Hill Farm during excavation works. The appointment of contractor X on an emergency basis and in accordance with their quotation (£23,382.87) for making safe of the area and removal of the asbestos was agreed on the basis that:</p> <ol style="list-style-type: none"> <li>1. The issue was a Health &amp; Safety matter with risk to staff and the public</li> <li>2. Other contractors approached but declined to quote</li> </ol>
3.	<p>Requested by: Senior Project Manager Asset Protection, Maintenance &amp; Development</p> <p>Approved by: Director of Finance &amp; Resources</p>	E-mail	15/05/2017	FR 572	<p><b>Contract with an Expected Value between £10,000 and £25,000. Requirement for three competitive quotes.</b></p> <p>The request to waive Financial Regulations in regards to obtaining 3 quotes for emergency asbestos removal uncovered at Hayes Hill Farm during excavation works. The appointment of contractor X on an emergency basis and in accordance with their quotation (£23,382.87) for making safe of the area and removal of the asbestos was agreed on the basis that:</p> <ol style="list-style-type: none"> <li>1. The issue was a Health &amp; Safety matter with risk to staff and the public</li> <li>2. Other contractors approached but declined to quote</li> </ol>

4.	<p><b>Requested by:</b> Commercial Development Manager Lee Valley Leisure Trust</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	25/05/2017	FR 432	<p>3. Contractor could start immediately and complete within 6 days</p> <p>4. Delays could result in costs through lost service and impact on the Trust.</p> <p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p> <p>The successful contractor for the installation of the small play area by the Pavilion building at Lee Valley White Water Centre requested a deposit to confirm the works, and also make an interim payment part way through the works. The total value was £49,821— their website, Companies House listing and their most recent financial accounts were checked as part of the due diligence. Approval was given to pay a 20% Deposit (£9,964.20); intermediate payment 30% (£14,946.30) and the final payment 50% £24,910.50 on completion. The scheme was successfully delivered.</p> <p><b>Contract with an Expected Value between £25,000 and the EU Thresholds. Requirement for competitive tender.</b></p>
5.	<p><b>Requested by:</b> Head of Sport &amp; Leisure</p> <p><b>Approved by:</b> Executive Committee</p>	Report E/502/17	25/05/2017	FR 573	<p>Members considered and approved the waiving of Financial Regulations to replace the Ice Pad &amp; Cooling System and the Ice Rink Barrier at a cost of just under £500,000. The works were urgent due to imminent service failure and minimised service disruption during the quieter summer months. The scheme was successfully delivered.</p> <p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p>
6.	<p><b>Requested by:</b> Commercial Development Manager Lee Valley Leisure Trust</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	26/05/17	FR432	<p>The successful tenderer for the supply and installation of the inflatables at Lee Valley White Water Centre required acceptance of their terms for supply. Officers discussed and negotiated their payment terms (normally 50% up front and 50% prior to dispatch) and eventually agreed to pay 25% to commence the order, 25% after 2 weeks following proof that works were underway, and then 50% after delivery. Due to the tight timescales to implement the project ahead of the main summer season, acceptance of these terms were necessary to get the supplier to commence works at the factory as products are uniquely designed and specified to client requests. Due diligence was completed as part of the tender process. The value of the deposit was £36,356.25 and the whole contract cost was £145,425. The scheme was successfully delivered.</p>

7.	<p><b>Requested by:</b> Commercial Development Manager Lee Valley Leisure Trust</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	01/06/2017	FR 432	<p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p> <p>Following a tender process for the seasonal hire of a large marquee on the swale at Lee Valley White Water Centre (which hosted corporate/private functions) for which the Trust had already started taking bookings. A contract was awarded, but due to the tight timescales the request to pay 100% up front (as expected with hire) to ensure the progress for the marquee was delivered to site and installed in 2 weeks ready for the first booking immediately afterward. Negotiated staggered payment terms of 50% over 2 weeks was agreed (£24,500). The scheme was successfully delivered.</p>
8.	<p><b>Requested by:</b> Head of Sport &amp; Leisure</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	13/06/2017	FR432	<p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p> <p>In relation to item 5. above the supplier requested advance payments due to the high value of equipment purchases and shipping costs. 30% deposit on order, 30% prior to shipping, 15% on delivery, 15% on completion and 10% 30 days after completion. Due diligence was completed through accounts verification, bank reference and appropriate insurance documents in place. The scheme was successfully delivered by early September</p>
9.	<p><b>Requested by:</b> Head of Parklands</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	26/06/2017	FR 432	<p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p> <p>The requirement to test the Farm's milk equipment for cleanliness and viruses. Company X was identified that supplied the means to self-test, with the occasional full lab tests providing the means for compliance. As a new customer the first order placed required to have payment up front, subsequent payments have been on account and in arrears. The initial payment of £2,200 was approved. This was the only company that made a single machine that's fulfilled all the separate required tests.</p>

10	<p><b>Requested by:</b> Senior Project Manager Asset Protection, Maintenance &amp; Development</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	20/07/2017	FR 573	<p><b>Contract with an Expected Value between £25,000 and the EU Thresholds. Requirement for competitive tender.</b></p> <p>Specific load testing was required on Bridge 44. The company who last carried out the work for the Authority in 2012 quoted for the work at a cost of £26,050 plus VAT which was an increase on the cost from 2012 of about £5,500 (£20,437).</p> <p>After contacting 5 other companies the Authority could not source a single company that would quote for the works as it is such a specialised activity. A waiver to Financial Regulations was therefore approved.</p> <p><b>Contract with an Expected Value between £1,000 and £10,000. Requirement for two competitive quotes</b></p> <p>A waiver to Financial Regulations was requested for repairs to the cargo net and coconut ropes with contractor X Ltd.</p> <p><b>Repairs to upper net</b> Remove 7 existing natural timber posts (due to rot) + net and replace with engineered and treated posts with service life of 15 years. £6,938.00</p> <p><b>Repairs to stand alone coconut rope</b> Remove 2 existing natural timber posts (due to rot) + coconut rope and replace with engineered and treated posts with service life of 15 years. <b>£1,390.00. Total £8,328</b> The reasons for using this contractor were:</p> <ul style="list-style-type: none"> <li>• a specialist play contractor who brought a high degree of expertise and assurance. Whilst other landscape contractors existed, their service quality level would be untested;</li> <li>• the contractor was already engaged with other repairs on site so were mobilised allowing continuation of existing contract;</li> <li>• the works were urgent for H&amp;S reasons during peak season so minimising delay and reducing risks of accident.</li> </ul>
11	<p><b>Requested by:</b> Head of Parklands</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	25/07/2017	FR571	<p><b>Contract with an Expected Value between £1,000 and £10,000. Requirement for two competitive quotes</b></p> <p>A waiver to Financial Regulations was requested for repairs to the cargo net and coconut ropes with contractor X Ltd.</p> <p><b>Repairs to upper net</b> Remove 7 existing natural timber posts (due to rot) + net and replace with engineered and treated posts with service life of 15 years. £6,938.00</p> <p><b>Repairs to stand alone coconut rope</b> Remove 2 existing natural timber posts (due to rot) + coconut rope and replace with engineered and treated posts with service life of 15 years. <b>£1,390.00. Total £8,328</b> The reasons for using this contractor were:</p> <ul style="list-style-type: none"> <li>• a specialist play contractor who brought a high degree of expertise and assurance. Whilst other landscape contractors existed, their service quality level would be untested;</li> <li>• the contractor was already engaged with other repairs on site so were mobilised allowing continuation of existing contract;</li> <li>• the works were urgent for H&amp;S reasons during peak season so minimising delay and reducing risks of accident.</li> </ul>



12	<p><b>Requested by:</b> Section Manager Asset Protection, Maintenance &amp; Development</p> <p><b>Approved by:</b> Director of Corporate Services</p>	E-Mail	11/08/2017	FR 573	<p><b>Contract with an Expected Value between £25,000 and the EU Thresholds. Requirement for competitive tender.</b></p> <p>A single quotation for the power supply at Lee Valley White Water Centre for the café counter works was sought as the lead time for the transformer was 6-8 weeks and there was a need to place the order immediately to ensure completion in time with the café counter works. The price fell within the approved budget of £50,000.</p>
13	<p><b>Requested by:</b> Head Gardener</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	25/09/2017	FR 432	<p><b>Payments are not made unless goods have been received by the Authority, to the correct price, quantity and quality standards.</b></p> <p>A range of 18 historic cold frames in the garden that required restoration work over £1,000. The contractor requested 50% advance payment to cover the cost of materials. Contractor reference was sought and approval given as this was deemed low risk. The scheme was successfully delivered.</p>
14	<p><b>Requested by:</b> Parklands Manager</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	02/11/2017	FR 571	<p><b>Contract with an Expected Value between £1,000 and £10,000. Requirement for two competitive quotes</b></p> <p>Remedial and replacement works were needed to be undertaken for the play sculptures in River Lee Country Park as well as arranging for two sculptures to be moved due to the Lee Valley White Water Centre boundary fence extension. This required the original sculptors to undertake this specialist and bespoke piece of work. The cost of the works was approximately £9,000 and the requirement to obtain 2 quotes was waived.</p>
15	<p><b>Requested by:</b> Senior Project Manager Asset Protection, Maintenance &amp; Development</p> <p><b>Approved by:</b> Director of Finance &amp; Resources</p>	E-Mail	04/01/2018	FR 572	<p><b>Contract with an Expected Value between £10,000 and £25,000. Requirement for three competitive quotes.</b></p> <p>A request for a financial waiver for emergency repair works needed to a bridge over the River Lee at Fishers Green and not to go out to tender. The reasons for this waiver were as a Health &amp; Safety Risk - as the general public were climbing over the barriers and continuing to use the bridge in its unsafe state; bad publicity from the bridge closure and the inconvenience caused to the public and staff in achieving access.</p> <p>Two contractors from the Authority's own select list were appointed to carry out the works on a single quote basis, one scaffolding contractor</p>

at £11,400 and one metalwork contractor at £19,575. Both contractors work for the Authority on a regular basis by winning quotes in competition. These single quotes were tested to ensure they were competitive and provided value for money. The job was very complex in its nature, over water and on the underside of the walkway and required a significant amount of H&S in place. The two contractors selected had the right skill sets to ensure satisfactory completion of the works.

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