LEE VALLEY REGIONAL PARK AUTHORITY AUDIT COMMITTEE 11 DECEMBER 2024 AT 14:00	**Agenda Item No:** 4 **Report No:** **AUD/155/24**

COMPLETION REPORT FOR 2021/22 AND 2022/23

Presented by the Head of Finance

SUMMARY

This report sets out the External Auditors' Completion Report for Those Charged with Governance for the financial years 2021/22 and 2022/23.

RECOMMENDATION

Members Note: (1) the Completion report for Those Charged with Governance for 2021/22 and 2022/23 attached at Appendix A to this report;

Members Approve: (2) the Annual Governance Statement 2021/22 attached at Appendix B to this report;

(3) the Annual Governance Statement 2022/23 attached at Appendix C to this report;

(4) the financial statement of accounts for 2021/22, attached at Appendix D to this report; and

(5) the financial statement of accounts for 2022/23, attached at Appendix E to this report.

BACKGROUND

1 The Accounts and Audit Regulations, as per the 2022 amendment, required that along with the Financial Accounts, authorities publish any audit report. A Value for Money (VfM) assessment is reported in the Auditors Annual Report, which is issued on conclusion of the audit.

2 Due to significant delays in approval of accounts across the local government sector, the Department for Levelling Up, Housing & Communities (DLUHC) led consultations on the proposals for clearing the audit backlog which ran in early 2024 with the proposed first phase of this involving a reset to clear the backlog of historical audit opinions up to and including financial year 2022/23.

Due to the calling of the General Election for July 2024, the announcement following the consultation process was delayed, but on 30 July 2024 the Ministry of Housing, Communities & Local Government (MHCLG) provided an update on proposed backstop dates by which audits need to be complete, or a disclaimed or modified opinion issued, as below.

Financial Year	Backstop Date
Up to 2022/23	13 December 2024
2023/24	28 February 2025
2024/05	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

3 The Accounts and Audit (Amendment) Regulations 2024 was laid before Parliament on 9 September 2024, and came into force on 30 September 2024.

4 Ernst and Young (EY), the Authority's auditors continued to report VfM in line with the responsibilities as set out in the 2020 Code of Audit Practice, and the VfM report was presented to Members in June 2024 (Paper AUD/151/24).

5 EY had previously reported their proposal to issue disclaimed opinions for both 2021/22 and 2022/23.

COMPLETION REPORT FOR 2021/22 AND 2022/23

6 The auditors Completion Report for 2021/22 and 2022/23 is attached at Appendix A to this report.

Set out on page 7 of the Auditors Report is the local background and context as to why we arrived at a position of unaudited financial statements for the years ended 31 March 2022 and 2023, including:

- significant material presentational issues relating to property, plant and equipment balances, and grants, which resulted in prior year adjustments in 2020/21;
- those changes impacting on the subsequent years, which delayed publication of those accounts;
- post pandemic timelines for both auditor and finance teams having to catch up, deal with current priorities, and future plan;
- technical issues and challenges, notably around infrastructure assets and pension fund valuations.

7 Within the report the auditor sets out from page 9, the work performed in relation to the two financial years, which included:

- required independence procedures;
- set a level of materiality;
- issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer;
- updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting;
- identified significant, inherent and other areas of higher risk or focus;
- considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in

arrangements for value for money, any matters that may result in the use of the auditor's powers.

ANNUAL GOVERNANCE STATEMENT FOR 2021/22 AND 2022/23

8 Before final approval and signing of the financial statements, Members are required to re-approve the Annual Governance Statements (AGS) for the years in question.

Members have previously approved these, although it should be noted that, as reported on page 19 of the Auditors Report, a minor change to the 2021/22 AGS was identified around the reported level of assurance from the Internal Auditor's opinion.

Both have also been updated from their original version to reflect the completion of the 2020/21 audit in October 2023, which was still outstanding at the time of first approval.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

11 The base scale audit fee for 2021/22 was set at £14,337 and for 2022/23 at £22,203. Public Sector Audit Appointments Ltd (PSAA), in line with the joint statement issued by DLUHC and the FRC is responsible for the determination of the final audit fees in respect of 2021/22 and 2022/23.

The audit fees were based on a number of factors, for both the auditor and the Authority, but due to the reset, they will clearly not be achieved.

We will be liaising with PSAA Ltd, and the auditor, to discuss and agree fees.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

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APPENDICES ATTACHED

Appendix A	Completion report for Those Charged with Governance for 2021/22 and 2022/23
Appendix B	Annual Governance Statement 2021/22
Appendix C	Annual Governance Statement 2022/23
Appendix D	Financial Statements 2021/22
Appendix E	Financial Statements 2022/23
Appendix F	Letter of Representation 2021/22
Appendix G	Letter of Representation 2022/23

ABBREVIATIONS

DLUHC	Department for Levelling Up, Housing and Communities
MHCLG	Ministry of Housing, Communities & Local Government
EY	Ernst and Young
VfM	Value for Money
NAO	National Audit Office
PSAA	Public Sector Audit Appointments

Lee Valley Regional Park Authority
Completion Report for Those Charged with Governance

Years ended 31 March 2022, 31 March 2023.

Report issued – 2 December 2024

Building a better working world

Audit Committee
Lee Valley Regional Park Authority
Myddelton House Gardens,
Enfield EN2 9HG

2 December 2024

Dear Audit Committee

Completion Report for Those Charged With Governance

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Audit Committee of Lee Valley Regional Park Authority (the Authority) with a detailed complete report covering our approach and outcomes of the 2021/22 and 2022/23 audits.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year, we have taken into account the SI and Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Committee's service expectations.

The Audit Committee, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Audit Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Audit Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix D).

This report is intended solely for the information and use of the Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (https://www.psaa.co.UK/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Lee Valley Regional Park Authority. Our work has been undertaken so that we might state to the Audit Committee and management of Lee Valley Regional Park Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Lee Valley Regional Park Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary – System wide and local context

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

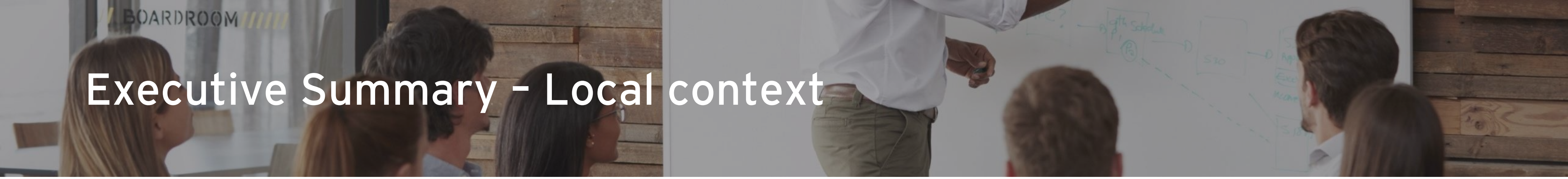
Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting professions
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

As a result of the system wide implementation of backstop dates, we anticipate issuing a disclaimed audit opinion on the Authority's 2022/23 accounts. The proposed disclaimer of the Council's 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2022/23 financial statements and the form of the audit report.



Executive Summary – Local context

Local Background and Context

The position at the Authority has developed over recent years resulting in unaudited financial statements for the years ended 31 March 2022 and 2023.

The main reasons for the Authority's financial statements not being audited and signed to date include:

- Significant issues were identified in the Authority's 2020/21 financial statements which resulted in material changes to the values in the financial statements in relation to property, plant and equipment balances and grants in particular. These issues also resulted in material errors in the prior year accounts which required amendment through a prior year adjustments in the 2020/21 financial statements. The additional work required by the Authority and audit team to establish and audit the amended balances and figures took a significant amount of time due to the complexity of the issues and the historic nature of the accounting records that had to be reviewed. This work resulted in a significant delay, with the 2020/21 audit not being completed and the opinion not being able to be issued until October 2023.
- The changes that had to be made to the 2020/21 financial statements as noted above also impacted on the financial statements in subsequent years, requiring the Authority to make changes within these years. As a result, the Authority did not publish its draft 2021/22 and 2022/23 financial statements for audit on the 16 February 2024 and 15 April 2024 respectively, which was after the statutory deadlines within the Accounts and Audit Regulations for the publication of draft financial statements for public inspection by the 31 May 2022 and 31 May 2023 respectively. The Authority did publish notices referring to the fact that the statutory requirements have not been met. We have included further consideration of these issues as part of our value for money reporting in Section 04 of this report.
- The post pandemic timelines also resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move on to the 2021/22 and 2022/23 audit years.
- In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to delays a number of 2021/22 audits audit being completed.
- As a result of the delay to the 2021/22 audit, we did not have audit resource available to complete our detailed audit procedures that would be needed to issue unmodified audit reports on the 2021/22 and 2022/23 financial statements before the backstop date.

Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 – Executive Summary – this section setting out the national and local context and the structure of our report.

Section 2 – Work Plan – We have completed the following planning tasks:

- Required independence procedures.
- Set a level of materiality.
- Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- Identified significant, inherent and other areas of higher risk or focus.
- Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 3 – Results and findings - Work completed to issue the disclaimer, findings and results:

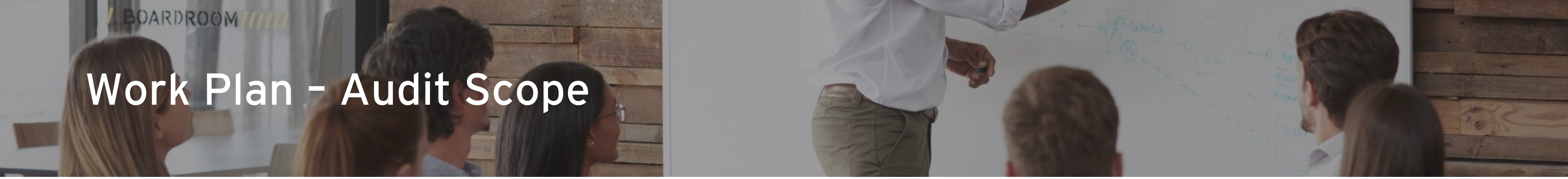
- Review of the financial statements.
- Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 – Value for money reporting

- The value for money report covering the year to 31 March 2022 and 31 March 2023.

Section 5 - Appendices

02 Work Plan



Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2022 and 31 March 2023 and of the income and expenditure for the years then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant periods. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

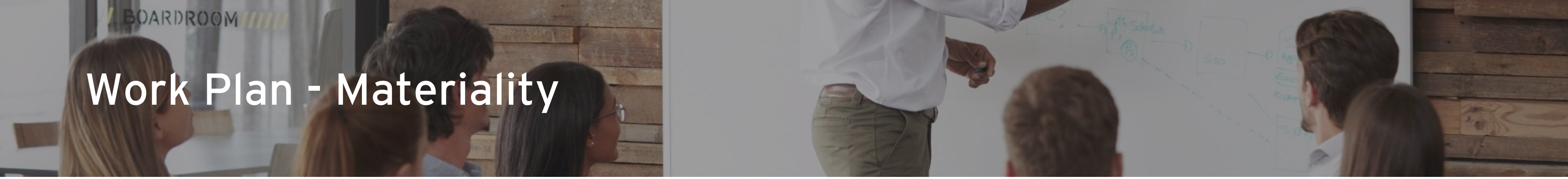
- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.



Work Plan - Materiality

Materiality

Planning materiality

£4.7m

Materiality for y/e 31 March 2022 has been set at £4.7 million, which represents 2% of 2022 non-current assets.

£4.9m

Materiality for y/e 31 March 2023 has been set at £4.9 million, which represents 2% of 2023 non-current assets.

Performance materiality

£2.3m

Performance materiality for y/e 31 March 2022 has been set at £2.3 million, which represents 50% of planning materiality.

£2.4m

Performance materiality for y/e 31 March 2023 has been set at £2.4 million, which represents 50% of planning materiality.

Audit differences

£0.24m

£0.24m

We will report all uncorrected misstatements relating to the primary statements greater than £0.24 million for y/e 31 March 2022; £0.24 million for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

In order to ascertain the significance of issues in the draft financial statements we have set materiality based the same method as per the 2020/21 audit year. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using the materiality levels set out above. These levels of materiality remain appropriate for the actual results for the financial year but have been reduced for performance materiality from the levels used in 2020/21 due to the level of errors in the financial statements for that year.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatements due to fraud or errors	31 March 2022 31 March 2023	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Inappropriate capitalisation of revenue expenditure	31 March 2022 31 March 2023	Fraud risk	No change in risk or focus	As noted above, under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the Authority’s capital programme.
Valuation of land and buildings, including investment properties	31 March 2022 31 March 2023	Significant risk	No change in risk or focus	Property, Plant and Equipment (PPE) and Investment Properties (IP) represent not only significant balances in the Authority’s accounts but also drive the strategy and operational objectives of the Authority. Valuations are subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE and IP balances held in the balance sheet. As the Authority’s asset base (particularly six sports centres) remains significant and specialised, and the outputs from the valuer are subject to estimation, there is a higher inherent risk assets may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Pension liability valuation	31 March 2022 31 March 2023	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority’s current pension fund deficit is a material and sensitive item, and the Code requires that this liability be disclosed on the Authority’s balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▸ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▸ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▸ The overall assessment of threats and safeguards; ▸ Information about the general policies and process within EY to maintain objectivity and independence	▸ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▸ Details of non-audit/additional services provided, and the fees charged in relation thereto; ▸ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▸ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▸ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▸ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▸ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Work Plan - Independence

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policies.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement partner and the audit engagement team have not been compromised.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary, agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, there are no non-audit fees. No additional safeguards are therefore required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.

Work Plan - Independence

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

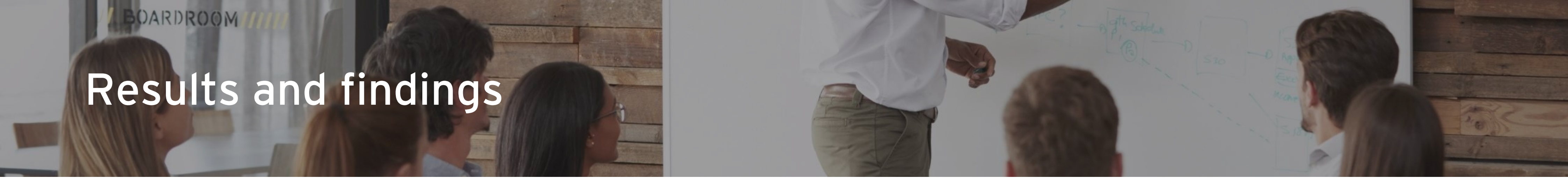
There are no other threats at the date of this report.

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 28 June 2024 and can be found here: EY UK 2024 Transparency Report | EY - UK

03 Results and findings



Results and findings

Status of the audit

The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Completion of subsequent events procedures;
- Receipt of a signed management representation letter

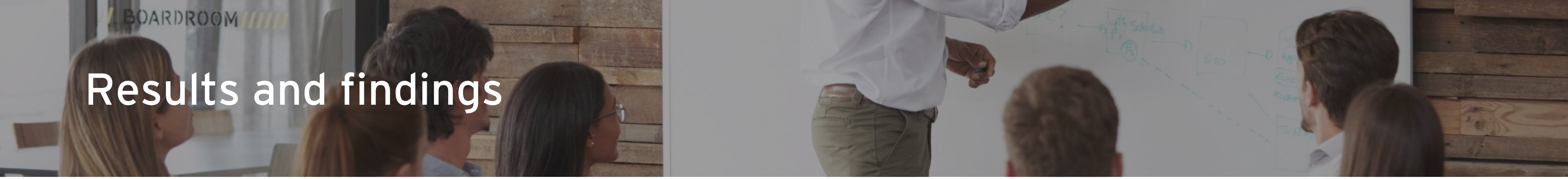
Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion.

Value for Money

Our value for money (VFM) work is complete and reported in Section 04 of this report. We had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

Audit differences

Our review of the draft financial statements identified some casting errors as well as differences between the 2021/22 comparatives in the 2022/23 financial statements. Management have confirmed that these were because they had identified some minor errors in the 2021/22 financial statements when preparing the 2022/23 financial statements. These differences have been corrected by management in the final 2021/22 financial statements that will be authorised for issue.



Results and findings

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We noted during our VFM procedures that the 2021/22 AGS had incorrectly reported the level of assurance from the Head of Internal Audit's Opinion, noting the assurance as 'substantial' rather than 'moderate' This should be corrected in the final approved version of the AGS.

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. Given we expect to issue our 2022/23 audit report after that date but before the statutory backstop of 13 December 2024, we therefore expect to be able to certify completion of the audit as part of our final 2022/23 audit report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

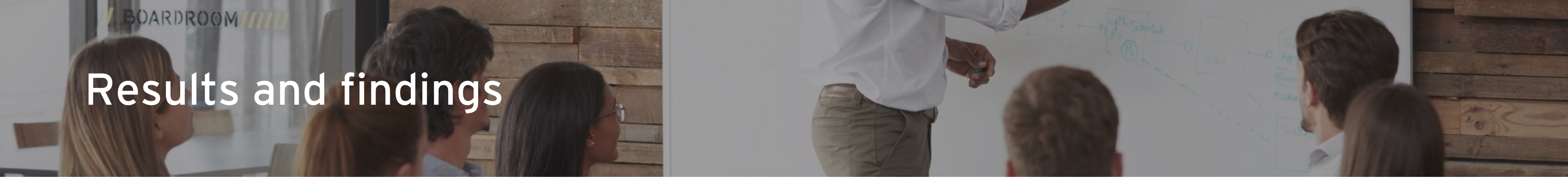
Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Lee Valley Regional Park Authority. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.



Results and findings

Control observations

During the audit, we identified no significant deficiencies in internal control.

Independence

Further to our review of independence in Section 02 of this report we have not identified any issues to bring to your attention..

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no other matters to report

Results and findings - Audit Report

Draft audit report 2021/22

Our opinion on the financial statements

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

Disclaimer of Opinion

We were engaged to audit the financial statements of Lee Valley Regional Park Authority ('the Authority') for the year ended 31 March 2022. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement, and
- the related notes 1 to 42.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2020/21 financial statements in October 2023 and issued our audit opinion on 19 October 2023.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Results and findings - Audit Report (cont'd)

Our opinion on the financial statements

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 9, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Lee Valley Regional Park Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Lee Valley Regional Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Lee Valley Regional Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Results and findings - Audit Report (cont'd)

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Lee Valley Regional Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Lee Valley Regional Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 2 December 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

Results and findings - Audit Report

Draft audit report 2022/23

Our opinion on the financial statements

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

Disclaimer of opinion

We were engaged to audit the financial statements of Lee Valley Regional Park Authority ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 42 including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for the Authority was not completed for the reasons set out in our opinion on those financial statements dated X December 2024.

As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
  we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Results and findings - Audit Report (cont'd)

Our opinion on the financial statements

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 9, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Section 151 Officer either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Lee Valley Regional Park Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Lee Valley Regional Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Lee Valley Regional Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Results and findings - Audit Report (cont'd)

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Lee Valley Regional Park authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

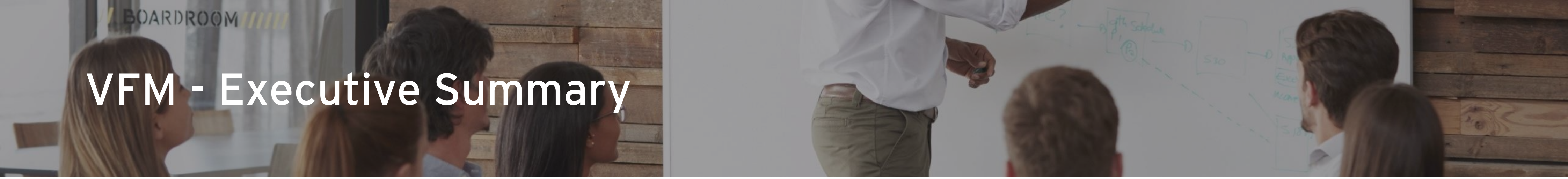
This report is made solely to the members of Lee Valley Regional Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 2 December 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a ‘conclusion’ or ‘opinion’, but where significant weaknesses are identified we will report by exception in the auditor’s opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor’s Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

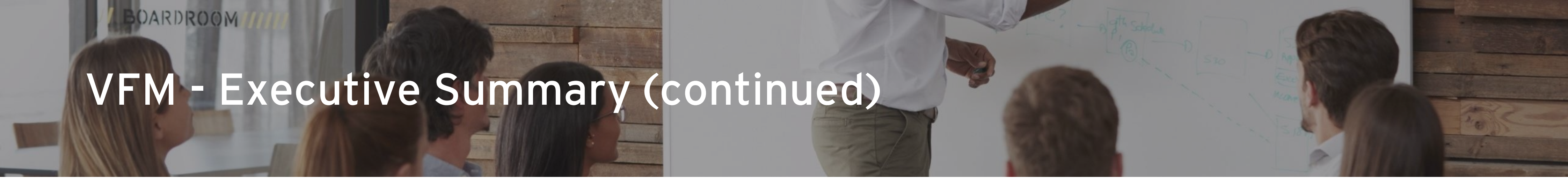
The purpose of this commentary is to explain the work we have undertaken to assess the Authority’s arrangements during the period 1st April 2021 to 31st March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit years 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified; and
- Findings from our planned procedures.

We provided a detailed summary of arrangements over the period covered by this report in our Interim Value for Money report presented to the Audit Committee in June 2024.



VFM - Executive Summary (continued)

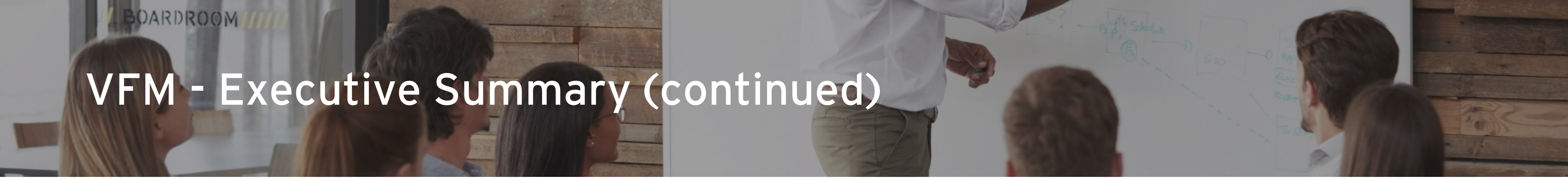
Risks of Significant Weakness

In undertaking our procedures to understand the Authority's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of the Authority's committee reports;
- meetings with senior Officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with the Authority management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Authority's VFM arrangements.

As a result, we have no matters to report by exception in our audit report.



VFM - Executive Summary (continued)

Reporting

We presented our Interim Value for Money Report for 2021/22 and 2022/23 to the Audit Committee in June 2024.

The detailed arrangements and processes underpinning the reporting criteria were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23. These updates were reported in our Interim Value for Money Report and are not repeated in this report.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Authority is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the National Audit Office (NAO)'s Code the focus of our work should be on the arrangements that the Authority is expected to have in place during the years ended 31 March 2022 and 2023.

Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The Authority's Medium Term Financial Plan (MTFP) covers a five-year rolling period starting the year following the current year. The context in which the Authority's Budget is set is influenced by:

- The levy, and its commitment to providing exceptional recreational and leisure experiences for the community.
- Commercial and business activities- to reduce the reliance on the levy.
- Statutory remit- to develop and preserve leisure, recreation, sport and nature.
- Investments and future plans.

2021/22

A balanced budget was set for 2021/22 based on the following considerations and assumptions, which we consider to be reasonable:

- 0% or 2% increase in the levy.
- The outcome of service efficiency reviews.
- That future year surpluses can be invested in the Park.
- Maintenance of the medium-term general reserves policy of between £3 million and £4 million.
- Projections of future capital reserves position and required contributions to capital from revenue.

The outturn position and budget pressures identified in the previous year were also considered as part of the budget setting process to ensure they are adequately addressed in the next years' budget. The Executive Committee receive reports on revenue and capital budget monitoring on a quarterly basis. A monthly process of budget monitoring takes place at an officer level to identify variation from budget and any necessary corrective action.

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

For 2021/22, the Authority reported a net budget underspend of approximately £325,000 against the budgeted revenue surplus for the year of £45,000.

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. The Authority's latest Reserves Policy states that the Authority should maintain a minimum general reserve balance of between £3 million and £4 million. At 31 March 2022 the unallocated general fund reserves was £3.1 million and £3.0 million at 31 March 2023. The total of all revenue reserves, included any earmarked reserves, such as for repairs renewals or self-insurance, stood at £5.8 million at the end of 2021/22 and £5.2 million at the end of 2022/23.

For 2022/23, the Authority's budget included the below key assumptions, which are considered to be reasonable;

- 0% change in the levy in 2022/23
- The outcome of service efficiency reviews.
- That future year surpluses can be invested in the Park.
- The proposed levy for 2022/23 was set at £9.768 million, based on a 0% change against the 2021/22 levy
- Maintenance of the medium-term general reserves policy of between £3 million and £4 million
- Projections of the future capital reserves position and required contributions to capital from revenue.

The 2023/24 Medium Term Financial Forecast (MTFF) and budget forecast a £2.6 million deficit for 2023/24 based on no increase in the levy or any further mitigation, of which £1.6 million was due to energy price increases. Total net saving of £1.9 million reduced the forecast deficit to £1.3 million. As part of the 2023/24 Budget setting and MTFF update in January 2023, Members agreed to a 9% increase in the levy to help address the gap as well as the establishment of a £0.6 million contingency for reduced income and increased energy costs. The increase in the levy produced additional income of £0.879 million and therefore reduced the draw on reserves to £0.488 million.

The impact of the mitigating factors reduced the impact of the budget deficit on the general reserves balance, but still reduced the forecast general reserve balance to to £1.47 million, which was significantly below the level of between £3 million and £4 million recommended by the Section 151 Officer. The decision to increase the levy reduced the call on reserves and as result the general reserve balance was forecast to be £1.95 million, which is still below the recommended level.

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Authority is required to have arrangements in place to ensure proper governance and risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

The Authority has a Corporate Risk Management Framework 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 is led at Director level and matters of risk for the Authority are reported directly to each Audit Committee meeting.

The Authority has an Internal Audit service that provides an independent and objective opinion on the review of the effectiveness of the Authority's governance framework, including the system of internal control by undertaking a planned programme of work which is reported to the Audit Committee. Although the Head of Internal Audit's overall control opinion was 'moderate assurance' in both 2021/22 and 2022/23, Internal Audit only issued one 'limited level assurance' report in 2021/22 (in respect of HR - Leave/Absence) and two 'limited level of assurance reports in 2022/23 (in respect of Estates and Facilities: maintenance and statutory compliance and Staff Training and Development). Although we are satisfied that reasonable plans were put in place to address the issues highlighted by the reviews, a review by Internal Audit in 2022/23 to assess progress in the implementation of recommendations from the limited assurance reviews showed that actions to implement four of the 2022/23 recommendations remained outstanding. The Authority's Annual Governance Statement (AGS) for 2021/22 also initially reported a substantial assurance opinion rather than the moderate assurance opinion actually given. The AGS for both 2021/22 and 2022/23 also omitted the following;

- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues:
- reference to how issues raised in the previous year's Annual Governance Statement have been resolved; and
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

We are, however, satisfied that the Authority's 2021/22 and 2022/23 Annual Governance Statements were generally consistent with our knowledge of the Authority and substantially compliant with disclosure requirements.

Overall, we are satisfied that there are no risks of significant weaknesses within the Authority's governance arrangements. However, we recommend that the Authority continues its increased focus on monitoring implementation of Internal Audit recommendations to ensure they are implemented on timely basis. Where there is slippage, the Audit Committee should ensure relevant officers attend meetings to provide updates and explanations and agree actions and timelines to ensure the recommendations are implemented.

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

Other matters;

The Authority published its draft 2021/22 and 2022/23 financial statements for audit on the 16 February 2024 and 15 April 2024 respectively. The Authority therefore did not meet the statutory deadlines within the Accounts and Audit Regulations for the publication of draft financial statements for public inspection by the 31 May 2022 and 31 May 2023 respectively. The Authority did publish notices referring to the fact that the statutory requirements have not been met.

The Authority also published a notice in relation to the fact that the audited financial statements for both 2021/22 and 2022/23 had not been completed. The Authority did advertise and hold an inspection period for members of the public.

Although the Authority therefore did not comply with the statutory requirements for the publication of either draft or audited financial statements for 2021/22 or 2022/23, we recognise that this was due to the impact of the significant amendments required to the 2020/21 financial statements and the fact that the audit for this year was not completed until xx. The issues impacting on the 2020/21 financial statements resulted in requirement for material changes to the subsequent financial years and this impacted on the Authority's ability to publish draft financial statements which the Section 151 Officer could certify as presenting a true and fair view. We are therefore satisfied that this does not represent a significant weakness in governance arrangements in terms of financial reporting.

We confirmed that the 2021/22 and 2022/23 draft financial statements were arithmetically correct. For 2021/22 we have also agreed the accounts to the data in the general ledger and have confirmed that the accounts were prepared in line with the content required by the CIPFA Code of Practice on Local Authority Accounting. We have also confirmed that the Authority also carried out bank reconciliations 2021/22. This work has not yet been completed on the 2022/23 accounts due to the timing of them being made available. Based on the work we have completed we are satisfied that there are no indications of significant weaknesses in the Authority's financial reporting arrangements in either 2021/22 or 2022/23.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Recommendations:

The Authority should:

- Continue to actively monitor the implementation of Internal Audit recommendations to ensure they are actioned on a timely basis, particularly where they have been raised as part of 'limited assurance' reviews.

- Ensure relevant officers attend Audit Committee meetings to provide updates, explanations, agree actions and timelines for the implementation of recommendations where there is slippage in implementation against agreed timetables.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Authority is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

Our risk assessment did not identify a significant weakness in arrangements in place to ensure economy, efficiency and effectiveness .

As previous reported in our 2020/21 Auditor's Annual Report, we assessed the governance arrangements relating to the Ice Centre Development project. The project was completed on 11 May 2023 and the Centre was turned over to the Authority. A number of defects were identified which the contractor was required to remedy under the terms of the contract. On 4 September 2023, the contractor entered into administration, appointing Grant Thornton as the administrator. As of date, the contractor officially ceased to continue with any contracts they were involved with. Prior to this, there had been positive commercial discussions between the contractor and the Authority, and an agreed settlement was ready for finalising.

The Authority withheld part of the payments as warranties and the value of these are sufficient to cover the remedial works required. The latest reported spend on the project is £28.8 million against a budget of £30 million. The development has been funded by borrowing and the Authority has repaid a £10 million loan in April 2024, and no further borrowing has occurred in 2023/24.

Our review of the latest minutes of meetings noted that the Authority approved actions to;

- terminate the contract with the contractor;
- make claims for the outstanding liquidated damages owed to it; and
- require the contractor's sub-contractors to remedy defects under collateral warranties to employ third parties to undertake remaining outstanding snagging and defect works.

We are therefore satisfied that there is no negative financial impact on the Authority from the contractor going into administration and the project has been managed within budget.

We also note that the Authority has a capital commitment in 2023/24 of £509,000 in relation to the creation of a new health & fitness facility and meeting space at Lee Valley Velo Park. This was as a result of the existing lease, where the Authority was lessee, coming to an end in February 2024.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Authority has a Strategic Business Plan which is underpinned by a financial strategy that aims to optimise the use of financial resources to meet business objectives including maintaining a strong financial position. The Authority continually reviews its business plan setting out service objectives and business priorities for the coming period and is underpinned by the MTFP.

To deliver 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 and these KPIs are reviewed in line with the business plan. Revenue monitoring and scrutiny scorecard reports are presented to Members. This enables Members to monitor the financial position against budget as well as performance against key performance indicators, identifying over and under performance and any actions required to improve performance.

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. The Authority has an approved 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 which are set out in the Employee Handbook. Advice on these matters is embedded through ongoing training.

The Authority is not required to have a formal constitution but has adopted a traditional local authority style 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.

The Authority was not subject to any external inspections.

Significant partnerships are reported to Members who take decisions where required. Lead officers are identified for each partnership and budgets are approved by the Authority.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services..

05 Appendices

Appendix A – Management representation letter

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Debbie Hanson

Ernst & Young LLP

400 Capability Green, Luton

LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of Lee Valley Regional Park Authority ("the Authority]") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Lee Valley Regional Park Authority as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

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1. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

2. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

3. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. **We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.**

2. **We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.**

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

1. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - involving financial improprieties;
   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority]'s financial statements;
   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
   - involving management, or employees who have significant roles in internal controls, or others; or
   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

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C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

1. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

2. We have made available to you all minutes of the meetings of the Authority and the Executive, Authority, Scrutiny, Regeneration and Planning and Audit Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].

1. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

2. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)

3. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Appendix A – Management representation letter

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1. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

D. Liabilities and Contingencies

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

The claim by Lee Valley Leisure Trust Limited has been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority’s assets, nor has any asset been pledged as collateral, other than those that are disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet(s).

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

We agree with the findings of the specialists that we engaged to evaluate the valuation of land and building assets and investment property and defined benefit pension scheme and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Appendix A – Management representation letter

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G. Estimates

1. We confirm that the significant judgments made in making the valuation of land and building assets and investment property and defined benefit pension scheme (the 'accounting estimates) have taken into account all relevant information of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the accounting estimates.

3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out any specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

Appendix A – Management representation letter

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K. Going Concern

1. Note 39 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than described in Note 38 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 2021/22 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2021/22 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.

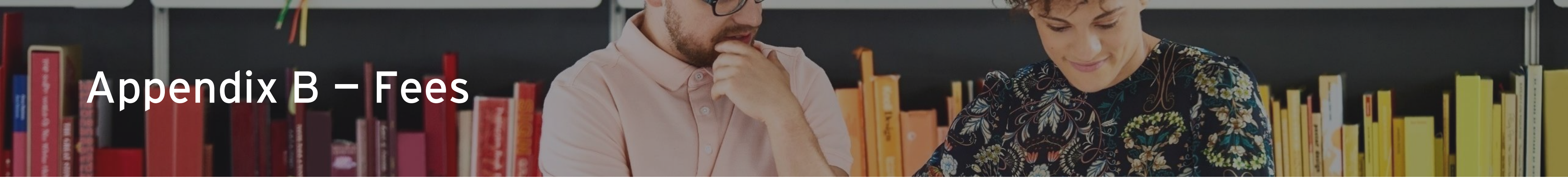
Yours faithfully,

____

(Section 151 Officer)

____

(Chairman of the Audit Committee)



Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The original fees for these years were based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment
- The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.UK/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/. In particular the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	2022/23	2021/22	2020/21
	£	£	£
Scale Fee – Code Work	22,203	14,337	14,337
Scale fee variation	tbc	tbc	36,136
Total audit	**tbc**	**tbc**	**50,473**
Non-audit services	0	0	0
Total other non-audit services	**0**	**0**	**0**
Total fees	**tbc**	**tbc**	**50,473**

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fees in respect of 2021/22 and 2022/23. The final fee variation for 2020/21 has been determined as £36,473 by PSAA.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	This Completion report for Those Charged with Governance
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)	This Completion report for Those Charged with Governance

Appendix C — Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements	This Completion report for Those Charged with Governance
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	This Completion report for Those Charged with Governance
Fraud	▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility	This Completion report for Those Charged with Governance

Appendix C — Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ► Non-disclosure by management ► Inappropriate authorisation and approval of transactions ► Disagreement over disclosures ► Non-compliance with laws and regulations ► Difficulty in identifying the party that ultimately controls the entity	This Completion report for Those Charged with Governance
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ► Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ► The principal threats ► Safeguards adopted and their effectiveness ► An overall assessment of threats and safeguards ► Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	This Completion report for Those Charged with Governance

Appendix C — Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
External confirmations	► Management's refusal for us to request confirmations ► Inability to obtain relevant and reliable audit evidence from other procedures	This Completion report for Those Charged with Governance
Consideration of laws and regulations	► Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ► Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	This Completion report for Those Charged with Governance
Internal controls	► Significant deficiencies in internal controls identified during the audit	This Completion report for Those Charged with Governance
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	► Key audit matters that we will include in our auditor's report ► Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

Appendix D – PSAA Statement of Responsibilities

Our fee is based on the assumption that the Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Authority should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- *provide necessary resources to enable delivery of the plan;*
- *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

UKC-024050 (UK) 07/22. Creative UK.

ED None

ANNUAL GOVERNANCE STATEMENT 2021/22

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 2022 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 its "Business Plan priorities 2020-25", included as part of the 2020/21 Revenue Budget and Levy (Paper A/4276/20). Further detail is included in "Our Business Plan 2022/23", and the medium term business plan that is currently being developed. 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 authorities. 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. The Authority has an approved 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 is not required to have a formal constitution but has adopted a traditional local authority style committee model. Policy and decision making are facilitated by a clear framework 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. The Authority is also able to hold its decision making meetings in person and remotely (both fully remote and hybrid).

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 meeting. 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 AUD126/22) 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.

Section 151 responsibilities are carried out through a Service Level Agreement with the London Borough of Enfield (LBE) in conjunction with the Head of Finance role in the Authority. The Executive Director of Resources (LBE) is 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 the full Authority in January 2021 (Paper A/4291/21). This is supported by Authority wide awareness training for all staff and elected Members. The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

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 2021/22, which was presented to the Audit Committee on 23 June 2022 (Paper AUD/127/22), provided moderate assurance that the Authority's internal control systems are considered to be fundamentally sound and accord with proper practice.

The current Risk Management Strategy was approved by the Audit Committee on 23 June 2022 (Paper AUD/126/22). The Strategic Risk Register has undergone regular review and monitoring this year by the Audit Committee and any changes to the risk register are reported on to the Executive Committee to ensure they are also aware of any new risks that are added or any other amendments that are made.

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 23 June 2022 (Paper AUD/128/22). . The Authority appointed Right Directions Limited as their new Health and Safety service provider for a seven year contract, commencing in October 2022. The new contract is for a full and comprehensive service including proactive and reactive support, delivery of training, event support and audits with improvement recommendations.

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 external audit of the Authority's final accounts for 2020/21 was only completed in October 2023. There was a delay in commencing the audit due to External Auditor capacity issues, an issue which has been felt across the public sector following the Covid-19 pandemic. During the audit process an issue was identified with historic asset valuations, which has required significant recalculation. This work delayed the production of the 2021/22 accounts and subsequently those of 2022/23. However, there is a consultation process led by DLUHC into resolving the delays to local government audits. This may result in certain disclaimers, or qualifications of public sector accounts, which may have a detrimental reputational impact throughout the sector.

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 2022 (Paper A/4320/22). 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 full Authority in July 2022 (Paper A/4320/22). The IRP will carry out their review and provide a recommendation on the level of remuneration for the Chairman and Vice Chairman which will then be reported to the Authority for Members to consider and approve.

Accounting policies, estimates and assumptions are reviewed each year by the Head of Finance and approved by the Audit Committee (Paper AUD/124/22), 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 focus for the Authority in 2021/22 was 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 sought 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 collectively reviewed the Authority as a going concern and incorporated this review with an action plans within the existing risk management framework.

Budget points

The operation of the major sports venues were transferred to Greenwich Leisure Limited (GLL) in April 2022 as the new ten year Leisure Services Contract (LSC) commenced. The first year of the contract has been successful with staff TUPE transferred, partnership working arrangements embedded and venues continuing to deliver programmes and events to a high standard. In the first year of the contract a management fee was paid from the Authority to GLL. This fee will reduce in year two, and by year three this will become a payment from GLL to the Authority, that increases each year. There have been some management fee adjustments in year one in line with the contract, these relate to loss of income due to maintenance and investment projects, major events and the delay in the opening of Lee Valley Ice Centre where the anticipated customer programme was interrupted.

The Authority entered into a contract with Buckingham Group Constructing Ltd (BGCL) in August 2021 for the construction of a new twin-pad ice rink, with a total project cost of £30m. The old venue closed to the public on 27 June 2021, and was formally handed over to BGCL on 16 August 2021. The project was anticipated to be fully funded from external borrowing, with an original strategy 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.

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, an adjustment was made to the 2020/21 accounts, which flowed through to 2021/22 and into 2022/23 accounts to reflect the sums payable between the parties.

The Authority's approved medium term 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 6 sporting venues, the Authority will, as part of the new business plan priorities, continue a rolling review of service areas including its in-house operational venues 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
11 December 2024

Paul Osborn
Chairman
11 December 2024

ANNUAL GOVERNANCE STATEMENT 2022/23

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, as described in the Narrative Report included with in the final accounts, 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 2023 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 its "Business Plan priorities 2020-25", included as part of the 2020/21 Revenue Budget and Levy (Paper A/4276/20). Further detail is included in "Our Business Plan 2022/23", and the medium term business plan that is currently being developed. 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, and 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. The Authority has an approved 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 is not required to have a formal constitution but has adopted a traditional local authority style 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. The Authority is also able to hold its decision making meetings in person and remotely (both fully remote and hybrid).

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/131/23) 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 delivering 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, health and safety audits, and external inspections such as those undertaken by Quest and Green Flag. An annual assessment of performance, detailing future performance targets, is set out in the Scrutiny Scorecard Reports agreed three times a year by the Scrutiny Committee.

Section 151 responsibilities are carried out through a Service Level Agreement with the London Borough of Enfield (LBE) in conjunction with the Head of Finance role in the Authority. The Executive Director of Resources (LBE) is 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 the full Authority in January 2021 (Paper A/4291/21). This is supported by Authority wide awareness training for all staff and elected Members. 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).

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 Scrutiny Scorecard. This is monitored by the Senior Management Team and scrutinised three times a year 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 2022/23, which was presented to the Audit Committee on 22 June 2023 (Paper AUD/133/23), provided moderate assurance, that the Authority's internal control systems are considered to be fundamentally sound and accords with good practice.

The current Risk Management Strategy was approved by the Audit Committee on 23 June 2022 (Paper AUD/126/22). The Strategic Risk Register has undergone regular review and monitoring this year by the Audit Committee and any changes to the risk register are reported on to the Executive Committee to ensure they are also aware of any new risks that are added or any other amendments that are made.

The Audit Committee also ensure a robust management framework for Health & Safety is maintained. The Authority appointed Right Directions Limited as their new Health and Safety service provider for a seven year contract, commencing in October 2022. The new contract is for a full and comprehensive service including proactive and reactive support, delivery of training, event support and audits with improvement recommendations. Authority operated sites achieved an 88% approval rating during the year. Health and Safety matters were reported separately to the Audit Committee in the Annual Health & Safety report to the Audit Committee on 22 June 2023 (Paper AUD/134/23).

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 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 £120m, 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 external audit of the Authority's final accounts for 2020/21 was only completed in October 2023. There was a delay in commencing the audit due to External Auditor capacity issues, an issue which has been felt across the public sector following the Covid-19 pandemic. During the audit process an issue was identified with historic asset valuations, which has required significant recalculation. This work delayed the production of the 2021/22 accounts and subsequently those of 2022/23. However, there is a consultation process led by DLUHC into resolving the delays to local government audits. This may result in certain disclaimers, or qualifications of public sector accounts, which may have a detrimental reputational impact throughout the sector.

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 2022 (Paper A/4320/22) although this will be reviewed again shortly at the next AGM in July 2023. 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 full Authority in July 2022 (Paper A/4320/22). The IRP has now been established and will meet on 21 July 2023 to carry out their review and provide a recommendation on the level of remuneration for the Chairman and Vice Chairman which will then be reported to the Authority in October for Members to consider and approve.

Accounting policies, estimates and assumptions are reviewed each year by the Head of Finance and approved by the Audit Committee (Paper AUD/130/23), to ensure they are relevant and up-to-date and that they accord with best practice.

The budget for 2022/23 was set in the context of continued recovery post Covid, and the need to ensure sufficient reserves to provide resilience for any future shocks. The Authority's venues and services performed well with business generally returning to pre-pandemic levels and the adverse impact of events below mitigated through over-performance elsewhere and in-year efficiency savings.

The operation of the major sports venues were transferred to Greenwich Leisure Limited (GLL) in April 2022 as the new ten year Leisure Services Contract (LSC) commenced. The first year of the contract has been successful with staff TUPE transferred, partnership working arrangements embedded and venues continuing to deliver programmes and events to a high standard. In the first year of the contract a management fee was paid from the Authority to GLL. This fee will reduce in year two, and by year three this will become a payment from GLL to the Authority, that increases each year. There have been some management fee adjustments in year one in line with the contract, these relate to loss of income due to maintenance and investment projects, major events and the delay in the opening of Lee Valley Ice Centre where the anticipated customer programme was interrupted.

The 2022/23 budget anticipated significant increases in energy costs, however it was unforeseen that the war in Ukraine and other factors would lead to such significant increases. The Authority's contract gave some protection through fixed prices until September, and then prices that were secured at or below the Government's Energy Bill Relief Scheme. The LSC includes a shared risk position for utilities for the first two years, where GLL take the risk for consumption and the Authority take the risk for tariff. A partnership approach resulted in short term consumption savings and agreement of investment into LED lighting at the venues to reduce ongoing consumption.

The construction of the new Lee Valley Ice Centre reached practical completion in May 2023 and was immediately handed over to the operator GLL. The venue opened to the public in June 2023, a delayed opening due to supply chain issues. The project was anticipated to be fully funded from external borrowing, with an original strategy 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. Part of the capital receipt for the disposal of Mile and Langley Nursery has enabled the borrowing need to be reduced.

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.

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 budget for 2023/24 was set in the context of the increased energy prices and the need to replenish reserves in the medium term. The budget has been balanced through savings, efficiencies, use of reserves and the levy. Authority Members agreed a 9% increase in the levy (Paper A/4329/23). 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 set out in the draft medium term business plan and statutory role. Consideration of the levy in future years will be subject to inflation, business risks and other economic factors prevailing at the time.

The Authority's approved medium term 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 6 sporting venues, the Authority will, as part of the new business plan priorities, continue a rolling review of service areas including its in-house operational venues 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
11 December 2024

Paul Osborn
Chairman
11 December 2024

Lee Valley Regional Park Authority

Statement
of
Accounts

For the year ended 31 March 2022

Lee Valley Regional Park Authority

Statement of Accounts 2022

For the year ended 31 March 2022

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Narrative Report

This narrative statement was originally produced in July 2022, and is relevant to circumstances within the accounts to 31 March 2022 and organisation at that time. It has been updated to reflect the change to the litigation with Lee Valley Leisure Trust Limited, along with reference to the redevelopment, and subsequent opening, of the Ice Centre beyond the year end, as well as reference to a number of Member decisions that had impact on the narrative, but the core remainder has not been changed.

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 9 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 2021/22 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 2021/22; 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 reported on from 2021/22.. The table below summarises performance against these KPIs, and comparison against 2020/21 where this data was collected:

Key Performance Indicator	2020/21	2021/22	Explanation
Levy Contribution	36.7%	37.0%	Percentage charged of the maximum chargeable
Customer Satisfaction	n/a	86%	Customer satisfaction Rating
Stakeholder Perception	n/a	74%	Stakeholder satisfaction
Business Priorities Progress	n/a	N/A	Percentage of actions delivered in year
Usage	10.2m	8.9m	Number of Visitors (Millions)

The Authority experienced a significant increase in visitors to the Parklands during the lockdowns in 2020/21. Visitor numbers in 2021/22 have returned closer to a normal level.

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 relevant to this financial year (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 approved in October 2023. 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 2021/22 was only 37.0% 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 2021/22 budget was set in January 2021. Actual spending on facilities and services was £0.39m less than budgeted, which included £0.25m carried forward from the previous financial year. The original budget was set with a surplus of £0.33m.

Budget compared to actual

2021/22	Budget £'000s	Actual £'000s
Net operating expenditure	11,544	11,207
Levy on local authorities	(9,768)	(9,768)
Net general fund deficit/(surplus)	1,776	1,439
Total financing costs	(1,826)	(1,868)
Movement in unallocated reserve	(50)	(429)

Capital investment

Capital investment totalled £13.2m, or which £12.8m related to the redevelopment of the Lee Valley Ice Centre. This was financed by receipts (£0.4m), with the remainder as a debt funded from external borrowing. At the end of the year the Authority had unallocated general reserves of £3.1m.

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.

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.

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 was made to the 2020/21 accounts, which in turn flowed through to 2021/22, 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

	2020/21 Actual	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
LVRPA CFR	£11.7m	£11.2m	£39.8m	£38.6m	£37.5m	£36.3

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. With the redevelopment of the Lee Valley Ice Centre, the Authority have needed to arrange external borrowing, albeit as short-term loans during the construction stage. The remaining capital expenditure has been funded from the Authority's accumulated cash balances. At the balance sheet date of 31 March 2022, the Authority had short-term external borrowing of £10m.

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 2021/22, 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 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 have developed further, with a new Business Plan for 2024-2027 approved in autumn 2023. This will set out further development in the key projects, for example investments into the sporting venues, 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 2021/22 it currently stands at 37.0% of the maximum chargeable – a cost per head of population of £0.81p. 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 around £2.0m per year. The venues temporarily transferred back to the Authority whilst awaiting the commencement of the new Leisure Services Contract, bur the impact of Covid-19 has meant the Authority received a business rates holiday during 2020/21 and 2021/22 and not incur any additional liability. With the transfer to GLL from 1 April 2022, the business rates liability is once again reduced.

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 and 2021/22. The budget for 2021/22 was built around he need to recover from the pandemic, rebuilding reserves, and creating resilience against potential impact of future events. It factored in the need for efficiency savings across the organisations, in terms of both direct operations service savings, as well as a number of voluntary redundancies. The Authority also was able to manage the mobilisation of the LSC to ensure a smooth transfer to GLL at the year end.

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 22 January 2022. The individual usable reserves are explained below:

General Fund

The unallocated general fund reserves currently stand at £3.1m. The total of all revenue reserves, included any earmarked reserves, such as for repairs renewals, or self-insurance, currently stands at £5.8m

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 £11.6m 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 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.

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 19 February 2024, and the audited account were authorised for issue on 11 December 2024.

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 2022.

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 2022 and the income and expenditure for the 2021/22 financial year.

Kevin Bartle
Section 151 Officer
11 December 2024

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ANNUAL GOVERNANCE STATEMENT 2021/22

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 2022 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 its "Business Plan priorities 2020-25", included as part of the 2020/21 Revenue Budget and Levy (Paper A/4276/20). Further detail is included in "Our Business Plan 2022/23", and the medium term business plan that is currently being developed. 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 authorities. 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. The Authority has an approved 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 is not required to have a formal constitution but has adopted a traditional local authority style committee model. Policy and decision making are facilitated by a clear framework 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. The Authority is also able to hold its decision making meetings in person and remotely (both fully remote and hybrid).

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 meeting. 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 AUD126/22) 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.

Section 151 responsibilities are carried out through a Service Level Agreement with the London Borough of Enfield (LBE) in conjunction with the Head of Finance role in the Authority. The Executive Director of Resources (LBE) is 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 the full Authority in January 2021 (Paper A/4291/21). This is supported by Authority wide awareness training for all staff and elected Members. The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

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 2021/22, which was presented to the Audit Committee on 23 June 2022 (Paper AUD/127/22), provided moderate assurance that the Authority's internal control systems are considered to be fundamentally sound and accord with proper practice.

The current Risk Management Strategy was approved by the Audit Committee on 23 June 2022 (Paper AUD/126/22). The Strategic Risk Register has undergone regular review and monitoring this year by the Audit Committee and any changes to the risk register are reported on to the Executive Committee to ensure they are also aware of any new risks that are added or any other amendments that are made.

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 23 June 2022 (Paper AUD/128/22). . The Authority appointed Right Directions Limited as their new Health and Safety service provider for a seven year contract, commencing in October 2022. The new contract is for a full and comprehensive service including proactive and reactive support, delivery of training, event support and audits with improvement recommendations.

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 external audit of the Authority's final accounts for 2020/21 was only completed in October 2023. There was a delay in commencing the audit due to External Auditor capacity issues, an issue which has been felt across the public sector following the Covid-19 pandemic. During the audit process an issue was identified with historic asset valuations, which has required significant recalculation. This work delayed the production of the 2021/22 accounts and subsequently those of 2022/23. However, there is a consultation process led by DLUHC into resolving the delays to local government audits. This may result in certain disclaimers, or qualifications of public sector accounts, which may have a detrimental reputational impact throughout the sector.

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 2022 (Paper A/4320/22). 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 full Authority in July 2022 (Paper A/4320/22). The IRP will carry out their review and provide a recommendation on the level of remuneration for the Chairman and Vice Chairman which will then be reported to the Authority for Members to consider and approve.

Accounting policies, estimates and assumptions are reviewed each year by the Head of Finance and approved by the Audit Committee (Paper AUD/124/22), 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 focus for the Authority in 2021/22 was 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 sought 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 collectively reviewed the Authority as a going concern and incorporated this review with an action plans within the existing risk management framework.

Budget points

The operation of the major sports venues were transferred to Greenwich Leisure Limited (GLL) in April 2022 as the new ten year Leisure Services Contract (LSC) commenced. The first year of the contract has been successful with staff TUPE transferred, partnership working arrangements embedded and venues continuing to deliver programmes and events to a high standard. In the first year of the contract a management fee was paid from the Authority to GLL. This fee will reduce in year two, and by year three this will become a payment from GLL to the Authority, that increases each year. There have been some management fee adjustments in year one in line with the contract, these relate to loss of income due to maintenance and investment projects, major events and the delay in the opening of Lee Valley Ice Centre where the anticipated customer programme was interrupted.

The Authority entered into a contract with Buckingham Group Constructing Ltd (BGCL) in August 2021 for the construction of a new twin-pad ice rink, with a total project cost of £30m. The old venue closed to the public on 27 June 2021, and was formally handed over to BGCL on 16 August 2021. The project was anticipated to be fully funded from external borrowing, with an original strategy 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.

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, an adjustment was made to the 2020/21 accounts, which flowed through to 2021/22 and into 2022/23 accounts to reflect the sums payable between the parties.

The Authority's approved medium term 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 6 sporting venues, the Authority will, as part of the new business plan priorities, continue a rolling review of service areas including its in-house operational venues 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
11 December 2024

Paul Osborn
Chairman
11 December 2024

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

Disclaimer of Opinion

We were engaged to audit the financial statements of Lee Valley Regional Park Authority ('the Authority') for the year ended 31 March 2022. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement, and
- the related notes 1 to 42.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2020/21 financial statements in October 2023 and issued our audit opinion on 19 October 2023.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended); and
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 9, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Lee Valley Regional Park Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Lee Valley Regional Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Lee Valley Regional Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Lee Valley Regional Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Lee Valley Regional Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 2 December 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

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 2021		(5,399)	(11,748)	0	**(17,147)**	(171,367)	**(188,514)**
Movement in Reserves 2021/22							
(Surplus) / deficit on provision of services		7,979	-	-	**7,979**	-	**7,979**
Other comprehensive income & expenditure		-	-	-	**0**	(16,020)	**(16,020)**
Total comprehensive income and expenditure		**7,979**	**0**	**0**	**7,979**	**(16,020)**	**(8,041)**
Adjustments between accounting basis and funding basis under regulations	4	(8,360)	143	0	**(8,217)**	8,216	**(1)**
Increase/decrease in 2021/22		**(381)**	**143**	**0**	**(238)**	**(7,804)**	**(8,042)**
Balance carried forward		**(5,780)**	**(11,605)**	**0**	**(17,385)**	**(179,171)**	**(196,556)**

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 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)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2021/22			2020/21		
		Expenditure	Income	Net Total	Expenditure	Income	Net Total
	Note	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive		938	(145)	793	789	(2)	787
Corporate Services		3,338	(1,027)	2,311	3,314	(665)	2,649
Financial Services		2,799	(10)	2,789	3,230	289	3,519
Parklands and Open Spaces		7,432	(5,244)	2,188	7,175	(3,866)	3,309
Leisure Venues Management		11,787	(5,039)	6,748	9,558	(1,327)	8,231
Cost of services		**26,294**	**(11,465)**	**14,829**	**24,066**	**(5,571)**	**18,495**
Other operating income and expenditure	6	3,459	(288)	3,171	63	(16)	47
Financing and investment income and expenditure	7	1,761	(2,015)	(254)	1,597	(1,686)	(89)
Non-specific grant income	8	0	(9,768)	(9,768)	0	(9,646)	(9,646)
(Surplus) / deficit on provision of services	19			**7,978**			**8,807**
(Surplus)/deficit on revaluation of plant, property and equipment assets	9			(3,546)			(27)
Remeasurement of the net defined benefit liability/asset	29			(12,474)			12,496
Other comprehensive income and expenditure				**(16,020)**			**12,469**
Total comprehensive income and expenditure				**(8,042)**			**21,276**

BALANCE SHEET

	Note	2021/22 £000s	2020/21 £000s
Property, plant and equipment			
Land and buildings	9	178,771	180,344
Vehicles, plant, furniture and equipment	9	632	694
Infrastructure	9	1,807	1,884
Community assets	9	34,478	34,464
Assets under construction	9	13,406	605
Investment properties	9	6,165	5,902
Biological assets	9	259	248
Total non current assets		**235,518**	**224,141**
Long term debtors		875	877
Long term assets		**875**	**877**
Short term investments	35	5,000	4,200
Inventories	12	269	243
Short term debtors	13	2,774	1,515
Payments in advance		262	275
Cash and cash equivalents	14	3,444	3,924
Current assets		**11,749**	**10,157**
Short term creditors	15	(7,446)	(2,820)
Receipts in advance		(369)	(551)
Short Term Borrowing	36	(10,000)	0
Current liabilities		**(17,815)**	**(3,371)**
Net pension liability	29	(33,571)	(42,320)
Long term creditors		0	(970)
Revenue grants received in advance	23	0	0
Capital grants received in advance	23	(200)	0
Long term liabilities		**(£33,771)**	**(£43,290)**
NET ASSETS		**196,556**	**188,514**
Usable reserves			
General fund	5	(5,780)	(5,399)
Capital receipts reserve	5	(11,605)	(11,748)
Total usable reserves		**(17,385)**	**(17,147)**
Unusable reserves			
Revaluation reserve	17	(35,238)	(32,271)
Pensions reserve	17	33,571	42,320
Capital adjustment account	17	(177,210)	(181,135)
Deferred capital receipts	17	(875)	(877)
Short-term accumulating compensated absences account	17	581	596
Total unusable reserves		**(179,171)**	**(171,367)**
TOTAL RESERVES		**(196,556)**	**(188,514)**

These financial statements replace the unaudited accounts that were authorised for issue by the Section 151 officer on 29 February 2024.

Authorised for reissue on 11 December 2024

CASHFLOW STATEMENT

	Note	2021/22 £000s	2020/21 £000s
Net surplus / (deficit) on the provision of services		**(7,979)**	**(8,807)**
Adjust net surplus or deficit on the provision of services for investing and financing activities			
Proceeds from the sale of non-current assets	4	(288)	(16)
Adjust net surplus or deficit on the provision of services for non-cash movements			
Depreciation/impairment of property, plant and equipment	9	3,666	3,711
Revaluation of non-current assets	9	(1,375)	274
Derecognition of non-current assets	9	3,384	0
Changes in the fair value of investment properties	9	(263)	(30)
Changes in the fair value of biological assets	9	(10)	(13)
Capital grants credited on recognition	8	0	(70)
Pension fund adjustments	29	3,725	2,884
(Increase)/decrease in long term debtors		1	1
(Increase)/decrease in long term creditors		(970)	970
(Increase)/decrease in stock	12	(26)	(126)
(Increase)/decrease in debtors	13	(1,258)	83
(Increase)/decrease in payments in advance		13	(175)
Increase/(decrease) in receipts in advance		(182)	389
Increase/(decrease) in creditors	15	4,626	107
Net cash flows from operating activities		**3,064**	**(818)**
Investing activities			
Purchase of non current assets	9	(13,233)	(1,275)
Proceeds from the sale of non-current assets	4	288	16
Repayment/(purchase) of long and short-term investments	35	(800)	3,045
Net cash outflow from investing activities		**(13,745)**	**1,786**
Financing activities			
Receipts of short- and long-term borrowing	36	10,000	0
Revenue grants received in advance	23	0	0
Capital grants received in advance	23	200	70
Net cash outflow from financing activities		**200**	**70**
Net increase or decrease in cash and cash equivalents		**(481)**	**1,038**
Cash and cash equivalents at the beginning of the reporting period	14	3,924	2,884
Cash and cash equivalents at the end of the reporting period		**3,443**	**3,922**
Cash and cash equivalents at the end of the reporting period			
Cash and cash equivalents	14	3,444	3,924
Bank overdraft	14	0	0
Cash and cash equivalents		**3,444**	**3,924**

Note 1
STATEMENT OF ACCOUNTING POLICIES

General Principles

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

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

Heritage Assets

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

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

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

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

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

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

Government grants and other contributions

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

Inventories

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

Investment properties

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

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

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

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

Leases

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

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

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

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

a. The Authority as Lessee

Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating Leases

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

b. The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

Operating Leases

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

Non-current assets held for sale

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

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).

- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.

- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

Property, plant and equipment

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

Recognition

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

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

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

Where gains are credited to the Comprehensive Income and Expenditure Statement, they 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:

- 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

	2021/22			2020/21		
	Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
Services						
Chief Executive	655	138	793	706	81	787
Corporate Services	3,270	(959)	2,311	2,066	583	2,649
Financial Services	2,106	683	2,789	2,124	1,395	3,519
Parklands & Open Spaces	839	1,349	2,188	2,393	916	3,309
Leisure Venues Management	2,836	3,912	6,748	4,759	3,472	8,231
Net Cost of Services	**9,706**	**5,123**	**14,829**	**12,048**	**6,447**	**18,495**
Other Income and Expenditure	(10,087)	3,236	(6,851)	(9,567)	(121)	(9,688)
(Surplus)/deficit on provision of services	**(381)**	**8,359**	**7,978**	**2,481**	**6,326**	**8,807**

NOTE 02

EXPENDITURE AND FUNDING STATEMENT

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

2021/22	Adjustments of Capital Purposes £000s	Net Change for the Pensions Adjustment £000s	Other Differences £000s	Total Adjustments £000s
Chief Executive	1	130	7	**138**
Corporate Services	(1,162)	214	(10)	**(958)**
Financial Services	74	596	13	**683**
Parklands & Open Spaces	475	895	(21)	**1,349**
Leisure Venues Management	2,905	1,011	(4)	**3,912**
Net Cost of Services	**2,293**	**2,846**	**(15)**	**5,124**
Other Income and Expenditure	2,357	879	0	**3,236**
Surplus or Deficit	**4,650**	**3,725**	**(15)**	**8,360**

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**

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 expenditure – 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 03

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

2021/22	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	(3,666)	-	-	(3,666)
Revaluation gains of property, plant and equipment	2,549	-	-	2,549
Revaluation losses of property, plant and equipment	(1,174)	-	-	(1,174)
Movements in the fair value of investment properties	263	-	-	263
Movements in the fair value of biological assets	10	-	-	10
Amounts of non current assets written off on derecognition as part of the loss to the Comprehensive income and expenditure statement	(3,384)			(3,384)
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:				
Statutory provision for the financing of capital investment	467	-	-	467
Capital expenditure charged against the General fund/Earmarked Reserves	0	-	-	0
Adjustment involving capital receipts reserve				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	288	(288)	-	0
Capital expenditure financed from Usable Capital Receipts	-	432	-	432
Adjustments involving the Pensions reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(5,133)	-	-	(5,133)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,408	-	-	1,408
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	15	-	-	15
	(8,358)	**144**	**0**	**(8,214)**

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 05

USABLE RESERVES

		Balance at 01/04/2020 £000s	Transfers Out 2020/21 £000s	Transfers In 2020/21 £000s	Balance at 01/04/2021 £000s	Transfers Out 2021/22 £000s	Transfers In 2021/22 £000s	Balance at 31/03/2022 £000s
Usable reserves								
General fund		(4,384)	1,704	0	(2,680)	0	(429)	(3,109)
Earmarked Reserves								
Renewals Fund	i	(671)	19	(164)	(816)	459	(318)	(675)
Repairs Fund	ii	(505)	1,055	(1,873)	(1,323)	1,269	(1,323)	(1,377)
Insurance Fund	iii	(689)	0	239	(450)	1	0	(449)
Common Areas Sinking Fund	iv	(129)	0	0	(129)	0	0	(129)
Biodiversity Projects Fund	v	0	0	0	0	40	(80)	(40)
Capital fund	v	(1,500)	1,750	(250)	0	0	0	0
		(7,878)	**4,528**	**(2,048)**	**(5,398)**	**1,769**	**(2,150)**	**(5,779)**
Capital receipts reserve		(12,687)	955	(16)	(11,748)	432	(288)	(11,604)
Capital grants unapplied		0	0	0	0	0	0	0
Total Usable reserves		**(20,565)**	**5,483**	**(2,064)**	**(17,146)**	**2,201**	**(2,438)**	**(17,383)**

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 is used to meet costs relating to Biodiversity works throughout the park

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

NOTE 06

OTHER OPERATING EXPENDITURE

	Note	2021/22 £000s	2020/21 £000s
(Gain)/loss on disposal of non-current asset		(288)	(16)
(Gain)/loss on derecognition of non-current asset		3,384	0
Pension administration expenses	29	75	63
Total other operating expenditure		**3,171**	**47**

NOTE 07

FINANCING AND INVESTMENT

	Note	2021/22 £000s	2020/21 £000s
Interest payable and similar charges	11	7	6
Net interest on the net defined pension benefit liability/(asset)	29	804	681
Interest receivable on finance leases (lessor)	26	(116)	(116)
Investment interest	11	(6)	(20)
Changes in the fair value of investment properties	9	(263)	(30)
Changes in the fair value of biological assets	9	(10)	(13)
Rental received on investment properties	10	(670)	(598)
Total Financing and Investment		**(254)**	**(90)**

NOTE 08

NON SPECIFIC GRANT INCOME

	Note	2021/22 £000s	2020/21 £000s
Levies on local authorities	32	(9,768)	(9,576)
Revenue grants and contributions	23	0	0
Capital grants and contributions	23	0	(70)
Total Non Spreific Grant Income		**(9,768)**	**(9,646)**

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 2021/22 £000s
Cost or Valuation									
At 01 April 2021	181,196	3,678	3,172	34,464	605	0	223,115	5,902	229,017
Additions	372	46	0	14	12,802	0	13,234	0	13,234
Revaluation									
- recognised in the Revaluation Reserve	977	0	0	0	0	0	977	0	977
- recognised in the provision of services	869	0	0	0	0	0	869	263	1,132
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
- asset redevelopment	(3,750)	0	0	0	0	0	(3,750)	0	(3,750)
At 31 March 2022	**179,664**	**3,724**	**3,172**	**34,478**	**13,407**	**0**	**234,445**	**6,165**	**240,610**
Accumulated Depreciation and Impairment									
At 01 April 2021	(852)	(2,984)	(1,288)	0	0	0	(5,124)	0	(5,124)
Depreciation charge	(3,482)	(108)	(77)	0	0	0	(3,667)	0	(3,667)
Depreciation written out									
- to the Revaluation Reserve	2,569	0	0	0	0	0	2,569	0	2,569
- to the provision of services	506	0	0	0	0	0	506	0	506
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
- asset redevelopment	366	0	0	0	0	0	366	0	366
At 31 March 2022	**(893)**	**(3,092)**	**(1,365)**	**0**	**0**	**0**	**(5,350)**	**0**	**(5,350)**
Net Book Value									
At 31 March 2022	**178,771**	**632**	**1,807**	**34,478**	**13,407**	**0**	**229,095**	**6,165**	**235,260**
At 31 March 2021	**180,344**	**694**	**1,884**	**34,464**	**605**	**0**	**217,991**	**5,902**	**223,893**

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	0	0	0	605	0	1,275	0	1,275
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**	**3,678**	**3,172**	**34,464**	**605**	**0**	**223,116**	**5,902**	**229,018**
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	713	0	0	0	0	0	713	0	713
At 31 March 2021	**(851)**	**(2,984)**	**(1,288)**	**0**	**0**	**0**	**(5,123)**	**0**	**(5,123)**
Net Book Value									
At 31 March 2021	**180,346**	**694**	**1,884**	**34,464**	**605**	**0**	**217,993**	**5,902**	**223,895**
At 31 March 2020	**180,640**	**3,364**	**1,966**	**34,705**	**0**	**0**	**220,675**	**5,872**	**226,547**

NOTE 09

BIOLOGICAL ASSETS

	2021/22 £000s	2020/21 £000s
Balance at 1 April		
Dairy Cattle	**249**	**236**
Movement in fair value	10	13
Balance at 31 March	**259**	**249**

CAPITAL COMMITMENTS

At 31 March 2022, the Authority had no material capital commitment outstanding. The Authority entered into a contract for the reconstruction of the Lee Valley Ice Centre in April 2021

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

	2021/22 £000s	2020/21 £000s
Rental income from investment property	(670)	(598)
Direct operating expenses arising from investment property	0	0
Net gain	**(670)**	**(598)**

NOTE 11

FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Investments		Debtors	
	2021/22	2020/21	2021/22	2020/21
	£000s	£000s	£000s	£000s
Current Assets				
Amortised Cost	8,444	8,124	3,649	2,392
Total Financial Assets	**8,444**	**8,124**	**3,649**	**2,392**

Financial Liabilities

	Borrowing		Creditors	
	2021/22	2020/21	2021/22	2020/21
	£000s	£000s	£000s	£000s
Current Liabilities				
Amortised Cost	0	0	(7,446)	(2,820)
Total Financial Liabilities	**0**	**0**	**(7,446)**	**(2,820)**

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	
	2021/22	2020/21
	£000s	£000s
Interest Revenue		
Financial assets measured at amortised cost	(4)	(20)
Interest Expense	7	6

NOTE 12

INVENTORIES

	2021/22	2020/21
	£000s	£000s
Agriculture produce		
Opening balance	117	117
Net movement	6	0
Closing balance	**123**	**117**
Other stock		
Opening balance	125	0
Net movement	20	125
Closing balance	**145**	**125**
Total		
Opening balance	242	117
Net movement	26	125
Closing balance	**268**	**242**

NOTE 13

DEBTORS

	2021/22	2020/21
	£000s	£000s
Central government bodies	1,703	322
Other local authorities	19	0
All other bodies	1,051	1,193
Total debtors	**2,773**	**1,515**

NOTE 14

CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	£000s	£000s
Cash held by Authority	13	15
Bank current accounts	58	67
Short-term deposits with banks	3,373	3,843
Total cash and cash equivalents	**3,444**	**3,925**

	2021/22	2020/21
BANK OVERDRAFTS	£000s	£000s
Bank current accounts overdrafts	0	0

NOTE 15

CREDITORS

	2021/22	2020/21
	£000s	£000s
Central government bodies	(231)	0
Other local authorities	(331)	0
All other bodies	(6,884)	(2,820)
Total creditors	**(7,446)**	**(2,820)**

NOTE 16

PROVISIONS

There are no provisions recognised in the accounts

NOTE 17

UNUSABLE RESERVES

	2021/22	2020/21
	£000s	£000s
Unusable Reserves		
Revaluation Reserve	(35,238)	(32,271)
Capital adjustment account	(177,210)	(181,135)
Pensions reserve	33,571	42,320
Short-term compensated absences account	581	596
Deferred capital receipts	(875)	(877)
Total unusable reserves	**(179,171)**	**(171,367)**

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.

	2021/22	2020/21
	£000s	£000s
Balance at 1 April	**(32,271)**	**(44,407)**
Upward revaluation of assets	(3,696)	(1,962)
Downwards revaluation of assets	150	1,935
Surplus or deficit on revaluation of non-current assets not posted to the (surplus) or deficit on the provision of services	**(35,817)**	**(44,434)**
Difference between fair value depreciation and historic cost depreciation	580	575
Accumulated gains on assets sold or scrapped	0	0
Other amounts written off to the capital adjustment account (see note)	0	11,588
Amount written off to the capital adjustment account	**580**	**12,163**
Balance at 31 March	**(35,237)**	**(32,271)**

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.

	2021/22 £000s	2020/21 £000s
Balance at 1 April	**(181,136)**	**(171,154)**
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	3,666	3,711
- Revaluation gains/losses on Property, plant and equipment	(1,375)	274
- 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	3,384	0
	5,675	**3,985**
Adjusting amounts written out of the revaluation reserve	(580)	(12,163)
Net written out amount of the cost of non current assets consumed in year	**5,095**	**(8,178)**
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	0	(70)
- Use of capital receipts to finance new capital expenditure	(432)	(955)
- Use of capital fund to finance new capital expenditure	0	(250)
- Statutory provision for the financing of capital investment charged against the General fund	(467)	(486)
- Capital expenditure charged against the General fund	0	0
	(899)	**(1,761)**
Movements in the fair value of Investment properties debited or credited to the Comprehensive income and expenditure statement	(263)	(30)
Movements in the fair value of Biological Assets debited or credited to the Comprehensive income and expenditure statement	(10)	(13)
Balance at 31 March	**(177,213)**	**(181,136)**

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.

	2021/22	2020/21
	£000s	£000s
Balance at 1 April	**42,320**	**26,940**
Actuarial (gains) or losses on pensions assets and liabilities	(12,474)	12,496
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	5,133	4,572
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,408)	(1,688)
Balance at 31 March	**33,571**	**42,320**

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.

	2021/22	2020/21
	£000s	£000s
Balance at 1 April	**596**	**274**
Settlement or cancellation of accrual made at the end of the preceding year	(596)	(274)
Amounts accrued at the end of the current year	581	596
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	**581**	**596**

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.

	2021/22 £000s	2020/21 £000s
Balance at 1 April	**(877)**	**(878)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal on the Comprehensive Income and Expenditure Statement	1	1
Balance at 31 March	**(876)**	**(877)**

NOTE 18

CASHFLOW OPERATING ACTIVITIES

The cash flows from operating activities includes the following items

	2021/22	2020/21
	£000s	£000s
Interest paid	7	6
Interest received	(6)	(20)

NOTE 19

EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows

	2021/22 £000s	2020/21 £000s
Expenditure		
Employee expenses	12,747	11,362
Other services expenses	11,255	8,718
Support service recharges	0	0
Depreciation	3,666	3,711
Revaluation and impairment	(1,375)	274
Interest payments	7	6
Pension Interest and administration costs	1,839	1,667
Change in fair value of investment properties	0	0
Change in fair value of biological assets	(10)	(13)
Gain or loss on non-current assets	3,384	0
Contribution to Capital	0	0
Total expenditure	**31,513**	**25,725**
Income		
Fees, charges and other income	(12,134)	(6,168)
Interest & investment income	(122)	(136)
Return on Pension Assets	(960)	(923)
Levies on local authorities	(9,768)	(9,576)
Change in fair value of investment properties	(263)	(30)
Change in fair value of biological assets	0	0
Gain or loss on non-current assets	(288)	(16)
Capital grants and contributions	0	(70)
Total income	**(23,535)**	**(16,919)**
(Surplus) / deficit on provision of services	**7,978**	**8,806**

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	2021/22	162	1	0	**163**
	2020/21	166	1	25	**192**
Senior Officers receiving between £50,000 and £150,000					
Deputy Chief Executive	2021/22	132	1	20	**153**
	2020/21	127	1	20	**148**
Corporate Director	2021/22	96	1	15	**112**
	2020/21	91	1	14	**106**
Corporate Director	2021/22	90	1	14	**105**
	2020/21	85	1	13	**99**
Director Of Finance & Resources *	2021/22	0	0	0	**0**
	2020/21	61	0	6	**67**
Project Consultant *	2021/22	0	0	0	**0**
	2020/21	74	1	8	**83**
Project Consultant *	2021/22	0	0	0	**0**
	2020/21	61	1	8	**70**

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

Expense allowances typically include a car allowance.

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 *	2021/22 No. of Staff	2020/21 No. of Staff
£50,000 - 54,999	4	0
£55,000 - 59,999	0	7
£60,000 - 64,999	6	3
£65,000 - 69,999	1	1
£70,000 - 74,999	1	1
£75,000 - 79,999	1	3
£80,000 - 84,999	2	1
£85,000 - 89,999	0	1
£90,000 - 94,999	2	1
£95,000 - 99,999	1	0
£125,000 - 129,999	0	1
£130,000 - 134,999	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.

	2021/22 £000s	2020/21 £000s
Allowances	9	9

NOTE 22

TERMINATION BENEFITS

The Authority terminated the employment of 24 officers during 2021/22.
The total cost for exit packages of £408,000 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 2021/22

	2021/22 £000s	2020/21 £000s
Credited to Services		
Improvement of open areas of the Authority	0	0

LONG TERM LIABILITIES

	2021/22 £000s	2020/21 £000s
Grants Receipts in Advance (Capital Grants)		
Improvement of open areas of the Authority	0	0
Other grants	0	70
	0	**70**

REVENUE GRANTS RECEIVED IN ADVANCE

	2021/22 £000s	2020/21 £000s
Balance at 1 April	**0**	**0**
Revenue Grants received in year	0	0
Grants credited to Comprehensive Income and Expenditure Account that have been used to fund revenue expenditure	0	0
Balance at 31 March	**0**	**0**

CAPITAL GRANTS RECEIVED IN ADVANCE

	2021/22 £000s	2020/21 £000s
Balance at 1 April	**0**	**0**
Capital Grants received in year	200	70
Grants credited to Comprehensive Income and Expenditure Account that have been used to fund capital expenditure	0	(70)
Balance at 31 March	**200**	**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 2021/22 were as follows:

	2021/22 £000s	2020/21 £000s
Income		
Levies receivable		
As per note 32 for analysis levy	(9,768)	(9,576)
Income included in Comprehensive Income and Expenditure Statement		
Lee Valley Leisure Trust Limited	0	(263)
Payments		
Expenditure included in Comprehensive Income and Expenditure Statement		
Lee Valley Leisure Trust Limited	0	(712)

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 2022 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

	2021/22 £000s	2020/21 £000s
Opening capital financing requirement	**11,612**	**12,100**
Capital investment		
Property, plant and equipment	13,233	1,275
Investment properties	0	0
Sources of finance		
Capital receipts	(432)	(955)
Capital Fund	0	(250)
Government grants and other contributions	0	(70)
Finance Leases	(1)	(1)
Direct revenue contributions	0	0
Minimum revenue provision	(467)	(486)
Closing capital financing requirement	**23,945**	**11,613**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrowing unsupported by government financial assistance.	12,333	(488)
Change in capital financing requirement	**12,333**	**(488)**

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:

	2021/22	2020/21
	£000s	£000s
Not later than 1 year	0	8
Later than one year and not later than five years	0	0
Later than five years	0	0
	0	**8**

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:

	2021/22	2020/21
	£000s	£000s
Not later than 1 year	11	11
Later than one year and not later than five years	42	42
Later than five years	42	53
	95	**106**

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

	2021/22	2020/21
	£000s	£000s
Minimum lease payments	8	10
Sub lease payments receivable	(11)	(11)
	(3)	**(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

	2021/22 £000s	2020/21 £000s
Not later than one year	291	291
Later than 1 year and not later than 5 years	1,166	1,166
Later than 5 years	20,179	20,470
	21,636	**21,927**

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:

	2021/22 £000s	2020/21 £000s
Finance lease debtor as at 31 March	875	877
Unearned finance income	9,012	9,128
Gross investment in lease as at 31 March	**9,887**	**10,005**

Gross investment in lease

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

	2021/22 £000s	2020/21 £000s
Not later than one year	117	117
Later than 1 year and not later than 5 years	469	469
Later than 5 years	9,301	9,418
	9,887	**10,004**

NOTE 27

IMPAIRMENT OF NON CURRENT ASSETS

	2021/22	2020/21
	£000s	£000s
Impairment as a result of movement in Market Value, charged to the		
Comprehensive Income and Expenditure Statement		
Lee Valley White Water Centre	1,174	52

NOTE 28

EXTERNAL AUDIT COSTS

	2021/22	2020/21
	£000s	£000s
Fees payable to the Ernst and Young for external		
audit services carried out by the appointed auditor	14	14

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		31/03/2022	31/03/2021
Retiring today	Males	22.0	22.0
	Females	24.5	24.5
Retiring in 20 years	Males	23.5	23.4
	Females	26.1	26.0

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 2022**		**31 March 2021**		**31 March 2020**	
	% per year	**Real %**	**% per year**	**Real %**	**% per year**	**Real %**
RPI increases	0.0%	-	0.0%	-	0.0%	-
CPI increases	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Salary increases	4.2%	4.2%	3.9%	3.9%	2.9%	2.9%
Pension increases	3.2%	3.2%	2.9%	2.9%	1.9%	1.9%
Discount rate	2.6%	2.6%	2.0%	2.0%	2.4%	2.4%

These assumptions are set with reference to market conditions at 31 March 2022.

Balance sheet disclosure as at 31 March 2022

	31/03/2022	**31/03/2021**	**31/03/2020**
	£000s	**£000s**	**£000s**
Present value of defined benefit obligation	96,728	99,140	74,189
Fair value of scheme assets	(64,051)	(57,810)	(48,099)
	32,677	**41,330**	**26,090**
Present value of unfunded obligation	894	990	850
Unrecognised past service cost	0	0	0
Net liability in Balance Sheet	**33,571**	**42,320**	**26,940**

The movement in the net pension liability for the year to 31 March 2022 is as follows:

	31/03/2022	**31/03/2021**
	£000s	**£000s**
Surplus/(deficit) at start of year	**42,320**	**26,940**
Current service cost	3,780	2,906
Employer contributions (regular)	(1,338)	(1,618)
Contributions for unfunded benefits	(70)	(70)
Past service costs	474	922
Interest cost	1,764	1,604
Interest income	(960)	(923)
Remeasurements	(12,474)	12,496
Administration expenses	75	63
Surplus/(deficit) at end of year	**33,571**	**42,320**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Remeasurements in Other Comprehensive Expenditure and Income

	31/03/2022 £000s	31/03/2021 £000s
Return on plan assets in excess of interest	6,692	9,170
Other acturial gains/(losses) onassets	0	0
Change in financial assumptions	5,974	(23,352)
Changes in demographic assumptions	0	798
Experience gain/(loss) on defined benefit obligation	(192)	888
Changes in effect of asset ceiling	-	-
Remeasurements	**12,474**	**(12,496)**

Profit & Loss Account Costs for the Year to 31 March 2022

	31/03/2022 £000s	31/03/2021 £000s
Service cost	4,254	3,828
Net interest on the defined liability (asset)	804	681
Administration expenses	75	63
Total	**5,133**	**4,572**
Actual return on Scheme assets	**7,652**	**10,093**

Reconciliation of the present value of the defined benefit obligation

	31/03/2022 £000s	31/03/2021 £000s
Opening defined benefit obligation	**100,130**	**75,039**
Current Service Cost	3,780	2,906
Interest cost	1,764	1,604
Change in financial assumptions	(5,974)	23,352
Changes in demographic assumptions	0	(798)
Experience (gain)/loss on defined benefit obligation	192	(888)
Estimated benefits paid	(3,165)	(2,448)
Past service costs	474	922
Contributions by employees	491	511
Unfunded pension payments	(70)	(70)
Closing defined benefit obligation	**97,622**	**100,130**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Reconciliation of fair value of employer assets

	31/03/2022 £000s	31/03/2021 £000s
Opening fair value of employer assets	**57,810**	**48,099**
Interest income on assets	960	923
Return on assets, excluding interest	6,692	9,170
Other actuarial gains/(losses)	0	0
Administration expenses	(75)	(63)
Contributions by employer including unfunded	1,408	1,688
Contributions by employees	491	511
Estimated benefits paid plus unfunded	(3,235)	(2,518)
Closing fair value of employer assets	**64,051**	**57,810**

The estimated asset allocation as at 31 March 2022 is as follows

	31/03/2022		31/03/2021	
	£000s	%	£000s	%
Equities	36,458	56.9%	32,098	55.5%
LDI/Cashflow matching	0	0.0%	0	0.0%
Target Return Portfolio	13,795	21.5%	13,265	23.0%
Alternative Assets	-	-	-	-
Infrastructure	6,525	10.2%	4,937	8.5%
Commodities	0	0.0%	0	0.0%
Property	5,747	9.0%	5,096	8.8%
Cash	1,526	2.4%	2,414	4.2%
Total	**64,051**	**100.0%**	**57,810**	**100.0%**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Sensitivity analysis

	31/03/2022 £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	97,622	95,592	99,697
Projected Service Cost	3,047	2,941	3,156
Adjustment to long term salary increase (increase/decrease by 0.1%)		**+0.1%**	**-0.1%**
Present Value of Total Obligation	97,622	97,815	97,430
Projected Service Cost	3,047	3,049	3,045
Adjustment to pension increases and deferred revaluation (increase/decrease by 0.1%)		**+0.1%**	**-0.1%**
Present Value of Total Obligation	97,622	99,489	95,794
Projected Service Cost	3,047	3,155	2,942
Adjustment to mortality age rating assumption (increase/decrease by 1 year)		**+1 year**	**-1 year**
Present Value of Total Obligation	97,622	102,082	93,373
Projected Service Cost	3,047	3,180	2,919

Projected pension expense for the year to 31 March 2023

	31/03/2023 £000s
Service cost	3,047
Net Interest on the defined liability/(asset)	859
Administration expenses	83
Total	**3,989**
Employer contributions	1,038

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 2022 was £17,900.

At 31st March 2022 amounts owed by customers stood at £435,000, (£394,000 31st March 2021). 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 £435,000 outstanding is analysed by age as follows.

Aged debtor profile

	2021/22	**2020/21**
	£000s	**£000s**
Less Than 30 Days	174	166
31 to 60 Days	28	40
61 to 90 Days	31	22
91+ Days	203	166
	436	**394**

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.

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 31/03/22 £000s	Sum Invested as at 31/03/21 £000s
FITCH rating agency			
Upper Medium Grade	A	3,373	3,843
Lower Medium Grade	BBB+/BBB	5,000	2,000
Highly Speculative	B	0	0
Not Rated		0	2,200
Total invested		**8,373**	**8,043**

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 31/03/2022 £000s	Historical experience of defaults 31/03/2022 £000s	Amount at Nominal Value 31/03/2021 £000s	Historical experience of defaults 31/03/2021 £000s
Deposits with banks and financial institutions at nominal value	8,373	0	8,043	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 local authorities and 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.

	2021/22	2020/21
	£000s	£000s
Less than 1 year	10,000	0
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
More than 5 years	0	0
	10,000	**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

	2021/22	**2020/21**
	£000s	**£000s**
Corporation of London	20	19
Inner London boroughs		
Camden	212	217
Greenwich	199	196
Hackney	173	174
Hammersmith and Fulham	195	188
Islington	187	190
Kensington and Chelsea	233	228
Lambeth	267	261
Lewisham	213	211
Southwark	254	249
Tower Hamlets	247	239
Wandsworth	328	317
Westminster	322	311
Outer London boroughs		
Barking and Dagenham	123	120
Barnet	356	346
Bexley	197	192
Brent	237	228
Bromley	318	309
Croydon	313	311
Ealing	282	273
Enfield	224	229
Haringey	184	184
Harrow	210	205
Havering	212	208
Hillingdon	246	239
Hounslow	207	202
Kingston Upon Thames	151	149
Merton	179	178
Newham	193	191
Redbridge	217	214
Richmond Upon Thames	213	208
Sutton	174	172
Waltham Forest	185	181
Hertfordshire and Essex authorities		
Hertfordshire	1,084	1,060
Essex	1,288	1,254
Thurrock	122	121
Total levies on local authorities	**9,765**	**9,574**

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 2021/22, with an effective date of 31 March 2022. 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 Myddelton House and Holyfieldhall Farm, but also the Lee Valley Ice Centre. The assets revalued at 31 March 2022 were previously valued at £158m, and represented 67% of our total Property, Plant and Equipment portfolio. Overall there was a net increase to the value of our non-current assets by £5.2m.

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 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
	Cathagena 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	2021/22 £000s	2020/21 £000s
Maturing within 7 days	0	2,000
Maturing between 7 days and 3 months	5,000	0
Maturing between 3 months and 1 year	0	2,200
	5,000	**4,200**

NOTE 36

BORROWING

Long term borrowing	2021/22 £000s	2020/21 £000s
Analysis of loan by type		
Public Works Loan Board	0	0
Other Local Authorities	10,000	0
TOTAL BORROWING	**10,000**	**0**

Analysis of loan by maturity	2021/22 £s	2020/21 £s
Short-term borrowing		
Loans Maturity Within 1 Year	**10,000**	**0**
Long-term borrowing		
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
Between 5 and 10 years	0	0
More Than 10 years	0	0
	0	**0**
TOTAL BORROWING	**10,000**	**0**

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 was made to the 2020/21 accounts, and carried thorough 2021/22 to reflect the sums payable between the parties.

NOTE 39

Management Risk Assessment Re Going Concern

Introduction

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.

Basis of preparation

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 2021/22) 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.

Whilst the government provided some financial support during the Covid-19 pandemic, which spanned the period of these accounts, of which the Authority received £1m in furlough grant as well as £2m in business rate relief, this has now fully dropped away and we need to look to our own resources, and income generation for support going forward.

Going Concern Analysis

Revenue and Levy Budget

The Authority set its budget and levy for 2024/25 in January 2024 (Paper A/4346/24 Authority Meeting 18 January 2024) in response to the continued high energy prices, and the compounding effect of high inflation, which whilst having reduced to 4.0%, had been as high as 11.1% during the prior year. These all had an impact on our expenditure over the prior year, and with forecast only for a slow reduction in inflation over the coming year, meant that we were looking at a deficit on our budget of around £0.3m. Whilst we had increased fees and charges for the coming year, as well as expecting increased investment returns on cash balances held, we recognised that as well as costs increasing, we need to review the operational structure at our marinas to ensure they were operating safely and efficiently.

We also recognised that the Utility Risk Share – where the Authority take the price risk, and GLL the consumption risk - we have in respect of the LSC would need to continue beyond the first two years, as long term forecasts on energy costs are now not possible. This means that rather than the full risk (and expected lower prices) would have passed to GLL from Year 3, they now sit with both parties, and that the Authority will be liable for higher costs than initially envisaged at the commencement of the LSC.

Furthermore, the Authority continues to invest in our venues and open spaces, which along with the redevelopment of the twin-pad Ice Centre, which opened in June 2023, has or will see, investment into all the other sporting venues with replacement of lighting systems, as well as upgrades to sporting facilities. Open spaces have a major investment programme too, which currently includes works at Middlesex Filter Beds, footpath improvements at St Pauls Field, and major renovation and desilting works at East India Dock Basin, which will require external funding assistance to fully deliver.

With this all in mind, Members agreed to increase the Levy by 3% for the financial year 2024/25 to enable us to deliver a balanced budget. The use of reserves to fund a gap was not thought best practice, and that we should continue to hold unallocated funds in excess of the current policy limit of between £3m-£4m.

Our Medium Term Financial Forecast continues to be revised to factor in changes in forecasts, estimates, and profiling of works. In addition, we have been fortunate in receiving a refund of overpaid VAT which relates to a recently agreed challenge from Local Authorities in England and Wales, as well as separate cases relating to Scotland and Northern Ireland, with regards to exemption of sporting income, and non-distortion in favour of the LAs. For us, this relates to historic VAT paid when the sports venues were in Authority operation and covers the period 2010-2015 and from 2020-2022. With the main sports venues now run under the LSC, there will be minimal ongoing revenue benefit to us under our current operating model. Members approved allocating these funds to the general fund when they met in January 2024.

Forecasts are for the general fund to increase to £4.4m at the end of 2023/24, and holding that level throughout the MTFP period. However, whilst cash reserves are expected to be around £8.9m at March 2024, due to the need to self-finance our capital programme, will drop to nearer £5.2m by March 2025, before slowly recovering in future years.

Below is an analysis of our forecast usable reserves, and expected cash balances at the end of each year, which covers the Medium Term Financial Forecast period to 2026/27.

	Closing Balance Forecasts			
	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s
Usable Reserves				
General Fund	(4,425)	(4,418)	(4,391)	(4,377)
Insurance Fund	(439)	(319)	(299)	(279)
Repairs & Renewals Funds	(1,050)	(1,032)	(1,014)	(996)
Sub Total Revenue Reserves	(5,914)	(5,769)	(5,704)	(5,652)
Capital and Asset Based Reserves				
Asset Maintenance Reserve	(189)	(86)	(45)	(610)
Usable Capital Receipts	(8,102)	(7,007)	(7,007)	(7,007)
Sub Total Capital Reserves	(8,291)	(7,093)	(7,052)	(7,617)
Total Usable Reserves	(14,205)	(12,862)	(12,756)	(13,269)
Capital Financing & Borrowing				
Capital Financing Requirement (pre-2007)	10,323	9,908	9,509	9,125
Capital Financing Requirement (Ice Centre)	22,597	22,618	21,822	21,232
Capital Financing Requirement (Velopark)	508	445	381	318
External Borrowing	(25,000)	(23,200)	(22,405)	(21,815)
Net Internal Borrowing	**8,428**	**9,771**	**9,307**	**8,860**
Creditors/Debtors - General Liabilities	(3,100)	(2,100)	(1,600)	(1,600)
Net Closing Cash Balance	**(8,877)**	**(5,191)**	**(5,049)**	**(6,009)**

Leisure Services Contract

The Leisure Services Contract with GLL commenced in April 2022, for an initial 10 year period. Whilst this should give us some certainty over operation and cash in- and out-flow relating to the sports venues, we are currently renegotiating the utilities provision within the contract, to allow for risk sharing (Authority on price, and GLL on consumption) for the whole contract duration, rather than the current two years. The MTFP factors this in, and we currently anticipate a change to the annual management fee payable between the parties of up to £1.2m flowing to GLL.

Outturn is reported to Members on a quarterly basis. The forecast as at Quarter 3 (December 2023) is that we expect a deficit in the revenue account for £0.3m, which is an improvement on the budget of £0.2m. Venues have been delivering at, or near to, expected income levels as well as looking for savings and efficiencies. We have seen, and will continue to see, increases in borrowing costs as a result of high interest levels, but this has been offset by significantly higher investment income. We are aware, however, that as our cash reserves fall, the investment return will reduce. Borrowing is currently done only on short-term basis, with loans of up to two years only. This does require regular refinancing, although Members have approved this approach rather than tying us long term (up to 40 years) to high charges, and in turn, charges against the annual levy.

This is supported by robust weekly and monthly financial monitoring and expenditure controls on purchase ordering that are already in place.

Capital Investment

The Authority base budget is built around utilising £1.45m of the levy to assist in capital and asset related works (Major Repairs £1.25m and revenue contribution to projects £0.2m) – Capital Expenditure can be funded directly from borrowing and alleviate pressure on cash reserves and contributions albeit that borrowing will incur capital charges, and the need to be ultimately funded from revenue, that directly impact on the levy. However, with high interest rates this is not something we are currently considers, outside of the Ice Centre investment. The Authority set its prudential indicators in January 2024 which fed into the Medium Term Financial Plan and budget and levy plans for the future. The Authority currently has external borrowing of £25m, and is expecting to continue to carry this, reducing annually in line with statutory requirements for the lifetime of the Ice Centre. In addition, the Authority will seek to maximise land sale receipts where land has approved designation of not required for park purposes (2022/23 delivered £7.7m in capital receipts)

Buckingham Constructing Group Limited

The Authority entered into a contract with Buckingham Group Constructing Ltd (BGCL) in August 2021 for the construction of a new twin-pad ice rink, with a total project cost of £30m. The old venue closed to the public on 27 June 2021, and was formally handed over to BGCL on 16 August 2021. Construction continued throughout 2021 and 2022, with practical completion and handover of site from BGCL to the Authority and lease by the Authority to Greenwich Leisure Limited, the operator, both occurring on 10 May 2023, with the new venue reopening to the public on 17 June 2023.

There existed a number of snagging issues and defects that BGCL along with its sub-contractors were working on remedying. However, BGCL formally filed for administration on 17 August 2023 due to escalating contract losses on other contracts, and on 4 September 2023 Grant Thornton were formally appointed Administrator.

Snagging works on site had to stop, but none of the outstanding works were operationally critical and the outstanding works will be completed once the Authority has established its contractual entitlement to instruct other suppliers to carry out the works and has procured and appointed such suppliers, which could be the existing sub-contractors of BGCL and/or other suppliers.

Authority officers met with the Project Managers, Wrenbridge, and their legal advisers, Forsters, in early September to discuss the next steps, including the outstanding works, the financial position with regards to BGCL and how we can offset cost we will now incur against the retention held by the Authority - as is the case with large contracts, we have retained a proportion of fees due as retention. However, as the original budget includes a significant sum as contingency (£2m) we are confident that, even with additional project management and delivery costs, we will not exceed the original budget.

Officers presented an update to Members on 21 September 2023, although as at January 2024, there had been no further communication from the Administrator.

Reinforced Autoclaved Aerated Concrete

Recent concerns around Reinforced Autoclaved Aerated Concrete (RAAC), and their use in oof, floor, cladding and wall construction in the UK from the mid-1950s to the mid-1980 have come to light, and whilst it has long been known that this product has limited durability, recent experience of roof failures suggests the problem may be more serious than previously appreciated and that many building owners are not aware that it is present in their property.

We are confident that none of our built assets have this form of construction, although we are undertaking a review of all available 'As built' records as well as undertaking physical site visits to inspect for methods and materials used in construction. These reviews will also provide us with an update on future maintenance requirements.

For now, we do not anticipate any financial impact arising as a result of RAAC, but we will continue to monitor, and will take immediate action should anything come to light.

Conclusion

The Authority continues to build, rebuild, and create resilience for the future, by investing in our land and asset portfolio. The forecast outturn for 2023/24, the Medium Term Forecast to 31 March 2025, and the reserves and cash position demonstrate that the Authority will continue to operate as a healthy going concern throughout 2023/24 and beyond. We have developed an updated business plan to cover the period 2024-2027 which sets out our aspirations for the Park in the coming years, and how we will manage this significant asset for the benefit of all, be that local, regional, national or international.

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 (the Trust) 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 was able to appoint up to three members to the board of the Trust, it did 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 Trust entered into Administration in September 2020, with Beever and Struthers being appointed the administrator. The Trust were still in the process of being wound up at balance sheet date, with the latest notice of progress in September 2023.

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 2022 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.

As per CIPFA Bulletin 10 - Closure of the 2021/22 Financial Statements

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

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 early)
    - The CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the full implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2024/25 financial year.

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

- IAS 37 (Onerous contracts) – clarifies the intention of the standard

- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.

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.

Lee Valley Regional Park Authority

Statement of Accounts

For the year ended 31 March 2023

Lee Valley Regional Park Authority

Statement of Accounts 2023

For the year ended 31 March 2023

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Narrative Report

This narrative statement is relevant to circumstances within the accounts to 31 March 2023 and organisation at that time. It has been updated to reflect the change to the litigation with Lee Valley Leisure Trust Limited post balance sheet date, along with reference to the redevelopment, and subsequent opening, of the Ice Centre beyond the year end, as well as reference to a number of Member decisions that had impact on the narrative, but the core remainder has not been changed.

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 9 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 2022/23 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 2022/23; 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 reported on from 2022/23. The table below summarises performance against these KPIs, and comparison against 2021/22 where this data was collected:

Key Performance Indicator	**2021/22**	**2022/23**	**Explanation**
Levy Contribution	37.0%	35.3%	Percentage charged of the maximum chargeable
Customer Satisfaction	86%	86%	Customer satisfaction Rating
Stakeholder Perception	74%	74%	Stakeholder satisfaction
Business Priorities Progress	N/A	N/A	Percentage of actions delivered in year
Usage	8.9m	6.8m	Number of Visitors (Millions)

The Authority experienced a significant increase in visitors to the Parklands during the lockdowns in 2020/21. Visitor numbers in 2021/22 and 2022/23 subsequently returned closer to a normal level. The table above shows visits made to parklands and venues operated by the Authority. A further 1.4 million visits were made to the major sporting venues operated by Greenwich Leisure Limited under the Leisure Services Contract in 2022/23.

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 relevant to this financial year (2020-25) approved in January 2020, with a further one year (2022/23) revision. A new plan to cover the period from 2024-2027 approved in October 2023. 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 2022/23 was only 35.3% 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 numbers

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 2022/23 budget was set in January 2022. Actual spending on facilities and services was £0.89m less than budgeted. The original budget was set with a deficit/use of reserves of £0.14m.

Budget compared to actual

	Budget	Actual
2022/23	**£'000s**	**£'000s**
Net operating expenditure	11,666	11,866
Levy on local authorities	(9,768)	(9,768)
Net general fund deficit/(surplus)	1,898	2,098
Total financing costs	(1,761)	(2,010)
Movement in unallocated reserve	137	88

Capital investment

Capital investment totalled £17.1m, or which £14.3m related to the redevelopment of the Lee Valley Ice Centre. This was financed by receipts (£2.6m), revenue contributions and grants (£0.2m) with the remainder (£14.3m) as a debt funded from external borrowing. At the end of the year the Authority had unallocated general reserves of £3.0m, and earmarked revenue reserves of £2.1m.

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.

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.

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 in October 2022 – this showed the Authority had a surplus of £9.0m (117.0% funded) compared to a deficit at the last triennial valuation of £0.55m (98.6% 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 entered into a 10 year Leisure Services Contract with GLL for the management for the six sports venues from 1 April 2022.

The LSC will see the Authority making a management fee payment to GLL for the first two years of the contract, until the new Ice Centre gets towards full operation from April 2024, whereby GLL then start paying the Authority. In addition, the two parties agreed a price and consumption utility risk share agreement for the first two years, after which a benchmarking exercise will take place and full risk will then rest with GLL for both price and consumption.

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 was made to the 2020/21 and 2021/22 accounts, which in turn flowed through to 2022/23, 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

	2021/22 Actual	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
LVRPA CFR	£23.9m	£37.8m	£33.8m	£32.8m	£31.8m	£30.9m

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. With the redevelopment of the Lee Valley Ice Centre, the Authority have needed to arrange external borrowing, albeit as short-term loans during the construction stage. The remaining capital expenditure has been funded from the Authority's accumulated cash balances. At the balance sheet date of 31 March 2023, the Authority had short-term external borrowing of £25m.

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 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 for 2022/23 was held at the same level as in 2021/22, which was the first increase since 2009/10 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 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 2022-23 have developed further, with a new Business Plan for 2024-2027 approved in autumn 2023. This will set out further development in the key projects, for example investments into the sporting venues, 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 2022/23 it currently stands at 35.3% of the maximum chargeable – a cost per head of population of £0.81p. 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 around £2.0m per year. The venues temporarily transferred back to the Authority whilst awaiting the commencement of the new Leisure Services Contract, bur the impact of Covid-19 has meant the Authority received a business rates holiday during 2020/21 and 2021/22 and not incur any additional liability. With the transfer to GLL from 1 April 2022, the business rates liability is once again reduced.

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 and 2021/22. The budget for 2022/23 was built around the continuing need to recover from the pandemic, rebuilding reserves, and creating resilience against potential impact of future events. It factored in the need for efficiency savings across the organisations, in terms of both direct operations service savings, as well as a number of voluntary redundancies. The Authority also was able to manage the mobilisation of the LSC to ensure a smooth transfer to GLL at the year end.

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 22 January 2022. The individual usable reserves are explained below:

General Fund

The unallocated general fund reserves currently stand at £3.0m. The total of all revenue reserves, included any earmarked reserves, such as for repairs renewals, or self-insurance, currently stands at £5.1m

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 £16.5m on this reserve mainly due the sale of the option land at Olympic Park but more recently through sale of land at Mile and Langley Nursery

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 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.

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 audited accounts were issued on 10 April 2024, and the audited account were authorised for issue on 11 December 2024.

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 2023.

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

- Selected suitable accounting policies 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 2023 and the income and expenditure for the 2022/23 financial year.

Kevin Bartle
Section 151 Officer
11 December 2024

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ANNUAL GOVERNANCE STATEMENT 2022/23

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, as described in the Narrative Report included with in the final accounts, 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 2023 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 its "Business Plan priorities 2020-25", included as part of the 2020/21 Revenue Budget and Levy (Paper A/4276/20). Further detail is included in "Our Business Plan 2022/23", and the medium term business plan that is currently being developed. 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, and 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. The Authority has an approved 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 is not required to have a formal constitution but has adopted a traditional local authority style 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. The Authority is also able to hold its decision making meetings in person and remotely (both fully remote and hybrid).

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/131/23) 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 delivering 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, health and safety audits, and external inspections such as those undertaken by Quest and Green Flag. An annual assessment of performance, detailing future performance targets, is set out in the Scrutiny Scorecard Reports agreed three times a year by the Scrutiny Committee.

Section 151 responsibilities are carried out through a Service Level Agreement with the London Borough of Enfield (LBE) in conjunction with the Head of Finance role in the Authority. The Executive Director of Resources (LBE) is 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 the full Authority in January 2021 (Paper A/4291/21). This is supported by Authority wide awareness training for all staff and elected Members. 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).

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 Scrutiny Scorecard. This is monitored by the Senior Management Team and scrutinised three times a year 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 2022/23, which was presented to the Audit Committee on 22 June 2023 (Paper AUD/133/23), provided moderate assurance, that the Authority's internal control systems are considered to be fundamentally sound and accords with good practice.

The current Risk Management Strategy was approved by the Audit Committee on 23 June 2022 (Paper AUD/126/22). The Strategic Risk Register has undergone regular review and monitoring this year by the Audit Committee and any changes to the risk register are reported on to the Executive Committee to ensure they are also aware of any new risks that are added or any other amendments that are made.

The Audit Committee also ensure a robust management framework for Health & Safety is maintained. The Authority appointed Right Directions Limited as their new Health and Safety service provider for a seven year contract, commencing in October 2022. The new contract is for a full and comprehensive service including proactive and reactive support, delivery of training, event support and audits with improvement recommendations. Authority operated sites achieved an 88% approval rating during the year. Health and Safety matters were reported separately to the Audit Committee in the Annual Health & Safety report to the Audit Committee on 22 June 2023 (Paper AUD/134/23).

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 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 £120m, 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 external audit of the Authority's final accounts for 2020/21 was only completed in October 2023. There was a delay in commencing the audit due to External Auditor capacity issues, an issue which has been felt across the public sector following the Covid-19 pandemic. During the audit process an issue was identified with historic asset valuations, which has required significant recalculation. This work delayed the production of the 2021/22 accounts and subsequently those of 2022/23. However, there is a consultation process led by DLUHC into resolving the delays to local government audits. This may result in certain disclaimers, or qualifications of public sector accounts, which may have a detrimental reputational impact throughout the sector.

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 2022 (Paper A/4320/22) although this will be reviewed again shortly at the next AGM in July 2023. 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 full Authority in July 2022 (Paper A/4320/22). The IRP has now been established and will meet on 21 July 2023 to carry out their review and provide a recommendation on the level of remuneration for the Chairman and Vice Chairman which will then be reported to the Authority in October for Members to consider and approve.

Accounting policies, estimates and assumptions are reviewed each year by the Head of Finance and approved by the Audit Committee (Paper AUD/130/23), to ensure they are relevant and up-to-date and that they accord with best practice.

The budget for 2022/23 was set in the context of continued recovery post Covid, and the need to ensure sufficient reserves to provide resilience for any future shocks. The Authority's venues and services performed well with business generally returning to pre-pandemic levels and the adverse impact of events below mitigated through over-performance elsewhere and in-year efficiency savings.

The operation of the major sports venues were transferred to Greenwich Leisure Limited (GLL) in April 2022 as the new ten year Leisure Services Contract (LSC) commenced. The first year of the contract has been successful with staff TUPE transferred, partnership working arrangements embedded and venues continuing to deliver programmes and events to a high standard. In the first year of the contract a management fee was paid from the Authority to GLL. This fee will reduce in year two, and by year three this will become a payment from GLL to the Authority, that increases each year. There have been some management fee adjustments in year one in line with the contract, these relate to loss of income due to maintenance and investment projects, major events and the delay in the opening of Lee Valley Ice Centre where the anticipated customer programme was interrupted.

The 2022/23 budget anticipated significant increases in energy costs, however it was unforeseen that the war in Ukraine and other factors would lead to such significant increases. The Authority's contract gave some protection through fixed prices until September, and then prices that were secured at or below the Government's Energy Bill Relief Scheme. The LSC includes a shared risk position for utilities for the first two years, where GLL take the risk for consumption and the Authority take the risk for tariff. A partnership approach resulted in short term consumption savings and agreement of investment into LED lighting at the venues to reduce ongoing consumption.

The construction of the new Lee Valley Ice Centre reached practical completion in May 2023 and was immediately handed over to the operator GLL. The venue opened to the public in June 2023, a delayed opening due to supply chain issues. The project was anticipated to be fully funded from external borrowing, with an original strategy 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. Part of the capital receipt for the disposal of Mile and Langley Nursery has enabled the borrowing need to be reduced.

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.

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 budget for 2023/24 was set in the context of the increased energy prices and the need to replenish reserves in the medium term. The budget has been balanced through savings, efficiencies, use of reserves and the levy. Authority Members agreed a 9% increase in the levy (Paper A/4329/23). 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 set out in the draft medium term business plan and statutory role. Consideration of the levy in future years will be subject to inflation, business risks and other economic factors prevailing at the time.

The Authority's approved medium term 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 6 sporting venues, the Authority will, as part of the new business plan priorities, continue a rolling review of service areas including its in-house operational venues 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
11 December 2024

Paul Osborn
Chairman
11 December 2024

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

Disclaimer of opinion

We were engaged to audit the financial statements of Lee Valley Regional Park Authority ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 42 including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for the Authority was not completed for the reasons set out in our opinion on those financial statements dated 12 December 2024. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended) • we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended) we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended); and
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 9, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Section 151 Officer either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Lee Valley Regional Park Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Lee Valley Regional Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Lee Valley Regional Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Lee Valley Regional Park authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Lee Valley Regional Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 2 December 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

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 2022		(5,780)	(11,605)	0	**(17,385)**	(179,171)	**(196,556)**
Movement in Reserves 2022/23							
(Surplus) / deficit on provision of services		1,823	-	-	**1,823**	-	**1,823**
Other comprehensive income & expenditure		-	-	-	**0**	(35,312)	**(35,312)**
Total comprehensive income and expenditure		**1,823**	**0**	**0**	**1,823**	**(35,312)**	**(33,489)**
Adjustments between accounting basis and funding basis under regulations	4	(1,164)	(4,939)	0	**(6,103)**	6,104	**1**
Increase/decrease in 2022/23		**659**	**(4,939)**	**0**	**(4,280)**	**(29,208)**	**(33,488)**
Balance carried forward		**(5,121)**	**(16,544)**	**0**	**(21,665)**	**(208,379)**	**(230,044)**

	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 2021		(5,399)	(11,748)	0	**(17,147)**	(171,367)	**(188,514)**
Movement in Reserves 2021/22							
(Surplus) / deficit on provision of services		7,979	-	-	**7,979**	-	**7,979**
Other comprehensive income & expenditure		-	-	-	**0**	(16,020)	**(16,020)**
Total comprehensive income and expenditure		**7,979**	**0**	**0**	**7,979**	**(16,020)**	**(8,041)**
Adjustments between accounting basis and funding basis under regulations	4	(8,360)	143	0	**(8,217)**	8,216	**(1)**
Increase/decrease in 2021/22		**(381)**	**143**	**0**	**(238)**	**(7,804)**	**(8,042)**
Balance carried forward		**(5,780)**	**(11,605)**	**0**	**(17,385)**	**(179,171)**	**(196,556)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2022/23			2021/22		
		Expenditure	Income	Net Total	Expenditure	Income	Net Total
	Note	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive		1,908	(1,242)	666	938	(145)	793
Corporate Services		3,410	(935)	2,475	3,338	(1,027)	2,311
Financial Services		1,956	(86)	1,870	2,799	(10)	2,789
Parklands and Open Spaces		9,489	(5,818)	3,671	7,446	(5,258)	2,188
Leisure Venues Management		7,932	(3)	7,929	11,787	(5,039)	6,748
Cost of services		**24,695**	**(8,084)**	**16,611**	**26,308**	**(11,479)**	**14,829**
Other operating income and expenditure	6	19	(4,931)	(4,912)	3,459	(288)	3,171
Financing and investment income and expenditure	7	2,453	(2,519)	(66)	1,761	(2,015)	(254)
Non-specific grant income	8	0	(9,812)	(9,812)	0	(9,768)	(9,768)
(Surplus) / deficit on provision of services	19			**1,821**			**7,978**
(Surplus)/deficit on revaluation of plant, property and equipment assets	9			1,242			(3,546)
Remeasurement of the net defined benefit liability/asset	29			(36,554)			(12,474)
Other comprehensive income and expenditure				**(35,312)**			**(16,020)**
Total comprehensive income and expenditure				**(33,491)**			**(8,042)**

BALANCE SHEET

	Note	2022/23 £000s	2021/22 £000s
Property, plant and equipment			
Land and buildings	9	173,362	178,771
Vehicles, plant, furniture and equipment	9	547	632
Infrastructure	9	1,736	1,807
Community assets	9	34,878	34,478
Assets under construction	9	27,747	13,406
Investment properties	9	6,136	6,165
Biological assets	9	326	259
Total non current assets		**244,732**	**235,518**
Long term debtors		874	875
Long term assets		**874**	**875**
Short term investments	35	7,019	5,000
Inventories	12	308	269
Short term debtors	13	3,296	2,774
Payments in advance		218	262
Cash and cash equivalents	14	3,816	3,444
Current assets		**14,657**	**11,749**
Short term creditors	15	(4,288)	(7,446)
Receipts in advance		(635)	(369)
Short Term Borrowing	36	(20,000)	(10,000)
Current liabilities		**(24,923)**	**(17,815)**
Long term borrowing	36	(5,000)	0
Net pension liability	29	183	(33,571)
Long term creditors		0	0
Revenue grants received in advance	23	(78)	0
Capital grants received in advance	23	(400)	(200)
Long term liabilities		**(5,295)**	**(33,771)**
NET ASSETS		**230,045**	**196,556**
Usable reserves			
General fund	5	(5,121)	(5,780)
Capital receipts reserve	5	(16,544)	(11,605)
Total usable reserves		**(21,665)**	**(17,385)**
Unusable reserves			
Revaluation reserve	17	(30,720)	(35,238)
Pensions reserve	17	(183)	33,571
Capital adjustment account	17	(177,050)	(177,210)
Deferred capital receipts	17	(874)	(875)
Short-term accumulating compensated absences account	17	447	581
Total unusable reserves		**(208,380)**	**(179,171)**
TOTAL RESERVES		**(230,045)**	**(196,556)**

These financial statements replace the unaudited accounts that were authorised for issue by the Section 151 officer on 20 June 2024.

Authorised for reissue on 11 December 2024

CASHFLOW STATEMENT

	Note	2022/23 £000s	2021/22 £000s
Net surplus / (deficit) on the provision of services		**(1,823)**	**(7,979)**
Adjust net surplus or deficit on the provision of services for investing and financing activities			
Proceeds from the sale of non-current assets	4	(4,931)	(288)
Adjust net surplus or deficit on the provision of services for non-cash movements			
Depreciation/impairment of property, plant and equipment	9	3,508	3,666
Revaluation of non-current assets	9	571	(1,375)
Derecognition of non-current assets	9	0	3,384
Changes in the fair value of investment properties	9	28	(263)
Changes in the fair value of biological assets	9	(68)	(10)
Capital grants credited on recognition	8	(25)	0
Pension fund adjustments	29	2,800	3,725
(Increase)/decrease in long term debtors		2	2
(Increase)/decrease in long term creditors		0	(970)
(Increase)/decrease in stock	12	(39)	(26)
(Increase)/decrease in debtors	13	(523)	(1,258)
(Increase)/decrease in payments in advance		46	13
Increase/(decrease) in receipts in advance		266	(182)
Increase/(decrease) in creditors	15	(3,158)	4,626
Net cash flows from operating activities		**(3,365)**	**3,065**
Investing activities			
Purchase of non current assets	9	(17,122)	(13,233)
Proceeds from the sale of non-current assets	4	7,556	288
Repayment/(purchase) of long and short-term investments	35	(2,019)	(800)
Net cash outflow from investing activities		**(11,585)**	**(13,745)**
Financing activities			
Receipts of short- and long-term borrowing	36	15,000	10,000
Revenue grants received	23	97	0
Capital grants received	23	225	200
Net cash outflow from financing activities		**322**	**200**
Net increase or decrease in cash and cash equivalents		**372**	**(480)**
Cash and cash equivalents at the beginning of the reporting period	14	3,444	3,924
Cash and cash equivalents at the end of the reporting period		**3,816**	**3,444**
Cash and cash equivalents at the end of the reporting period			
Cash and cash equivalents	14	3,816	3,444
Bank overdraft	14	0	0
Cash and cash equivalents		**3,816**	**3,444**

NOTE 1
STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, 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 has a mix of short-term borrowing, amounts that are repayable with 12 months of the balance sheet date, and longer term borrowing, amounts payable over 12 months, and this will mean that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

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

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

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

Government grants and other contributions

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

Inventories

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

Investment properties

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

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

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

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

Leases

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

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

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

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

a. The Authority as Lessee

Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating Leases

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

b. The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

Operating Leases

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

Non-current assets held for sale

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

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).

- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.

- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

Property, plant and equipment

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

Recognition

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

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

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

The Authority capitalises 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:

- 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. Assets lives will generally fall between the ranges stated, although there may be specific assets where the anticipated useful life will fall outside these ranges.

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

	2022/23			2021/22		
	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	570	96	666	655	138	793
Corporate Services	1,556	920	2,476	3,270	(959)	2,311
Financial Services	1,725	145	1,870	2,106	683	2,789
Parklands & Open Spaces	2,582	1,089	3,671	839	1,349	2,188
Leisure Venues Management	4,307	3,622	7,929	2,836	3,912	6,748
Net Cost of Services	**10,740**	**5,872**	**16,612**	**9,706**	**5,123**	**14,829**
Other Income and Expenditure	(10,081)	(4,708)	(14,789)	(10,087)	3,236	(6,851)
(Surplus)/deficit on provision of services	**659**	**1,164**	**1,823**	**(381)**	**8,359**	**7,978**

NOTE 02

EXPENDITURE AND FUNDING STATEMENT

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

2022/23	Adjustments of Capital Purposes £000s	Net Change for the Pensions Adjustment £000s	Other Differences £000s	Total Adjustments £000s
Chief Executive	0	92	5	97
Corporate Services	771	147	2	920
Financial Services	59	76	10	**145**
Parklands & Open Spaces	505	590	(6)	1,089
Leisure Venues Management	2,746	1,021	(144)	**3,623**
Net Cost of Services	**4,081**	**1,926**	**(133)**	**5,874**
Other Income and Expenditure	(5,583)	875	0	**(4,708)**
Surplus or Deficit	**(1,502)**	**2,801**	**(133)**	**1,166**

2021/22	Adjustments of Capital Purposes £000s	Net Change for the Pensions Adjustment £000s	Other Differences £000s	Total Adjustments £000s
Chief Executive	1	130	7	**138**
Corporate Services	(1,162)	214	(10)	**(958)**
Financial Services	74	596	13	**683**
Parklands & Open Spaces	475	895	(21)	1,349
Leisure Venues Management	2,905	1,011	(4)	**3,912**
Net Cost of Services	**2,293**	**2,846**	**(15)**	**5,124**
Other Income and Expenditure	2,357	879	0	**3,236**
Surplus or Deficit	**4,650**	**3,725**	**(15)**	**8,360**

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 expenditure – 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 03

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

2022/23	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	(3,508)	-	-	(3,508)
Revaluation gains of property, plant and equipment	626	-	-	626
Revaluation losses of property, plant and equipment	(1,198)	-	-	(1,198)
Movements in the fair value of investment properties	(28)	-	-	(28)
Movements in the fair value of biological assets	68	-	-	68
Capital grants and contributions recognised	25	-	-	25
Income in relation to donated assets	0			0
Amounts of non current assets written off on disposal or sale as part of the gain/loss to the Comprehensive income and expenditure statement	0			0
Amounts of non current assets written off on derecognition as part of the loss to the Comprehensive income and expenditure statement	0			0
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:				
Statutory provision for the financing of capital investment	448	-	-	448
Capital expenditure charged against the General fund/Earmarked Reserves	140	-	-	140
Adjustment involving capital receipts reserve				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	4,931	(7,556)	-	(2,625)
Capital expenditure financed from Usable Capital Receipts	-	2,616	-	2,616
Adjustments involving the Pensions reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(3,582)	-	-	(3,582)
Employer's pensions contributions and direct payments to pensioners payable in the year	782	-	-	782
Adjustment involving deferred capital receipts				
Principal received in respect of long term debtors (finance leases)	(2)	-	-	(2)
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	134	-	-	134
	(1,164)	**(4,940)**	**0**	**(6,104)**

NOTE 04

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2021/22	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	(3,666)	-	-	(3,666)
Revaluation gains of property, plant and equipment	2,549	-	-	2,549
Revaluation losses of property, plant and equipment	(1,174)	-	-	(1,174)
Movements in the fair value of investment properties	263	-	-	263
Movements in the fair value of biological assets	10	-	-	10
Capital grants and contributions recognised	0	-	-	0
Income in relation to donated assets	0			0
Amounts of non current assets written off on disposal or sale as part of the gain/loss to the Comprehensive income and expenditure statement	0			0
Amounts of non current assets written off on derecognition as part of the loss to the Comprehensive income and expenditure statement	(3,384)			(3,384)
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:				
Statutory provision for the financing of capital investment	467	-	-	467
Capital expenditure charged against the General fund/Earmarked Reserves	0	-	-	0
Adjustment involving capital receipts reserve				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	288	(288)	-	0
Capital expenditure financed from Usable Capital Receipts	-	432	-	432
Adjustments involving the Pensions reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(5,133)	-	-	(5,133)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,408	-	-	1,408
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	15	-	-	15
	(8,358)	**144**	**0**	**(8,214)**

NOTE 05

USABLE RESERVES

		Balance at 01/04/2021 £000s	Transfers Out 2021/22 £000s	Transfers In 2021/22 £000s	Balance at 01/04/2022 £000s	Transfers Out 2022/23 £000s	Transfers In 2022/23 £000s	Balance at 31/03/2023 £000s
Usable reserves								
General fund		(2,680)	0	(429)	(3,109)	88	0	(3,021)
Earmarked Reserves								
Renewals Fund	i	(817)	459	(318)	(676)	181	(54)	(549)
Repairs Fund	ii	(1,323)	1,269	(1,323)	(1,377)	1,212	(750)	(915)
Insurance Fund	iii	(450)	1	0	(449)	5	0	(444)
Common Areas Sinking Fund	iv	(129)	0	0	(129)	0	(2)	(131)
Biodiversity Projects Fund	v	0	40	(80)	(40)	83	(104)	(61)
Capital fund	v	0	0	0	0	140	(140)	0
		(5,399)	**1,769**	**(2,150)**	**(5,780)**	**1,709**	**(1,050)**	**(5,121)**
Capital receipts reserve		(11,748)	432	(288)	(11,604)	2,616	(7,556)	(16,544)
Capital grants unapplied		0	0	0	0	0	0	0
Total Usable reserves		**(17,147)**	**2,201**	**(2,438)**	**(17,384)**	**4,325**	**(8,606)**	**(21,665)**

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 is used to meet costs relating to Biodiversity works throughout the park

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

NOTE 06

OTHER OPERATING EXPENDITURE

	Note	2022/23 £000s	2021/22 £000s
(Gain)/loss on disposal of non-current asset		(4,931)	(288)
(Gain)/loss on derecognistion of non-current asset		0	3,384
Pension administration expenses	29	19	75
Total other operating expenditure		**(4,912)**	**3,171**

NOTE 07

FINANCING AND INVESTMENT

	Note	2022/23 £000s	2021/22 £000s
Interest payable and similar charges	11	6	7
Net interest on the net defined pension benefit liability/(asset)	29	856	804
Interest receivable on finance leases (lessor)	26	(115)	(116)
Investment interest	11	(107)	(6)
Changes in the fair value of investment properties	9	28	(263)
Changes in the fair value of biological assets	9	(68)	(10)
Rental received on investment properties	10	(665)	(670)
Total Financing and Investment		**(65)**	**(254)**

NOTE 08

NON SPECIFIC GRANT INCOME

	Note	2022/23 £000s	2021/22 £000s
Levies on local authorities	32	(9,768)	(9,768)
Revenue grants and contributions	23	(19)	0
Capital grants and contributions	23	(25)	0
Total Non Spreific Grant Income		**(9,812)**	**(9,768)**

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 2022/23 £000s
Cost or Valuation									
At 01 April 2022	179,665	3,724	3,172	34,478	13,406	0	234,445	6,164	240,609
Additions	2,381	0	0	401	14,341	0	17,123	0	17,123
Revaluation									
- recognised in the Revaluation Reserve	(3,822)	0	0	0	0	0	(3,822)	0	(3,822)
- recognised in the provision of services	(1,203)	0	0	0	0	0	(1,203)	(28)	(1,231)
Derecognition									
- disposal	(2,625)	0	0	0	0	0	(2,625)	0	(2,625)
At 31 March 2023	**174,396**	**3,724**	**3,172**	**34,879**	**27,747**	**0**	**243,918**	**6,136**	**250,054**
Accumulated Depreciation and Impairment									
At 01 April 2022	(894)	(3,092)	(1,365)	0	0	0	(5,351)	0	(5,351)
Depreciation charge	(3,351)	(85)	(72)	0	0	0	(3,508)	0	(3,508)
Depreciation written out									
- to the Revaluation Reserve	2,580	0	0	0	0	0	2,580	0	2,580
- to the provision of services	632	0	0	0	0	0	632	0	632
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
- asset redevelopment	0	0	0	0	0	0	0	0	0
At 31 March 2023	**(1,033)**	**(3,177)**	**(1,437)**	**0**	**0**	**0**	**(5,647)**	**0**	**(5,647)**
Net Book Value									
At 31 March 2023	**173,363**	**547**	**1,735**	**34,879**	**27,747**	**0**	**238,271**	**6,136**	**244,407**
At 31 March 2022	**178,771**	**632**	**1,807**	**34,478**	**13,406**	**0**	**229,094**	**6,164**	**235,258**

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 2021/22 £000s
Cost or Valuation									
At 01 April 2021	181,196	3,678	3,172	34,464	605	0	223,115	5,902	229,017
Additions	372	46	0	14	12,802	0	13,234	0	13,234
Revaluation									
- recognised in the Revaluation Reserve	977	0	0	0	0	0	977	0	977
- recognised in the provision of services	869	0	0	0	0	0	869	263	1,132
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
- asset redevelopment	(3,750)	0	0	0	0	0	(3,750)	0	(3,750)
Other movements	0	0	0	0	0	0	0	0	0
At 31 March 2022	**179,664**	**3,724**	**3,172**	**34,478**	**13,407**	**0**	**234,445**	**6,165**	**240,610**
Accumulated Depreciation and Impairment									
At 01 April 2021	(852)	(2,984)	(1,288)	0	0	0	(5,124)	0	(5,124)
Depreciation charge	(3,482)	(108)	(77)	0	0	0	(3,667)	0	(3,667)
Depreciation written out									
- to the Revaluation Reserve	2,569	0	0	0	0	0	2,569	0	2,569
- to the provision of services	506	0	0	0	0	0	506	0	506
Derecognition									
- disposal	0	0	0	0	0	0	0	0	0
- asset redevelopment	366	0	0	0	0	0	366	0	366
Other movements	0	0	0	0	0	0	0	0	0
At 31 March 2022	**(893)**	**(3,092)**	**(1,365)**	**0**	**0**	**0**	**(5,350)**	**0**	**(5,350)**
Net Book Value									
At 31 March 2022	**178,771**	**632**	**1,807**	**34,478**	**13,407**	**0**	**229,095**	**6,165**	**235,260**
At 31 March 2021	**180,344**	**694**	**1,884**	**34,464**	**605**	**0**	**217,991**	**5,902**	**223,893**

NOTE 09

BIOLOGICAL ASSETS

	2022/23 £000s	2021/22 £000s
Balance at 1 April		
Dairy Cattle	**258**	**248**
Movement in fair value	68	10
Balance at 31 March	**326**	**258**

CAPITAL COMMITMENTS

At 31 March 2023, the Authority had one major capital commitment outstanding for the redevelpment of the Lee Valley Ice Centre. The total construction contract value was £25.5m, with an overall budget included Project Management, monitoring and contingency of £30m. At year end, total project spend was £27.7m

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

	2022/23 £000s	2021/22 £000s
Rental income from investment property	(665)	(670)
Net gain	**(665)**	**(670)**

NOTE 11

FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Investments		Debtors	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Current Assets				
Amortised Cost	10,835	8,444	4,170	3,649
Total Financial Assets	**10,835**	**8,444**	**4,170**	**3,649**

Financial Liabilities

	Borrowing		Creditors	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Current Liabilities				
Amortised Cost	(25,000)	(10,000)	(4,288)	(7,446)
Total Financial Liabilities	**(25,000)**	**(10,000)**	**(4,288)**	**(7,446)**

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	
	2022/23	2021/22
	£000s	£000s
Interest Revenue		
Financial assets measured at amortised cost	(105)	(6)
Interest Expense	6	7

NOTE 12

INVENTORIES

	2022/23	2021/22
	£000s	£000s
Agriculture produce		
Opening balance	123	117
Net movement	24	6
Closing balance	**147**	**123**
Other stock		
Opening balance	145	125
Net movement	15	20
Closing balance	**160**	**145**
Total		
Opening balance	268	242
Net movement	39	26
Closing balance	**307**	**268**

NOTE 13

DEBTORS

	2022/23 £000s	2021/22 £000s
Central government bodies	1,821	1,703
Other local authorities	200	19
All other bodies	1,275	1,051
Total debtors	**3,296**	**2,773**

NOTE 14

CASH AND CASH EQUIVALENTS

	2022/23 £000s	2021/22 £000s
Cash held by Authority	4	13
Bank current accounts	55	58
Short-term deposits with banks	3,757	3,373
Total cash and cash equivalents	**3,816**	**3,444**

BANK OVERDRAFTS	2022/23 £000s	2021/22 £000s
Bank current accounts overdrafts	0	0

NOTE 15

CREDITORS

	2022/23 £000s	2021/22 £000s
Central government bodies	(231)	(231)
Other local authorities	(325)	(331)
All other bodies	(3,731)	(6,884)
Total creditors	**(4,287)**	**(7,446)**

NOTE 16

PROVISIONS

There are no provisions recognised in the accounts

NOTE 17

UNUSABLE RESERVES

	2022/23	2021/22
	£000s	£000s
Unusable Reserves		
Revaluation Reserve	(30,720)	(35,238)
Capital adjustment account	(177,050)	(177,210)
Pensions reserve	(183)	33,571
Short-term compensated absences account	447	581
Deferred capital receipts	(874)	(875)
Total unusable reserves	**(208,380)**	**(179,171)**

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.

	2022/23	2021/22
	£000s	£000s
Balance at 1 April	**(35,238)**	**(32,271)**
Upward revaluation of assets	(763)	(3,696)
Downwards revaluation of assets	2,005	150
Surplus or deficit on revaluation of non-current assets not posted to the (surplus) or deficit on the provision of services	**(33,996)**	**(35,817)**
Difference between fair value depreciation and historic cost depreciation	651	580
Accumulated gains on assets sold or scrapped	2,625	0
Other amounts written off to the capital adjustment account (see note)	0	0
Amount written off to the capital adjustment account	**3,276**	**580**
Balance at 31 March	**(30,720)**	**(35,237)**

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.

	2022/23 £000s	2021/22 £000s
Balance at 1 April	**(177,210)**	**(181,135)**
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	3,508	3,666
- Revaluation gains/losses on Property, plant and equipment	571	(1,375)
- 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	2,625	3,384
	6,704	**5,675**
Adjusting amounts written out of the revaluation reserve	(3,276)	(580)
Net written out amount of the cost of non current assets consumed in year	**3,428**	**5,095**
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	(25)	0
- Use of capital receipts to finance new capital expenditure	(2,616)	(431)
- Use of capital fund to finance new capital expenditure	(140)	0
- Statutory provision for the financing of capital investment charged		
against the General fund	(448)	(467)
- Capital expenditure charged against the General fund	0	0
	(3,229)	**(898)**
Movements in the fair value of Investment properties debited or		
credited to the Comprehensive income and expenditure statement	28	(262)
Movements in the fair value of Biological Assets debited or		
credited to the Comprehensive income and expenditure statement	(68)	(10)
Balance at 31 March	**(177,051)**	**(177,210)**

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.

	2022/23 £000s	2021/22 £000s
Balance at 1 April	**33,571**	**42,320**
Actuarial (gains) or losses on pensions assets and liabilities	(36,554)	(12,474)
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	3,582	5,133
Employer's pensions contributions and direct payments to pensioners payable in the year	(782)	(1,408)
Balance at 31 March	**(183)**	**33,571**

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.

	2022/23 £000s	2021/22 £000s
Balance at 1 April	**581**	**596**
Settlement or cancellation of accrual made at the end of the preceding year	(581)	(596)
Amounts accrued at the end of the current year	447	581
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	**447**	**581**

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.

	2022/23 £000s	2021/22 £000s
Balance at 1 April	**(876)**	**(877)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal on the Comprehensive Income and Expenditure Statement	2	1
Balance at 31 March	**(874)**	**(876)**

NOTE 18

CASHFLOW OPERATING ACTIVITIES

The cash flows from operating activities includes the following items

	2022/23 £000s	2021/22 £000s
Interest paid	6	7
Interest received	(107)	(6)

NOTE 19

EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows

	2022/23 £000s	2021/22 £000s
Expenditure		
Employee expenses	8,078	12,747
Other services expenses	12,538	11,269
Support service recharges	0	0
Depreciation	3,508	3,666
Revaluation and impairment	571	(1,375)
Interest payments	6	7
Pension Interest and administration costs	2,534	1,839
Change in fair value of investment properties	0	0
Change in fair value of biological assets	(68)	(10)
Gain or loss on non-current assets	0	3,384
Contribution to Capital	0	0
Total expenditure	**27,167**	**31,527**
Income		
Fees, charges and other income	(8,845)	(12,134)
Interest & investment income	(223)	(122)
Return on Pension Assets	(1,659)	(960)
Levies on local authorities	(9,768)	(9,768)
Change in fair value of investment properties	28	(263)
Change in fair value of biological assets	0	0
Gain or loss on non-current assets	(4,931)	(288)
Capital grants and contributions	53	(15)
Total income	**(25,345)**	**(23,550)**
(Surplus) / deficit on provision of services	**1,822**	**7,977**

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	2022/23	164	1	0	**165**
	2021/22	162	1	0	**163**
Senior Officers receiving between £50,000 and £150,000					
Deputy Chief Executive	2022/23	140	1	22	**163**
	2021/22	132	1	20	**153**
Corporate Director	2022/23	104	1	16	**121**
	2021/22	96	1	15	**112**
Corporate Director	2022/23	99	1	15	**115**
	2021/22	90	1	14	**105**

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

Expense allowances typically include a car allowance.

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 *	2022/23 No. of Staff	2021/22 No. of Staff
£50,000 - 54,999	6	4
£55,000 - 59,999	1	0
£60,000 - 64,999	0	6
£65,000 - 69,999	1	1
£70,000 - 74,999	5	1
£75,000 - 79,999	2	1
£80,000 - 84,999	1	2
£85,000 - 89,999	1	0
£90,000 - 94,999	0	2
£95,000 - 99,999	0	1
£100,000 - 104,999	2	0
£130,000 - 134,999	0	1
£140,000 - 144,999	1	0
£160,000 - 164,999	0	1
£165,000 - 166,999	1	0

* 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.

	2022/23 £000s	2021/22 £000s
Allowances	6	7

NOTE 22

TERMINATION BENEFITS

There were no contracts terminated but the Authority during 2022/23. In the previous year there were 24, incurring liabilities of £408,000 which was charged to the Authority's comprehensive income and expenditure statement for 2021/22.

NOTE 23

GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23

	2022/23	2021/22
	£000s	£000s
Credited to Services		
Improvement of open areas of the Authority	19	0

LONG TERM LIABILITIES

	2022/23	2021/22
	£000s	£000s
Grants Receipts in Advance (Capital Grants)		
Improvement of open areas of the Authority	0	0
Other grants	25	0
	25	**0**

REVENUE GRANTS RECEIVED IN ADVANCE

	2022/23	2021/22
	£000s	£000s
Balance at 1 April	**0**	**0**
Revenue Grants received in year	(97)	0
Grants credited to Comprehensive Income and Expenditure Account		
that have been used to fund revenue expenditure	19	0
Balance at 31 March	**(78)**	**0**

CAPITAL GRANTS RECEIVED IN ADVANCE

	2022/23	2021/22
	£000s	£000s
Balance at 1 April	**(200)**	**0**
Capital Grants received in year	(225)	(200)
Grants credited to Comprehensive Income and Expenditure Account		
that have been used to fund capital expenditure	25	0
Balance at 31 March	**(400)**	**(200)**

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 2022/23 were as follows:

	2022/23	2021/22
	£000s	**£000s**
Income		
Levies receivable		
As per note 32 for analysis levy	(9,768)	(9,768)
Payments		
Expenditure included in Comprehensive Income and Expenditure Statement		
Grenwich Leisure Limited	3,243	0

Greenwich Leisure Limited (GLL) are a related party for 2022/23, as operators of our five major venues via the Leisure Services Contract (LSC). There is a contract management fee payable between the two parties.

In addition, for the first two years of the LSC, a utilities risk share agreement is in place whereby the consumption risk sits with GLL and the price risk with the Authority.

The total amount paid, or accrued, within the 2022/23 accounts for these payments is £3.243m

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 2023 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

	2022/23 £000s	2021/22 £000s
Opening capital financing requirement	**23,946**	**11,612**
Capital investment		
Property, plant and equipment	17,122	13,233
Investment properties	0	0
Sources of finance		
Capital receipts	(2,616)	(432)
Capital Fund	(140)	0
Government grants and other contributions	(25)	0
Finance Leases	(2)	(1)
Direct revenue contributions	0	0
Minimum revenue provision	(448)	(467)
Closing capital financing requirement	**37,837**	**23,945**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrowing unsupported by government financial assistance.	13,891	12,333
Change in capital financing requirement	**13,891**	**12,333**

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:

	2022/23 £000s	2021/22 £000s
Not later than 1 year	14	14
Later than one year and not later than five years	54	54
Later than five years	37	51
	105	**119**

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:

	2022/23 £000s	2021/22 £000s
Not later than 1 year	11	11
Later than one year and not later than five years	42	42
Later than five years	32	42
	85	**95**

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

	2022/23 £000s	2021/22 £000s
Minimum lease payments	14	14
Sub lease payments receivable	(11)	(11)
	3	**3**

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

	2022/23	**2021/22**
	£000s	**£000s**
Not later than one year	291	291
Later than 1 year and not later than 5 years	1,166	1,166
Later than 5 years	19,887	20,179
	21,344	**21,636**

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 2022/23 £465k contingent rents were receivable by the Authority (2021/22: £464k).

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:

	2022/23	**2021/22**
	£000s	**£000s**
Finance lease debtor as at 31 March	874	875
Unearned finance income	8,897	9,012
Gross investment in lease as at 31 March	9,**771**	9,**887**

Gross investment in lease

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

	2022/23	**2021/22**
	£000s	**£000s**
Not later than one year	117	117
Later than 1 year and not later than 5 years	470	469
Later than 5 years	9,183	9,301
	9,**770**	9,**887**

NOTE 27

IMPAIRMENT OF NON CURRENT ASSETS

	2022/23	**2021/22**
	£000s	**£000s**
Impairment as a result of movement in Market Value, charged to the		
Comprehensive Income and Expenditure Statement		
Picketts Lock Golf Course	255	0
Lee Valley White Water Centre	865	1,174

NOTE 28

EXTERNAL AUDIT COSTS

	2022/23	**2021/22**
	£000s	**£000s**
Scale fees payable to the Ernst and Young for external		
audit services carried out by the appointed auditor	22	14

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 2022 for members receiving funded benefits, and as at 31 March 2022 for any members receiving unfunded benefits.

	Number	Salaries/ Pensions £000s	Average Age
Actives	245	6,347	45
Deferred pensioners	482	928	49
Pensioners	252	1,882	71
Unfunded pensioners	38	67	81

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 2022.

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 2022, 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_2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2020 and 2021 weighting of 5%.

Life expectancy from age 65 years		**31/03/2023**	**31/03/2022**
Retiring today	Males	22.1	22.0
	Females	24.4	24.5
Retiring in 20 years	Males	22.4	23.5
	Females	25.6	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 2023**	**31 March 2022**	**31 March 2021**
	% per year	**Real %**	**% per year**
Discount rate	4.80%	2.60%	2.00%
Pension increases (CPI)	2.85%	3.20%	2.85%
Salary increases	3.85%	4.20%	3.85%

These assumptions are set with reference to market conditions at 31 March 2023.

Balance sheet disclosure as at 31 March 2023

	31/03/2023	**31/03/2022**	**31/03/2021**
	£000s	**£000s**	**£000s**
Present value of defined benefit obligation	63,434	96,728	99,140
Fair value of scheme assets	(64,247)	(64,051)	(57,810)
	(813)	**32,677**	**41,330**
Present value of unfunded obligation	630	894	990
Unrecognised past service cost	0	0	0
Net liability in Balance Sheet	**(183)**	**33,571**	**42,320**

The movement in the net pension liability for the year to 31 March 2023 is as follows:

	31/03/2023	**31/03/2022**
	£000s	**£000s**
Surplus/(deficit) at start of year	**33,571**	**42,320**
Current service cost	2,707	3,780
Employer contributions (regular)	(715)	(1,338)
Contributions for unfunded benefits	(67)	(70)
Past service costs	0	474
Interest cost	2,515	1,764
Interest income	(1,659)	(960)
Remeasurements	(36,554)	(12,474)
Administration expenses	19	75
Surplus/(deficit) at end of year	**(183)**	**33,571**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Remeasurements in Other Comprehensive Expenditure and Income

	31/03/2023 £000s	31/03/2022 £000s
Return on plan assets in excess of interest	(820)	6,692
Other acturial gains/(losses) onassets	(142)	0
Change in financial assumptions	41,788	5,974
Changes in demographic assumptions	2,582	0
Experience gain/(loss) on defined benefit obligation	(6,854)	(192)
Changes in effect of asset ceiling	-	-
Remeasurements	**36,554**	**12,474**

Profit & Loss Account Costs for the Year to 31 March 2023

	31/03/2023 £000s	31/03/2022 £000s
Service cost	2,707	4,254
Net interest on the defined liability (asset)	856	804
Administration expenses	19	75
Total	**3,582**	**5,133**
Actual return on Scheme assets	**839**	**7,652**

Reconciliation of the present value of the defined benefit obligation

	31/03/2023 £000s	31/03/2022 £000s
Opening defined benefit obligation	**97,622**	**100,130**
Current Service Cost	2,707	3,780
Interest cost	2,515	1,764
Change in financial assumptions	(41,788)	(5,974)
Changes in demographic assumptions	(2,582)	0
Experience (gain)/loss on defined benefit obligation	6,854	192
Estimated benefits paid	(2,147)	(3,165)
Past service costs	0	474
Contributions by employees	950	491
Unfunded pension payments	(67)	(70)
Closing defined benefit obligation	**64,064**	**97,622**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Reconciliation of fair value of employer assets

	31/03/2023 £000s	31/03/2022 £000s
Opening fair value of employer assets	**64,051**	**57,810**
Interest income on assets	1,659	960
Return on assets, excluding interest	(820)	6,692
Other actuarial gains/(losses)	(142)	0
Administration expenses	(19)	(75)
Contributions by employer including unfunded	782	1,408
Contributions by employees	950	491
Estimated benefits paid plus unfunded	(2,214)	(3,235)
Closing fair value of employer assets	**64,247**	**64,051**

The estimated asset allocation as at 31 March 2023 is as follows

	31/03/2023		31/03/2022	
	£000s	%	£000s	%
Equities	37,781	58.8%	36,458	55.5%
LDI/Cashflow matching	0	0.0%	0	0.0%
Target Return Portfolio	11,946	18.6%	13,795	23.0%
Alternative Assets	-	-	-	-
Infrastructure	8,129	12.7%	6,525	8.5%
Commodities	0	0.0%	0	0.0%
Property	6,309	9.8%	5,747	8.8%
Cash	82	0.1%	1,526	4.2%
Total	**64,247**	**100.0%**	**64,051**	**100.0%**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Sensitivity analysis

	31/03/2023 £000s	Increase in assumption £000s	Increase in assumption £000s	Decrease in assumption £000s	Decrease in assumption £000s
Adjustment to discount rate (increase/decrease by 0.1%)		**+0.5%**	**+0.1%**	**-0.1%**	**-0.5%**
Present Value of Total Obligation	64,064	59,174	63,034	65,121	69,648
Projected Service Cost	680	538	649	771	848
Adjustment to long term salary increase (increase/decrease by 0.1%)		**+0.5%**	**+0.1%**	**-0.1%**	**-0.5%**
Present Value of Total Obligation	64,064	64,406	64,132	63,997	63,733
Projected Service Cost	680	682	680	679	677
Adjustment to pension increases and deferred revaluation (increase/decrease by 0.1%)		**+0.5%**	**+0.1%**	**-0.1%**	**-0.5%**
Present Value of Total Obligation	64,064	69,387	65,073	63,081	59,395
Projected Service Cost	680	852	712	649	535
Adjustment to mortality age rating assumption (increase/decrease by 1 year)			**+1 year**	**-1 year**	
Present Value of Total Obligation	64,064		66,580	61,654	
Projected Service Cost	680		710	650	

Projected pension expense for the year to 31 March 2024

	31/03/2024 £000s
Service cost	680
Net Interest on the defined liability/(asset)	(25)
Administration expenses	19
Total	**674**
Employer contributions	610

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 2023 was £19,400.

At 31st March 2023 amounts owed by customers stood at £852,000, (£436,000 31st March 2022). 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 £852,000 outstanding is analysed by age as follows.

Aged debtor profile

	2022/23 **£000s**	**2021/22** **£000s**
Less Than 30 Days	70	174
31 to 60 Days	124	28
61 to 90 Days	62	31
91+ Days	596	203
	852	**436**

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.

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 2023.

Credit rating of institutions holding investments

	Long Term Credit Rating	Sum Invested as at 31/03/23 £000s	Sum Invested as at 31/03/22 £000s
FITCH rating agency			
Upper Medium Grade	A	3,757	3,373
Lower Medium Grade	BBB+/BBB	4,019	5,000
Highly Speculative	B	0	0
Not Rated		3,000	0
Total invested		**10,776**	**8,373**

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 31/03/2023 £000s	Historical experience of defaults 31/03/2023 £000s	Amount at Nominal Value 31/03/2022 £000s	Historical experience of defaults 31/03/2022 £000s
Deposits with banks and financial institutions at nominal value	10,776	0	8,373	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 local authorities and 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.

	2022/23	2021/22
	£000s	£000s
Less than 1 year	20,000	10,000
Between 1 and 2 years	5,000	0
Between 2 and 5 years	0	0
More than 5 years	0	0
	25,000	**10,000**

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

	2022/23	2021/22
	£000s	£000s
Corporation of London	20	20
Inner London boroughs		
Camden	213	212
Greenwich	198	199
Hackney	175	173
Hammersmith and Fulham	195	195
Islington	190	187
Kensington and Chelsea	230	233
Lambeth	263	267
Lewisham	210	213
Southwark	254	254
Tower Hamlets	256	247
Wandsworth	327	328
Westminster	320	322
Outer London boroughs		
Barking and Dagenham	123	123
Barnet	357	356
Bexley	194	197
Brent	234	237
Bromley	315	318
Croydon	323	313
Ealing	281	282
Enfield	228	224
Haringey	188	184
Harrow	210	210
Havering	211	212
Hillingdon	246	246
Hounslow	205	207
Kingston Upon Thames	150	151
Merton	179	179
Newham	194	193
Redbridge	215	217
Richmond Upon Thames	210	213
Sutton	174	174
Waltham Forest	186	185
Hertfordshire and Essex authorities		
Hertfordshire	1,085	1,084
Essex	1,289	1,288
Thurrock	122	122
Total levies on local authorities	**9,770**	**9,765**

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 2022/23, with an effective date of 31 March 2023. 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 Myddelton House and Holyfieldhall Farm, but also the Lee Valley Ice Centre. The assets revalued at 31 March 2022 were previously valued at £150m, and represented 61% of our total Property, Plant and Equipment portfolio. Overall there was a net reduction to the value of our non-current assets by £1.8m as a result of the valuation.

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 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
	Cathagena 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	2022/23 £000s	2021/22 £000s
Maturing within 7 days	2,008	0
Maturing between 7 days and 3 months	5,011	5,000
Maturing between 3 months and 1 year	0	0
	7,019	**5,000**

NOTE 36

BORROWING

Long term borrowing	2022/23	2021/22
	£000s	£000s
Analysis of loan by type		
Public Works Loan Board	5,000	0
Other Local Authorities	20,000	10,000
TOTAL BORROWING	**25,000**	**10,000**

Analysis of loan by maturity	2022/23	2021/22
	£s	£s
Short-term borrowing		
Loans Maturity Within 1 Year	**20,000**	**10,000**
Long-term borrowing		
Between 1 and 2 years	5,000	0
Between 2 and 5 years	0	0
Between 5 and 10 years	0	0
More Than 10 years	0	0
	5,000	**0**
TOTAL BORROWING	**25,000**	**10,000**

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

Therw were no events after then blance sheet date that affect the accounts for 2022/23.

NOTE 39

Management Risk Assessment Re Going Concern

Introduction

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.

Basis of preparation

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 2022/23) 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.

Going Concern Analysis

Revenue and Levy Budget

The Authority set its budget and levy for 2024/25 in January 2024 (Paper A/4346/24 Authority Meeting 18 January 2024) in response to the continued high energy prices, and the compounding effect of high inflation, which whilst having reduced to 4.0%, had been as high as 11.1% during the prior year. These all had an impact on our expenditure over the prior year, and with forecast only for a slow reduction in inflation over the coming year, meant that we were looking at a deficit on our budget of around £0.3m. Whilst we had increased fees and charges for the coming year, as well as expecting increased investment returns on cash balances held, we recognised that as well as costs increasing, we need to review the operational structure at our marinas to ensure they were operating safely and efficiently.

We also recognised that the Utility Risk Share – where the Authority take the price risk, and GLL the consumption risk - we have in respect of the LSC would need to continue beyond the first two years, as long term forecasts on energy costs are now not possible. This means that rather than the full risk (and expected lower prices) would have passed to GLL from Year 3, they now sit with both parties, and that the Authority will be liable for higher costs than initially envisaged at the commencement of the LSC.

Furthermore, the Authority continues to invest in our venues and open spaces, which along with the redevelopment of the twin-pad Ice Centre, which opened in June 2023, has or will see, investment into all the other sporting venues with replacement of lighting systems, as well as upgrades to sporting facilities. Open spaces have a major investment programme too, which currently includes works at Middlesex Filter Beds, footpath improvements at St Pauls Field, and major renovation and desilting works at East India Dock Basin, which will require external funding assistance to fully deliver.

With this all in mind, Members agreed to increase the Levy by 3% for the financial year 2024/25 to enable us to deliver a balanced budget. The use of reserves to fund a gap was not thought best practice, and that we should continue to hold unallocated funds in excess of the current policy limit of between £3m-£4m.

Our Medium Term Financial Forecast continues to be revised to factor in changes in forecasts, estimates, and profiling of works. In addition, we have been fortunate in receiving a refund of overpaid VAT which relates to a recently agreed challenge from Local Authorities in England and Wales, as well as separate cases relating to Scotland and Northern Ireland, with regards to exemption of sporting income, and non-distortion in favour of the LAs. For us, this relates to historic VAT paid when the sports venues were in Authority operation and covers the period 2010-2015 and from 2020-2022. With the main sports venues now run under the LSC, there will be minimal ongoing revenue benefit to us under our current operating model. Members approved allocating these funds to the general fund when they met in January 2024.

Forecasts are for the general fund to increase to £4.4m at the end of 2023/24, and holding that level throughout the MTFP period. However, whilst cash reserves are expected to be around £8.9m at March 2024, due to the need to self-finance our capital programme, will drop to nearer £5.2m by March 2025, before slowly recovering in future years.

Below is an analysis of our forecast usable reserves, and expected cash balances at the end of each year, which covers the Medium Term Financial Forecast period to 2026/27.

	Closing Balance Forecasts			
	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s
Usable Reserves				
General Fund	(4,425)	(4,418)	(4,391)	(4,377)
Insurance Fund	(439)	(319)	(299)	(279)
Repairs & Renewals Funds	(1,050)	(1,032)	(1,014)	(996)
Sub Total Revenue Reserves	(5,914)	(5,769)	(5,704)	(5,652)
Capital and Asset Based Reserves				
Asset Maintenance Reserve	(189)	(86)	(45)	(610)
Usable Capital Receipts	(8,102)	(7,007)	(7,007)	(7,007)
Sub Total Capital Reserves	(8,291)	(7,093)	(7,052)	(7,617)
Total Usable Reserves	(14,205)	(12,862)	(12,756)	(13,269)
Capital Financing & Borrowing				
Capital Financing Requirement (pre-2007)	10,323	9,908	9,509	9,125
Capital Financing Requirement (Ice Centre)	22,597	22,618	21,822	21,232
Capital Financing Requirement (Velopark)	508	445	381	318
External Borrowing	(25,000)	(23,200)	(22,405)	(21,815)
Net Internal Borrowing	**8,428**	**9,771**	**9,307**	**8,860**
Creditors/Debtors - General Liabilities	(3,100)	(2,100)	(1,600)	(1,600)
Net Closing Cash Balance	**(8,877)**	**(5,191)**	**(5,049)**	**(6,009)**

Leisure Services Contract

The Leisure Services Contract with GLL commenced in April 2022, for an initial 10 year period. Whilst this should give us some certainty over operation and cash in- and out-flow relating to the sports venues, we are currently renegotiating the utilities provision within the contract, to allow for risk sharing (Authority on price, and GLL on consumption) for the whole contract duration, rather than the current two years. The MTFP factors this in, and we currently anticipate a change to the annual management fee payable between the parties of up to £1.2m flowing to GLL.

Outturn is reported to Members on a quarterly basis. The forecast as at Quarter 3 (December 2023) is that we expect a deficit in the revenue account for £0.3m, which is an improvement on the budget of £0.2m. Venues have been delivering at, or near to, expected income levels as well as looking for savings and efficiencies. We have seen, and will continue to see, increases in borrowing costs as a result of high interest levels, but this has been offset by significantly higher investment income. We are aware, however, that as our cash reserves fall, the investment return will reduce. Borrowing is currently done only on short-term basis, with loans of up to two years only. This does require regular refinancing, although Members have approved this approach rather than tying us long term (up to 40 years) to high charges, and in turn, charges against the annual levy.

This is supported by robust weekly and monthly financial monitoring and expenditure controls on purchase ordering that are already in place.

Capital Investment

The Authority base budget is built around utilising £1.45m of the levy to assist in capital and asset related works (Major Repairs £1.25m and revenue contribution to projects £0.2m) – Capital Expenditure can be funded directly from borrowing and alleviate pressure on cash reserves and contributions albeit that borrowing will incur capital charges, and the need to be ultimately funded from revenue, that directly impact on the levy. However, with high interest rates this is not something we are currently considers, outside of the Ice Centre investment. The Authority set its prudential indicators in January 2024 which fed into the Medium Term Financial Plan and budget and levy plans for the future. The Authority currently has external borrowing of £25m, and is expecting to continue to carry this, reducing annually in line with statutory requirements for the lifetime of the Ice Centre. In addition, the Authority will seek to maximise land sale receipts where land has approved designation of not required for park purposes (2022/23 delivered £7.7m in capital receipts)

Buckingham Constructing Group Limited

The Authority entered into a contract with Buckingham Group Constructing Ltd (BGCL) in August 2021 for the construction of a new twin-pad ice rink, with a total project cost of £30m. The old venue closed to the public on 27 June 2021, and was formally handed over to BGCL on 16 August 2021. Construction continued throughout 2021 and 2022, with practical completion and handover of site from BGCL to the Authority and lease by the Authority to Greenwich Leisure Limited, the operator, both occurring on 10 May 2023, with the new venue reopening to the public on 17 June 2023.

There existed a number of snagging issues and defects that BGCL along with its sub-contractors were working on remedying. However, BGCL formally filed for administration on 17 August 2023 due to escalating contract losses on other contracts, and on 4 September 2023 Grant Thornton were formally appointed Administrator.

Snagging works on site had to stop, but none of the outstanding works were operationally critical and the outstanding works will be completed once the Authority has established its contractual entitlement to instruct other suppliers to carry out the works and has procured and appointed such suppliers, which could be the existing sub-contractors of BGCL and/or other suppliers.

Authority officers met with the Project Managers, Wrenbridge, and their legal advisers, Forsters, in early September to discuss the next steps, including the outstanding works, the financial position with regards to BGCL and how we can offset cost we will now incur against the retention held by the Authority - as is the case with large contracts, we have retained a proportion of fees due as retention. However, as the original budget includes a significant sum as contingency (£2m) we are confident that, even with additional project management and delivery costs, we will not exceed the original budget.

Officers presented an update to Members on 21 September 2023, although as at January 2024, there had been no further communication from the Administrator.

Reinforced Autoclaved Aerated Concrete

Recent concerns around Reinforced Autoclaved Aerated Concrete (RAAC), and their use in oof, floor, cladding and wall construction in the UK from the mid-1950s to the mid-1980 have come to light, and whilst it has long been known that this product has limited durability, recent experience of roof failures suggests the problem may be more serious than previously appreciated and that many building owners are not aware that it is present in their property.

We are confident that none of our built assets have this form of construction, although we are undertaking a review of all available 'As built' records as well as undertaking physical site visits to inspect for methods and materials used in construction. These reviews will also provide us with an update on future maintenance requirements.

For now, we do not anticipate any financial impact arising as a result of RAAC, but we will continue to monitor, and will take immediate action should anything come to light.

Conclusion

The Authority continues to build, rebuild, and create resilience for the future, by investing in our land and asset portfolio. The forecast outturn for 2023/24, the Medium Term Forecast to 31 March 2025, and the reserves and cash position demonstrate that the Authority will continue to operate as a healthy going concern throughout 2023/24 and beyond. We have developed an updated business plan to cover the period 2024-2027 which sets out our aspirations for the Park in the coming years, and how we will manage this significant asset for the benefit of all, be that local, regional, national or international.

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 (the Trust) 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 was able to appoint up to three members to the board of the Trust, it did not have direct power to influence the operations and activities of the Trust.

The Trust entered into Administration in September 2020, with Beever and Struthers being appointed the administrator. The Trust were still in the process of being wound up at balance sheet date, with the latest notice of progress in September 2023. It was anticipated that the liquidation would be concluded within 12 months of that date.

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

A new management contract for the leisure facilities was awarded to Greenwich Leisure Limited (GLL), and commenced on 1 April 2022. The Authority, other than what is included within the contract, does not have direct power to influence operations and activities of GLL.

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.

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 2023 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 £1,030,000.

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.

As per CIPFA Bulletin 14 - Closure of the 2022/23 Financial Statements

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

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year)

- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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.

Lee Valley Regional Park Authority

Appendix F to Paper AUD/155/24

Debbie Hanson
Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

11 December 2024

Dear Debbie

This letter of representations is provided in connection with your audit of the financial statements of Lee Valley Regional Park Authority ("the Authority]") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Lee Valley Regional Park Authority as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - involving financial improprieties;
   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
   - involving management, or employees who have significant roles in internal controls, or others; or
   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

    - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
    - Additional information that you have requested from us for the purpose of the audit; and
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Authority, the Executive, Scrutiny, Regeneration and Planning, and Audit Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 November 2024.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022.))

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter, being 19 October 2023, through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent. We have not given any guarantees to third parties.

4. The claim by Lee Valley Leisure Trust Limited has been settled by an out of court Settlement Agreement in October 2022, which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collaterals. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and building assets and investment property and the IAS19 actuarial valuations of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

1. We confirm that the significant judgments made in making the estimates on valuation of land and building assets and investment property and the defined benefit pension scheme (the accounting estimates) have taken into account all relevant information of which we are aware

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the accounting estimates.

3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out any specific courses of action on behalf of the Authority.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022.))

5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

K. Going Concern

1. Note 39 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. As outlined in Note 38 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 2021/22 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2021/22 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate related matters has been considered and reflected in the financial statements.

Yours faithfully,

Kevin Bartle
Section 151 Officer

David Gardner
Chair of Audit Committee

Communication schedule for uncorrected misstatements

Entity: Lee Valley Regional Park Authority **Period Ended:** 31-Mar-2021 **Currency:** GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Factual misstatements:												
7		Depreciation is overstated by £325k due to the use of asset lives outside of the Acctg policy and incorrect depreciation rates.										
		PPE		325,000								
		CIES - SEA							(325,000)			
		MiRs - Tfr to CAA						325,000				
		CAA					(325,000)					
11		The 18/19 valuation certificate was incorrectly applied in respect of assets FA000233 -LAND-GARAGES AT REAR 2 GATE COTTAGES and FA000187 -GARAGES AT REAR OF 2 GATE COTTAGE, resulting in an overstatement of PPE of £9,943. (FA233 £5,943 and FA187 £4,000).										
		PPE OLB Revaln		(9,943)								
		CIES -OOE							9,943			
		MiRs						(9,943)				
		Revaln Reserve					9,943					
Judgmental misstatements:												
		Judgemental Overstatement of Wildlife development Centre. Build costs exceed EY Auditor valuation of asset by £354k -21 LVPRA Capital additions & disposals (Note: Linked to other SAD re recognition of asset)										
		Land and Buildings		(360,000)								
		CIES - SEA							360,000			
		MiRs Transfer to CAA						(360,000)				
		CAA					360,000					
Total of uncorrected misstatements before income tax			0	(44,943)	0	0	44,943	(44,943)	44,943		0	
Total of uncorrected misstatements			0	(44,943)	0	0	44,943	(44,943)	44,943		0	
Financial statement amounts			10,157,000	225,018,000	(3,371,000)	(43,290,000)	(188,514,000)		8,806,000			
Effect of uncorrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%		0.5%		0.0%	

Debbie Hanson
Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

11 December 2024

Dear Debbie

This letter of representations is provided in connection with your audit of the financial statements of Lee Valley Regional Park Authority ("the Authority]") for the year ended 31 March 2023. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Lee Valley Regional Park Authority as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

Lee Valley Regional Park Authority
Myddelton House, Bulls Cross, Enfield, Middlesex EN2 9HG
Telephone: 01992 717 711 **Fax**: 01992 719 937 www.leevalleypark.org.uk

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - involving financial improprieties;
   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
   - involving management, or employees who have significant roles in internal controls, or others; or
   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
   - Additional information that you have requested from us for the purpose of the audit; and
   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Authority, the Executive, Scrutiny, Regeneration and Planning, and Audit Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 November 2024.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022.))

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter, being 19 October 2023, through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent. We have not given any guarantees to third parties.

4. The claim by Lee Valley Leisure Trust Limited has been settled by an out of court Settlement Agreement in October 2022, which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collaterals. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and building assets and investment property and the IAS19 actuarial valuations of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

1. We confirm that the significant judgments made in making the estimates on valuation of land and building assets and investment property and the defined benefit pension scheme (the accounting estimates) have taken into account all relevant information of which we are aware

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the accounting estimates.

3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out any specific courses of action on behalf of the Authority.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022.))

5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

K. Going Concern

1. Note 39 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. As outlined in Note 38 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 2022/23 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2022/23 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate related matters has been considered and reflected in the financial statements.

Yours faithfully,

Kevin Bartle
Section 151 Officer

David Gardner
Chair of Audit Committee

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