

**6 Q1 CAPITAL PROGRAMME
BUDGET MONITORING 2020/21**

Paper E/681/20

Presented by Keith Kellard, Head of Finance

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

**AGENDA
Part II
(Exempt Items)**

9 UPDATE ON ABERCOMBIE LODGE

Paper E/683/20

Presented by Beryl Foster, Deputy Chief Executive

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 5

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

22 July 2020

**Shaun Dawson
Chief Executive**

LEE VALLEY REGIONAL PARK AUTHORITY

**EXECUTIVE COMMITTEE
25 JUNE 2020**

Members
In remote attendance: Paul Osborn (Chairman) Heather Johnson
Derrick Ashley (Vice Chairman) Chris Kennedy
David Andrews Valerie Metcalfe
Ross Houston

In remote attendance: John Bevan, Frances Button

Officers
In remote attendance: Shaun Dawson - Chief Executive
Beryl Foster - Deputy Chief Executive
Simon Sheldon - Director of Finance & Resources
Stephen Bromberg - Head of Communications
Keith Kellard - Head of Finance
Marigold Wilberforce - Head of Property
Peter Ley - Property Surveyor
Sandra Bertschin - Committee & Members' Services Manager

Also remotely present: Fay Hammond and Matt Bowmer – London Borough of Enfield
Caroline Day – Save Lea Marshes

Part I

861 DECLARATIONS OF INTEREST

There were no declarations of interest.

862 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 21 May 2020 be approved and signed.

863 PUBLIC SPEAKING

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

864 PROVISION OF FINANCIAL MANAGEMENT AND ACCOUNTANCY SUPPORT JULY 2020 – JULY 2021 Paper E/679/20

The report was introduced by the Chief Executive.

Fay Hammond and Matt Bowmer from the London Borough of Enfield outlined their qualifications and careers and commented that:

- the proposed Service Level Agreement built on the existing relationship between the two organisations;
- the Authority would benefit from the wider knowledge and breadth of expertise within the London Borough of Enfield's Finance team; and
- the arrangement would provide opportunities for the Authority's finance staff.

- (1) entering into a Service Level Agreement with the London Borough of Enfield for the provision of financial management and support as set out in the proposed Heads of Terms attached as Appendix A to Paper E/679/20; and**
- (2) to delegate authority to the Chief Executive in consultation with the Chairman to make any necessary amendments as a consequence of comments from the Audit Committee was approved.**

Fay Hammond left the meeting.

865 PROPOSED MARKETING OF LAND AT RAMMEY MARSH WEST, ENFIELD **Paper E/680/20**

The report was introduced by the Deputy Chief Executive, including that the decision in June 2018 to declare a site of approximately 12 acres at Ramme Marsh West as no longer required for Park purposes was set aside, subject to completion of a land exchange with the London Borough of Enfield, as the new combined site area of approximately 17.47 acres was a material change.

- (1) that the area of land shown edged in red on the plan at Appendix A to Paper E/680/20 be offered on the open market to invite expressions of interest was approved.**

866 OTHER BUSINESS

A Member requested that a return to meetings held in person in accordance with social distancing requirements be considered.

In response to a Member's queries it was advised that:

- the Authority was committed to holding an event this year to honour Volunteers, subject to social distancing requirements being further eased; and
- consideration was being given to how Myddelton House Gardens could be reopened to the public ensuring a safe environment for both visitors and staff.

Chairman

Date

The meeting started at 10.02am and ended at 10.34am

Q1 REVENUE BUDGET MONITORING 2020/21

Presented by the Head of Finance

EXECUTIVE SUMMARY

This report summarises monitoring of revenue expenditure to 28 June 2020. It compares actual income and expenditure to the revised emergency budget. It also provides a projection indicating the likely out-turn position against the annual budget for the year ending 31 March 2020. The overall net operational expenditure at the year-end is expected to be an estimated £995,000 under the approved emergency budget for 2020/21. However, there is much uncertainty over the months ahead so this early end of year estimate needs to be treated with caution. The major variations currently projected are summarised in the table below.

Service Description	Projected Variance 2020/21	Impact on budget in 2021/22
	£000s	£000s
Furlough Grant	(700)	0
Legal Services	100	0
Property	240	0
Car Parking Income	37	0
Holyfield Hall Farm	35	0
Fisheries	(64)	0
Venues	(200)	0
Sport & Leisure Venues	(436)	0
Other	(7)	0
Total Estimated Under Spend:	(995)	0

RECOMMENDATION

Members Note (1) the report.

BACKGROUND

- 1 The Executive Committee recommended a budget for 2020/21 at its meeting in January 2020 (Paper E/654/20). This was approved by Members at the Authority meeting on 23 January 2020 (Paper A/4276/20). Following the Covid outbreak in early March, Members of the Authority were briefed on the Covid response (Paper A/4281/20) and the need to revise the budget accordingly. On 21 May 2020 Executive Committee approved a revised emergency budget

(Paper E/674/20) brought in to deal with the Covid crisis. This report compares income and expenditure to 28 June 2020 with the revised emergency budget.

- 2 The summary financial position of each Authority service or facility is shown in Appendix A to this report.
- 3 Currently the year-end position shows a projected net under spend of £995,000 (23.0%) against an emergency budget net expenditure budget of £13.8m. The original 2020/21 budget was £9.5m. These savings are described within the report.
- 4 Where significant over/under spends are projected at the year-end for particular facilities/services a brief explanation is provided below.

GENERAL ECONOMIC FACTORS

- 5 Certain financial and economic factors continue to impact on the budget during 2020/21 and will continue to do so into 2021/22 and future financial years and these are summarised in the following paragraphs. Overall uncertainty exists due to the impact of Covid on the overall economy; officers will monitor closely developments that may have a direct impact on the Authority's budget, for example, further lock-down, inflation and interest rates.
- 6 Continued uncertainty in the banking sector has had an impact on investment returns and certainty around where investments are deposited. The Authority has significantly adjusted its base level of investment income downwards and this formed part of the budget setting process for 2020/21. The 2020/21 target rate of return agreed by Members as part of the Annual Report on Treasury Management was 0.25% (Paper E/671/20). In 2020/21 the impact of Covid has resulted in the Authority converting its investments into overnight cash to enable it to manage operations through the current crisis. This will mean a significant reduction (estimated £30,000) in returns in the year ahead.

The Head of Finance continues to monitor the Authority's cash/ investments and the institutions that they are invested in and will keep Members updated on any variances in this position through quarterly monitoring reports in 2020/21.

- 7 There is still a possibility that a VAT reduction could be applied to local authority sporting income. Our VAT consultants have been using a lead case in respect of non-business treatment and considered the impact of reclaiming VAT on the protective VAT claims previously lodged with HMRC. They believe there is merit in seeking a repayment of the VAT on the basis that this is non-business income (this is a reclaim of VAT for the Authority business pre 2015 with no implications or impact on the Trust activity/VAT). The value of the potential VAT repayment could result in a significant windfall in 2020/21. Officers have submitted calculations to KPMG for review and they have submitted a claim and appeal to HMRC. It is anticipated that this matter will be concluded in 2020/21, although no firm date has yet been established for the lead case to be heard.
- 8 June's inflation for the Retail Price Index stood at 1.1% and Consumer Price Index at 0.6%. With future inflation projected to remain low as the impact of Covid is felt.

9 Pay Award

Members may be aware that employers/unions are in negotiation in respect of the pay award for National Joint Council (NJC) for local government services. 2020/21 negotiations are ongoing with the employers offer of 2% immediately rejected by the Unions. The employers have since made a final offer with a headline figure of 2.75% from 1 April 2020. The offer includes an additional one day's leave which would increase the minimum entitlement from 21 to 22 days per year (plus public holidays) with an additional three days leave after five years of service (currently 4 days). However, the Authority already provide a minimum of 26 days of annual leave for those on NJC terms and conditions, so there would be no impact. Additionally, the Authority initially provided for a 2% uplift in pay as part of the budget process, and the additional 0.75% offered is estimated to cost up to £46,000, which was included in the emergency budget. This position will be updated in future monitoring reports once the final pay offer is determined.

Senior officer pay is a matter for local determination and will be considered in a separate paper to Executive in the Autumn.

10 Covid Support

At the start of the Covid crisis central government set up the Coronavirus Job Retention Scheme (CJRS), which provided a grant to fund employees' wages if they were furloughed whilst businesses were unable to operate. This was to allow employees to retain employment in the longer term once lock-down was eased. Originally this scheme was only available for 3 months to the end of June, but was subsequently extended to the end of October. In addition, government announced a policy for job retention - giving a bonus for employees retained until after January 2021 (potentially providing an additional value to the Authority of £150,000.) The emergency budget originally included an estimated grant sum of £400,000. Officers now estimate is that this will be nearer £1.1m – improving the budget position by nearer £700,000. The Authority currently has 157 contracted members of staff on furlough.

In 2020/21 the impact of Covid has also resulted in the Authority receiving a business rate holiday (100%) for the majority of its venues saving an estimated £2.4m for the year, which was accounted for in the revised emergency budget.

- 11 The Authority received the outcome of the 2010/17 rating appeal for Lee Valley VeloPark. A tribunal appeal hearing was heard at the end of March 2019. A more favourable valuation was achieved and this yielded a one-off benefit for the Authority of £180,000 in 2018/19. The reduction in Rateable Value from £2.04m to £1.87m is still subject to another final appeal and further savings may accrue for the 2010/17 rating period and subsequently the new rating period of 2017/2021.
- 12 A temporary reduction announced in VAT rates for hospitality, holiday accommodation and attractions from 15 July 2020 to 12 January 2021 could yield up to a further £50,000 where this is retained and not passed on in price reductions. The Treasury recognises that some business would not pass this VAT reduction on having been closed for a number of months and unable to generate any income themselves and that ultimately this is a decision for business not government. Officers view is that the cost of administering price changes, the financial benefit the Authority gains and all the additional costs incurred in making venues safe e.g. PPE/hand sanitiser etc which will improve the customer experience outweigh the benefit of a short term adjustment to

prices that will benefit only a small number of customers for a short period of time e.g. £1 for each £10 spent – ultimately leading to a reverse price rise in January. The increased income from the VAT rate change has been included with the venues outturn, with the majority focussed on the campsites.

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

OPERATIONS OVERVIEW

14 During the lockdown period officers have been working to mitigate the impact on the Authority of the reduction in income and to minimise the call on cash reserves at year end. While venues have been closed, focus has been on controlling expenditure and ensuring that all non-essential/non-contractual expenditure is kept to a minimum. As regulations are eased, and venues are gradually allowed to reopen, we have been reviewing business plans to make sure that we will only open in line with our three key guiding principles:

- the activities generate more income than it costs to run them;
- it is COVID-19 safe to the highest standard; and
- it protects the Authority's reputation.

It is important that we do this safely, meaning that we're adapting programmes, activities and opening hours as we go. We hope that the programme will evolve and expand over the next few months, but not necessarily return to what they were pre-lockdown. Programmes will be reviewed to ensure activities are meeting requirements and will be revised where necessary.

CORPORATE SERVICES

15 Legal Services (£100,000 over spend)

The Authority is currently engaging external legal services in a number of matters where specialist expertise is required. There are external legal costs relating to the end of the current LSC liabilities, the procurement challenge and subsequent litigation on the outstanding Management Fee to the Trust. There are also costs associated with the two litigation matters in respect of Abercrombie Lodge. These costs may be mitigated by any successful mediation but this is too early to predict for this Q1 report. The overspend on Legal Services is then estimated to be £100k but could be considerably more depending on the outcome of the next stage.

16 Property Management (£240,000 reduced rental income)

The emergency budget included a potential rent loss of circa £100,000. It is likely that this figure will be slightly higher as some lessees/tenants have sought a rent holiday during the first quarter as they have not been able to operate from their premises. In addition, although some of the businesses have started to open in the second quarter, the tenants are experiencing significant reduction in footfall during what would normally be their peak season due to the very nature of most leisure based business activities / type. This will therefore have a direct correlation on the income predicted for this financial year and the impact will be assessed in more detail in the next quarter when there is further information to enable full analysis. However, the majority of this was anticipated at the onset of the pandemic and therefore built into the emergency budgets.

The lease to College of World Sport at Lee Valley VeloPark is due to commence on 1st August 2020. However, the tenant has faced difficulty in recruiting

students due to the pandemic and therefore there may be a delay in the anticipated opening of the facility. The impact on not receiving the rent in this financial year is £55,000. However, it should be noted that the rent is still due as per the terms of the lease and therefore a rent payment deferral position will need to be agreed with the tenant.

It is also anticipated that the Authority is likely to agree to allow a deferred payment of the rental income increase expected from the Three Mills rent review (£100,000). The new rent is currently under negotiation with consultants and expected to be agreed imminently. The London Legacy Development Corporation continue to pay the current rent.

SPORT & LEISURE

- 17 The revised emergency budget was presented as a worst case, and removed the majority of variable income, leaving just the fixed rentals such as mooring, caravan site rents and livery.

With the relaxation of restrictions, the re-opening of venues has presented an opportunity for us to gain some additional income for the year. This, coupled with ensuring expenditure has been kept to essential works only, has meant that venues have been able to estimate an improvement on budget.

However, these estimates should be treated with caution due to the uncertainty over the coming months

- 18 **Venues (£200,000 increased income)**

Campsites

Lee Valley Caravan Park, Dobbs Weir and Lee Valley Campsite, Sewardstone both opened on 6 July. Lee Valley Camping and Caravan Park Edmonton opened on 20 July and Lee Valley Almost Wild Campsite, Broxbourne on 27 July.

We have already seen an increase in advanced booking for holiday accommodation over the summer months, and with the additional income that will be generated from the reduction in VAT rate should see venues return a surplus of £200,000 against the emergency budget.

The campsites are currently not open to people camping with their own tents, as this presents greater problems for social distancing because of this group's greater use of shower blocks etc. This will be reviewed in line with current guidelines. People with tents will, however, be able to go to Lee Valley Almost Wild Campsite in Broxbourne.

Marinas

Marinas have been supporting boat owners and operating in line with Government guidance over the past few months.

The chandlery has been operating on pre-order and set collection times. We are reviewing the rechargeable works and staff on furlough. If there is a proven business case and guidance can be followed, we will increase the work capacity.

Hayes Hill Farm

The venue is currently closed and likely to remain so for the rest of the summer/autumn season. The nature of the venue means that social distancing is a major challenge and the venue team is having difficulties finding the appropriate solutions. The need for a booking system will significantly reduce user numbers and thereby income, making the reopening of Hayes Hill Farm for just 3 months not cost effective.

19 Sport & Leisure Venues (£436,000 Increased Income)

With the government announcements in July regarding the reopening of indoor sports venues, it means we can activate plans that we've already been working on to get our venues back up and running again in some form if there is a business case to do so.

Across all the venues we are re-introducing activities and opening buildings in a small scale way to test our safety adaptations to customer journey and delivery and also to test demand. As we gain confidence on both our control measures and demand we will build capacity and availability.

Activity has been operating for a number of weeks with elite athlete training at Lee Valley White Water Centre and Lee Valley Athletics Centre. Coaching has commenced at Lee Valley Hockey & Tennis Centre and in early July the public use of outdoor courts.

We are working on Business Plans to open/restart activities at all 6 sport and leisure venues, to ensure that they are delivered in line with the key reopening guidelines.

PARKLANDS & OPEN SPACES

20 Parklands – (£36,500)

Various additional spends have hit the Parklands budgets due to the Coronavirus outbreak. These are mainly additional resources required above the emergency budget to address the increase in use – extra patrols, increased litter collections, additional signage and installing barriers etc. We have incurred costs where we thought we may have savings e.g. cleaning and reduction in Grounds Maintenance, overall that has resulted in additional costs of £19,500 for the cleaning of toilet blocks and £10,500 on additional resources required up to the end of Q1. This we expect to increase as we go through the summer but is used only as and when, so will be reported in each quarter.

Car parking income is £36,500 down due to a breakdown in machines and vandalism, these could not be addressed as quickly as normal due to lockdown and then getting parts as the companies had furloughed staff so production had ceased or been reduced. The closures at weekends have also impacted on income.

Holyfield Hall Farm - (£39,000 reduced Income)

Arla, our milk processor, has reduced the price payable for our milk by 2.61ppl (0.93ppl May + 0.96 ppl June + 0.72ppl July) this means a £35,000 reduction in income at the current production levels if the price remains the same throughout the remaining year. Further savings will be explored throughout the remaining

year. Due to the closure of Hayes Hill Farm, the vending machine is also forecast to miss its income target by £4,000; this is unlikely to be recouped. With projected extra income in grain and current savings, the amount is reduced by £4,000 to £35,000.

Fisheries (£64,000 increased Income)

The emergency budget was set with the assumption there would be no fishing activity in year. With the relaxation of regulations, one of the areas to see a major demand this year has been fisheries. All angling venues are very busy including our day ticket waters with healthy permit sales and waiting lists.

21 Leisure Services Contract Potential Claims

The Authority is currently in dispute with the Trust regarding end of contract liabilities. The dispute is subject of court action and would result in a potential cost to the Authority if it were unsuccessful in defending the claim brought against it by the Trust. Members have been appraised separately about the options regarding this legal claim.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 24 These are dealt with in the body of the report. The overall outturn will leave general fund balance at £1.1mill at the end of March 2021. The approved level of £3-4m (minimum) was agreed as part of the original 2019/20 budget setting process.

The impact on reserves and the cash position is set out at Appendix B to this report. This indicates that at 31 March 2021 the Authority's cash holding will have reduced from £10.1 million at the start of the year to £4.2 million, an improvement on the emergency budget position of £3.1m

- 25 There are significant matters that are not included in the current year-end position that could (if they materialise) positively or adversely affect the estimated position into 2021:

The potential impact of a further rates reimbursement is covered in paragraph 11, and VAT sporting exemption benefit in paragraph 7.

Alongside this are the end of contract liabilities dispute that is ongoing with the Trust. The Authority view is that the Trust carry a significant net liability payable to the Authority whilst the Authority is continuing to retain monies due to the Trust as part surety against this potential.

26 2021/22 Budget Planning

The Chief Executive and officers have started the process of budget planning for 2021/22 and revising the Medium Term Financial Plan. The budget for 2021/22 needs to address the impact on the Authority's reserves in 2020/21 and the strong likelihood of reduced income across the Park's activities.

Budget assumptions

- Cash reserves reduced from £10mill to £4mill
- Reduced demand and income as a result of:
 - Lower operating capacities
 - Customer caution re: indoor venues
 - Economic climate

Budget objectives

- Develop resilience to deal with a fall in income
- Start to rebuild reserves

The focus for achieving these objectives is reducing the Authority's cost base. A number of areas are being looked at:

- Staffing efficiencies
- Head Office costs
- Revised asset management programme

On the income side opportunities will be more limited in the short term, but an officer group has been set up to look at possible areas for income growth. The levy of course is a mechanism the Authority can consider to increase income to assist its budget position.

Budget options for 2021/22 will be developed over August/September and Member discussions will start in the autumn.

HUMAN RESOURCE IMPLICATIONS

- 27 There are 157 Authority contracted employees currently furloughed either on a full time or part time basis. The vast majority of these staff will remain furloughed until the CJRS ends on 31 October 2020. However, some staff will be brought back from furlough as the venues start to open, if the business case for re-opening takes this into account.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 29 Spending of the budget is important in achieving the Authority's corporate objectives. The current net spend at the end of this financial year will impact on the Authority's budget in future years and will be incorporated into the Medium Term Financial Recovery Plan as part of the Budget Planning into 2021/22 and beyond.
- 30 As part of the final accounts process for 2019/20 the external auditor is carrying

out a rigorous analysis of the Authority as a going concern. This encompasses not only the financial year 2019/20, but also the period up to 12 months beyond the date of signing those accounts. This again has mainly been brought about by the Covid crisis.

Officers have provided evidence and assurance that the current financial plan and emergency budget will see the Authority through to the year end and the early months in 2021/22, alongside a specific risk register to deal with actions over the next 12-18 months. The Medium Term Financial Recovery Plan is being led by the Chief Executive and early in the Autumn Members will be reviewing and revising the plan and future actions alongside any levy impact going forward.

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ABBREVIATIONS

NJC	National Joint Council
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
LLDC	London Legacy Development Corporation
OJEU	Official Journal of the European Union
LSC	Leisure Services Contract

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/674/20	Emergency Budget	21 May 2020
Authority	A/4281/20	Covid 19 Response and Work programme Update	23 April 2020
Executive Committee	E/671/20	Annual Report on Treasury Management Activity 2019/20 and Annual Investment Strategy 2020/21	23 May 2020
Authority	A/4276/20	2020/21 Revenue Budget & Levy	23 January 2020
Executive Committee	E/654/20	2020/21 Revenue Budget & Levy	23 January 2020

APPENDICES ATTACHED

Appendix A	Details of the financial position of each Authority service or facility
Appendix B	Projected Reserves and Cash position to 31 March 2021
Appendix C	Summary of Emergency Budget 2020/21

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YEAR 2020/21

PERIOD: 03 (June 2020)

QUARTER 1 2020/21

	Actual To Date			Emergency Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
OPERATIONAL SERVICES							
Chief Executive	0	129	129	620	603	-17	(3%)
Corporate Services	-445	269	-176	12	352	340	2833%
Finance and Support Services	-7	634	627	2,120	2,159	39	2%
Sport and Leisure	-21	235	214	965	953	-12	(1%)
Parklands and Open Spaces	-160	736	576	2,827	2,813	-14	(0%)
Venues	-760	507	-253	383	183	-200	(52%)
Sport & Leisure Venues and Support	-88	1,385	1,297	6,225	5,789	-436	(7%)
Budget Growth (Pay Rise)	0	0	0	46	46	0	0%
Job Retention Scheme (Furlough) Grant	0	-405	-405	-400	-1,100	-700	(175%)
	-1,481	3,490	2,009	12,798	11,798	-1,000	(8%)
FINANCING							
Interest Receivable	-7	0	-7	-30	-25	5	17%
Bank Charges	0	1	1	6	6	0	0%
Contributions to/from Earmarked Reserves	0	0	0	-239	-239	0	0%
Financing of Capital Expenditure	0	0	0	487	487	0	0%
Levies on Local Authorities	-2,394	0	-2,394	-9,576	-9,576	0	0%
LSC Contract End Liabilities*	0	0	0	800	800	0	0%
Movement In General Fund				4,246	3,251	-995	(23%)
General Fund Balance b/f				-4,384	-4,384		
Other General Fund Movement				80	50		
General Fund Balance c/f				-58	-1,083		

YEAR 2020/21

PERIOD: 03 (June 2020)

QUARTER 1 2020/21

	Actual To Date			Emergency Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
CHIEF EXECUTIVE							
Chief Executive	0	59	59	265	265	0	0%
PR / Communications	0	70	70	355	338	-17	(5%)
TOTAL CHIEF EXECUTIVE	0	129	129	620	603	-17	(3%)
CORPORATE SERVICES							
Legal Service	0	106	106	368	468	100	27%
Property Management	-445	51	-394	-955	-715	240	25%
Planning and Strategic Partnerships	0	32	32	178	178	0	0%
Asset Protection, Maintenance & Development	0	63	63	316	316	0	0%
Committee Service	0	17	17	105	105	0	0%
TOTAL CORPORATE SERVICES	-445	269	-176	12	352	340	2833%
FINANCE AND SUPPORT SERVICES							
Finance and Human Resources	-6	148	142	651	646	-5	(1%)
Information Technology	-1	77	76	627	619	-8	(1%)
Corporate Insurances	0	300	300	486	520	34	7%
Audit / Health & Safety	0	22	22	128	128	0	0%
Non Distributed Costs	0	12	12	69	69	0	0%
Corporate Training / Apprenticeships	0	5	5	11	29	18	164%
Sport & Leisure Project Consultancy	0	70	70	148	148	0	0%
TOTAL FINANCIAL SERVICES	-7	634	627	2,120	2,159	39	2%
SPORT AND LEISURE							
Events	-14	27	13	132	132	0	0%
Sports Development	0	2	2	26	18	-8	(31%)
Policy and Performance	0	144	144	555	551	-4	(1%)
Youth & Schools Service	-7	62	55	232	232	0	0%
Community Access	0	0	0	20	20	0	0%
TOTAL SPORT AND LEISURE	-21	235	214	965	953	-12	(1%)

YEAR 2020/21

PERIOD: 03 (June 2020)

QUARTER 1 2020/21

	Actual To Date			Emergency Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	45	45	189	190	1	1%
Myddelton House Management	0	138	138	243	243	0	0%
Parklands							
River Lee Country Park	-10	54	44	363	363	0	0%
Gunpowder Park	0	9	9	70	75	5	7%
Countryside Areas	-15	216	201	1,208	1,241	33	3%
Abbey Gardens	-1	6	5	83	83	0	0%
Three Mills	0	2	2	27	27	0	0%
East India Dock and Bow Creek	0	4	4	43	43	0	0%
Broxbourne Riverside	-43	2	-41	19	19	0	0%
Fisheries	-26	30	4	108	44	-64	(59%)
Visitor Attractions							
Myddelton House	0	55	55	278	255	-23	(8%)
Rye House Gatehouse	0	1	1	3	3	0	0%
Park Projects							
Volunteers	0	27	27	106	106	0	0%
Biodiversity	0	24	24	100	99	-1	(1%)
Farms							
Lee Valley Farm, Holyfieldhall	-61	123	62	22	57	35	159%
Initiatives and Partnerships							
King George Reservoir South	-4	0	-4	3	3	0	0%
Lee Valley Boat Centre	0	0	0	-30	-30	0	0%
Broxbourne Chalets	0	0	0	-8	-8	0	0%
TOTAL PARKLAND AND OPEN SPACES	-160	796	576	2,827	2,813	-14	(0%)
Venues							
Lee Valley Marina Springfield	-186	75	-111	-230	-230	0	0%
Lee Valley Marina Stanstead	-112	145	33	32	32	0	0%
Lee Valley Waterworks Centre	0	12	12	96	76	-20	(21%)
Lee Valley Farm Hayes Hill	0	87	87	368	355	-13	(4%)
Lee Valley Campsite	-116	44	-72	85	35	-50	(59%)
Lee Valley Caravan Park	-322	66	-256	-253	-303	-50	(20%)
Lee Valley Leisure Centre Campsite	-7	55	48	197	157	-40	(20%)
Lee Valley Leisure Centre Golf Course	-17	23	6	88	61	-27	(31%)
TOTAL SMALL VENUES	-760	507	-253	383	183	-200	(52%)

YEAR 2020/21

PERIOD: 03 (June 2020)

QUARTER 1 2020/21

	Actual To Date			Emergency Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
SPORT & LEISURE VENUES AND BUSINESS SUPPORT							
Management and Support							
PR/Communications	0	46	46	145	135	-10	(7%)
Finance & Health/Safety	0	0	0	38	33	-5	(13%)
Information Technology	0	69	69	138	143	5	4%
Human Resources	0	0	0	53	48	-5	(9%)
Performance Management	0	0	0	103	97	-6	(6%)
Venues							
Venues Management	0	82	82	396	396	0	0%
Lee Valley Velopark	-20	356	336	1,628	1,468	-140	(9%)
Lee Valley White Water Centre	9	319	328	1,443	1,368	-75	(5%)
Lee Valley Athletics Centre	-8	128	120	488	458	-30	(6%)
Lee Valley Hockey And Tennis Centre	-1	86	85	522	442	-80	(15%)
Lee Valley Ice Centre	0	136	136	632	592	-40	(6%)
Lee Valley Riding Centre	-68	163	95	639	589	-50	(8%)
TOTAL LSC VENUES AND BUSINESS SUPPORT	-88	1,385	1,297	6,225	5,789	-436	(7%)
OTHER OPERATIONAL SERVICES COSTS/INCOME							
Budget Growth (Pay Rise)	0	0	0	46	46	0	0%
Job Retention Scheme (Furlough) Claim	0	-405	-405	-400	-1,100	-700	(175%)
TOTAL OPERATIONAL SERVICES	-1,481	3,490	2,009	12,798	11,798	-1,000	(8%)

MOVEMENT IN RESERVES

	Opening Balance	Revenue Budget	LSC Liabilities	Fund Movements	Statutory MRP	Capital Budget	Fund Expenditure	Closing Balance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserve								
General Fund	-4,384	2,203	800	-239	487	50		-1,083
Insurance Fund	-689			239			30	-420
Repairs/Renewals	-1,437						30	-1,407
Major Repairs	-1,369					1,000		-369
Capital Receipts	-12,687					1,820		-10,867
Capital Grants Unapplied	-61							-61
Total Usable Reserves	-20,627	2,203	800	0	487	2,870	60	-14,207
Creditors/Debtors	-1,663	0				0	0	-1,663
Capital Financing Requirement	12,161				-487			11,674
TOTAL AVAILABLE CASH	-10,129	2,203	800	0	0	2,870	60	-4,196

EMERGENCY BUDGET 2020/21

SERVICE ANALYSIS

	2020/21		
	Income £000s	Expenditure £000s	Total £000s
OPERATIONAL SERVICES			
Chief Executive	0	619,700	619,700
Corporate Services	(1,288,200)	1,300,050	11,850
Finance and Support Services	0	2,120,400	2,120,400
Sport and Leisure	0	964,450	964,450
Parklands and Open Spaces	(614,000)	3,442,250	2,828,250
Small Venues	(2,106,400)	2,489,850	383,450
LSC Venues and Support	(172,500)	6,395,900	6,223,400
2020/21 Pay Rise Above 2%	0	46,000	46,000
Furlough of Employees	0	(400,000)	(400,000)
Total Operational Services	(4,181,100)	16,978,600	12,797,500
FINANCING			
Interest Receivable	0	6,000	6,000
Bank Charges	(30,000)	0	(30,000)
Total Financing Costs	(30,000)	6,000	(24,000)
TOTAL PROJECTED BASE BUDGET	(4,211,100)	16,984,600	12,773,500
Levies on Local Authorities	(9,575,700)	0	(9,575,700)
BUDGET DEFICIT/(SURPLUS)	(13,786,800)	16,984,600	3,197,800
Funding from Insurance Fund	0	(239,100)	(239,100)
Financing of Capital Expenditure (MRP)	0	486,500	486,500
LSC Contract End Liabilities	0	800,000	800,000
TOTAL BUDGET DEFICIT/(SURPLUS)	(13,786,800)	18,032,000	4,245,200

Q1 CAPITAL PROGRAMME BUDGET MONITORING 2020/21

Presented by Head of Finance

EXECUTIVE SUMMARY

This report summarises capital spending to 28 June 2020, estimates financial commitments to the year end and compares this to the approved annual budget.

Appendix A to this report provides a financial summary of current schemes within the capital programme and shows that overall net capital expenditure for the year end is currently projected to be £2.880 million, and therefore under the approved budget of £2.937 million, resulting in a net underspend of £57,000.

The main areas of variation are:

Scheme	£
Biodiversity	(30,000)
Dobbs Weir Final Phase	(27,000)
Total Slippage/(Under Spend)	(57,000)

RECOMMENDATION

Members Note: (1) the report.

BACKGROUND

- 1 Executive Committee approved a capital programme for 2020/21 at its meeting on 19 December 2019 (Paper E/646/19). Following the Covid-19 outbreak in early March, Members were briefed on the Authority's response (Paper A/4281/20) and the need to revise the budget accordingly. On 21 May 2020 Executive Committee approved a revised emergency budget (Paper E/674/20) brought in to deal with the Covid-19 crisis. This report compares the actual spend with that approved programme.
- 2 Where there is a significant variance, resulting in a projected under or over spend for a particular project, a brief explanation for the variance is provided below by the Accountable Officer for that scheme.

- 3 The annual budget for 2020/21 is £2.937 million net expenditure. The projected net capital position for the year is £2.880 million and on budget.
- 4 Where slippage is projected and reported, those resources remain earmarked for the particular schemes in question in future years. Where an under spend is reported these savings are added back into capital funds.

SPECIFIC SCHEMES

- 5 The review of major schemes and where a variance is anticipated could occur during 2020/21 are detailed below.

- 6 **Wildlife Discovery Centre (On target)**

The project is now well underway and final works and payments for the build element will be completed by the end of August. Interpretation will be fitted out at the end of August and final account settled in September. The Kingfisher Bank and Habitat works final account will be completed in mid-September, this was delayed due to Covid-19 so will now be completed in mid-September.

The overall project budget is on track.

- 7 **Lee Valley Ice Centre Redevelopment (On target)**

The Ice Centre redevelopment has progressed well and stage 3 of the RIBA process was completed on time and within budget in September 2019. Since then officers have been working closely with the London Borough of Waltham Forest and the GLA regarding the planning application which was submitted on 23 December 2019. The application was validated on 12 February and the 21 day statutory consultation period has been completed. The Authority is waiting on a Planning Committee date which will be in the first half of September 2020.

Authority Officers along with the consultant team will continue to work closely with the planning authority and the GLA whilst undertaking:

- completion of stage 3+ design – August;
- procurement of a principle contractor – March – December; and
- community consultation – on going.

The project is currently on time and on budget, with final payments relating to this phase to be spent by December 2020, and officers will return to Members on completion of the planning process for a final decision on the funding package to deliver the project.

- 8 **Asset Maintenance (On target)**

The Asset Maintenance programme was revised in line with the Emergency Budget, with a reduction on the budget to £1m. Works are underway with no expected deviation from the current budget currently anticipated.

Some areas of works were carried over from last year due to the poor weather, such as Lee Valley Riding Centre roof works and Lee Valley White Water Centre decking and CCTV. We are concentrating new expenditure on

essential/Health & Safety related Asset Management works to ensure that venues are safe and secure to operate with the current Covid-19 guidelines.

9 Biodiversity (£30,000 slippage)

There is a delay on delivery of Biodiversity Action Plan works due to Covid-19. Much of this year's planned works were survey works and the timeframe in which they can realistically be undertaken this year has passed due to ecological reasons.

10 Dobbs Weir Campsite (£27,000 slippage)

This project is now substantially complete, although there is a small slippage relating to the sensory garden near the front of the Dobbs Weir site. Due to Covid-19 this has not progressed, but will recommence once the college reopens.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/674/20	Emergency Budget 2020/21	21 May 2020
Executive Committee	E/655/20	Bittern Information Point Phase 1 Hide and Information Point Replacement Contractor Cost Increase	23 January 2020
Executive Committee	E/646/19	Proposed Capital Programme 2019/20 (Revised) to 2023/24	19 December 2019

APPENDIX ATTACHED

Appendix A Capital Monitoring 2020/21 First Quarter

LEE VALLEY REGIONAL PARK AUTHORITY
CAPITAL PROGRAMME MONITORING 2020/21 QUARTER 1

Project Name	Accountable Officer	Project Manager	Budget 2020/21 £000s	Actual to 28 Jun 2020 £000s	Projected Outturn at 31/03/2021 £000s	Projected Variance £000s	Comment
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Land Acquisition & Remediation	Deputy Chief Executive	Head of Property	0	0	0	0	
Land Sales	Deputy Chief Executive	Head of Property	0	0	0	0	
Biodiversity Action Plan	Corporate Director	Head of Parklands	80	4	50	-30	Slippage
IT Infrastructure & Communications	Corporate Director	Head of IT	150	6	150	0	On Target
Asset Management	Corporate Director	Head of Asset Maint.	1,000	218	1,000	0	On Target
Landscaping (Eton Manor Allotments Site)	Corporate Director	Head of Parklands	7	0	7	0	On Target
Dobbs Weir Campsite Final Phase	Director Finance	Head of Asset Maint.	30	3	3	-27	Slippage
Wildlife Discovery Centre	Corporate Director	Head of Project/Funding	670	219	670	0	On Target
Lee Valley Ice Centre Redevelopment	Chief Executive	Corporate Director	1,000	77	1,000	0	On Target
New LSC Contract Investment Variant Bid	Chief Executive	Corporate Director	0	0	0	0	

NET PROGRAMME 2,937 527 2,880 -57

Total Capital Expenditure 2,937 527 2,880 -57

Total Capital Income 0 0 0 0

NET PROGRAMME 2,937 527 2,880 -57

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