Lee Valley
Regional Park Authority

Lee Valley Regional Park Authority
Myddelton House, Bulls Cross,
Enfield, Middlesex EN2 9HG
Tel: 01992 717711 Fax: 01992 719937
Email Policy issues: sdawson@leevalleypark.org.uk
Admin issues: committee@leevalleypark.org.uk
Website: www.leevalleypark.org.uk

To: David Andrews (Chairman)
Malcolm Cowan
Linda Haysey
Ross Houston
Gerry Lyons
John Knapman
Graham McAndrew

A meeting of the **AUDIT COMMITTEE** (Quorum – 3) will be held at these offices on:

THURSDAY, 16 JUNE 2016 AT 10.30

at which the following business will be transacted:

AGENDA

1 To receive apologies for absence.

2 DECLARATION OF INTERESTS

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

3 MINUTES OF LAST MEETING

To approve the Minutes of the meeting held on 25 February 2016 (copy herewith).

4 PUBLIC SPEAKING

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

5 ANNUAL REPORT ON HEALTH & SAFETY 2015/16 AND AUDIT PLAN 2016/17 Paper AUD/68/16

Presented by Simon Sheldon, Director of Finance & Resources

6	ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT 2015/16 AND AUDIT PLAN 2016/17 Presented by Simon Sheldon, Director of Finance & Resources	Paper AUD/69/16
7	EXTERNAL AUDIT 2015/16 – AUDIT PLAN Presented by Simon Sheldon, Director of Finance & Resources	Paper AUD/67/16
8	RISK REGISTER 2016/17 Presented by Simon Sheldon, Director of Finance & Resources	Paper AUD/70/16
9	DRAFT UNAUDITED FINAL ACCOUNTS 2015/16 Presented by Simon Sheldon, Director of Finance & Resources	Paper AUD/71/16

10 URGENT BUSINESS

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.

11 EXEMPT ITEMS

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. (There are no items currently listed for consideration in Part 2.)

8 June 2016

Shaun Dawson
Chief Executive

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE MINUTES
25 FEBRUARY 2016

Members Present:
David Andrews (Chairman)
Ross Houston
Gerry Lyons
John Knapman
Graham McAndrew
Mari Stevenson (Deputy for Linda Haysey)

Apologies Received From: Malcolm Cowan, Linda Haysey

Officers Present:

Shaun Dawson	- Chief Executive
Simon Sheldon	- Director of Finance & Resources
Beryl Foster	- Director of Corporate Services
Keith Kellard	- Finance & Systems Accountant
Lindsey Johnson	- Committee Services Officer

Also Present: Kevin La Roux - Mazars

Part I

90 DECLARATIONS OF INTEREST

There were no declarations of interest.

91 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 24 September 2015 be approved and signed.

92 PUBLIC SPEAKING

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

93 ACCOUNTING POLICIES & ACCOUNTS CLOSEDOWN TIMETABLE 2015/16

Paper AUD/65/16

The report was introduced by the Director of Finance & Resources.

(1) the Accounting Polices set out in Appendix A of Paper AUD/65/16;

(2) the Draft Closedown Timetable set out in Appendix B to Paper AUD/65/16 were approved; and

(3) the key judgements and assumptions set out in paragraphs 8 and 9 of Paper AUD/65/16 were noted.

Gerry Lyons arrived.

Kevin La Roux left the meeting.

94 AWARD OF INTERNAL AUDIT CONTRACT Paper AUD/64/16

The report was introduced by the Director of Finance & Resources, explaining to Members that we continued with Mazars under the existing framework to maintain a degree of continuity with the transfer of venues to the Trust. They are good value for money and cost considerably less than the original service we used to receive. When the contract runs out in 2 years' time we can initiate an open tender process for others to bid or continue to renew the contract.

(1) the award of a short term contract for up to two years (2016/17 and 2017/18) with Mazars Public Sector Internal Audit Limited (Mazars PSIA) under the London Borough of Croydon framework agreement was approved.

Kevin La Roux returned to the meeting.

95 RISK REGISTER 2015/16 Paper AUD/66/16

The report was introduced Director of Finance & Resources.

A Member asked if there had been an issue with retaining staff as highlighted in SR3. The Chief Executive responded stating that the Authority had not experienced this issue.

(1) the Authority's Strategic Risk Register (including all agreed changes recommended at this Committee meeting) attached as Appendix B to Paper AUD/66/16 was approved.

____
Chairman

____
Date

The meeting started at 12.55pm and ended at 1.10pm.

Lee Valley Regional Park Authority LEE VALLEY REGIONAL PARK AUTHORITY AUDIT COMMITTEE 16 JUNE 2016 AT 10:30	Agenda Item No: 5 Report No: AUD/68/16

ANNUAL REPORT ON HEALTH & SAFETY 2015/16 & AUDIT PLAN 2016/17

Presented by the Director of Finance & Resources

SUMMARY

The purpose of this report is to inform Members about the work provided by RD Health & Safety (RDH&S), the Authority's Health & Safety (H&S) service provider, during the financial year 2015/16. The report covers all aspects of H&S work carried out in the Authority and Lee Valley Leisure Trust Ltd (the Trust) during 2015/16.

The main areas for Members to note are:

- the Authority and Trust were externally assessed in March 2016 and retained the 5* rating as assessed by the British Safety Council (BSC) originally achieved in 2012;
- an increased corporate average score of 96% (93% 2014/15) on all H&S audits was achieved against a stretch target of 95%;
- of the 6.6 million visits only 0.018% resulted in an incident/accident;
- 5 accidents (11 in 2014/15) were reported to the Health & Safety Executive (HSE) under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), which is a decrease on the previous year;
- successful transfer of the sporting venues to the Trust in April 2015;
- major events: Hockey Euros, ICF Canoe World Championships, NEC Wheelchair Masters, Revolution, Six Day Event, UCI Track Cycling World Championships and Sport Relief.

RECOMMENDATIONS

Members Note:	(1)	the annual report of RDH&S for 2015/16 detailed in Appendix A to this report;
Members Approve:	(2)	the aims and objectives for 2016/17 set out in Appendix A (the annual report of RDH&S for 2015/16); and
	(3)	the signing of this years' Health & Safety Policy attached as Appendix C to this report.

BACKGROUND

1 The H&S service was out-sourced during 2007 and a contract awarded to Right Directions to provide a full and comprehensive H&S service to the Authority. The contract was retendered from October 2012 (ending in September 2019) for the next 7 years and Right Directions (now known as RDH&S) were again appointed as the approved provider. This report looks at the delivery of the H&S service during 2015/16 and summarises the scope of audit coverage during the last financial year.

2 RDH&S have prepared a comprehensive report for work undertaken in 2015/16.

HEALTH & SAFETY WORK – 2015/16

3 All planned H&S activity was completed in accordance with the 2015/16 plan along with a number of special reviews and activities carried out at management's request. Additional resources were added in to deal with the major events at the Olympic legacy venues – the Lee Valley White Water Centre (LVWWC), the Lee Valley VeloPark (LVVP) and the Lee Valley Hockey & Tennis Centre (LVH&TC).

4 RDH&S have prepared a comprehensive report summarising the reviews and their findings and this is attached as Appendix A to this report.

5 In all H&S audits recommendations were made to improve the system of managing H&S and these recommendations were accepted. Follow-up reviews will be undertaken in the next twelve months to ensure appropriate action has been taken.

6 In monitoring the contractor's (RDH&S) performance each site/area that is audited is requested to confidentially feed back on the service that they received from the contractor. There was 100% positive feedback and managers felt the overall service met or exceeded expectations.

AUDIT FINDINGS – 2015/16

7 The full RDH&S report is attached at Appendix A to this report for Members information.

8 The key message of the contractor is embodied in their opinion shown on page 1 of Appendix A to this report. This states:

In our view elected Members of the Authority can seek a high level of assurance from the Health & Safety work carried out during 2015-16;

Based on the audits completed in our Health & Safety Assurance Programme covering the period 1 April 2015 to 31 March 2016, limited to the audit scopes as agreed by the Audit Sponsor, with the exception of any weaknesses identified in our detailed reports, in our opinion, Lee Valley Regional Park Authority (LVRPA) and Vibrant Partnerships (Vibrant) has ***robust*** *and* ***effective systems*** *over risk and Health & Safety, which provide* ***a high level of assurance*** *regarding the effective and efficient achievement of Lee Valley's objectives.*

KEY HIGHLIGHTS - 2015/16

9 The key work delivered from the H&S team during 2015/16 is detailed in their report. In summary, the key highlights are:

- achieving a 5* rating from the British Safety Council following external assessment in March 2016 with an increased score of 94.81%;
- achieving a corporate average score of 96%;
- successful transfer of the sporting venues to the Trust in April 2015;
- business continuity testing was completed in December 2015 for the Trust;
- increased H&S training across the Park;
- major events support: EuroHockey, Countryside Live, DFS Conference, Six-Day London, ICF Canoe Slalom World Championships, ITF Wheelchair Tennis Masters and other events across LVRPA and Vibrant Partnerships;
- event safety support provided for the Major Event Working Group meetings attended for future events at LVWWC, LVH&TC, LVVP and Olympic Stadium opening;
- support provided to LVWWC ahead of and during the 'Quest' re-validation visit;
- annual H&S internal audit assessments and plan delivered.

10 The Authority achieved an average 96% score across all sites (95% stretch target set for 2015/16) compared to 93% in 2013/14. The achievement of greater than 90% average score is a significant achievement. A proposed target of 96% will be set in 2016/17 to ensure all sites continue working towards the highest level of H&S standards.

11 Having achieved the stretch target of 95% RDH&S believe the Authority is not exposed to increased risk, although additional work is required to ensure focus remains on the risk profile of the Authority & Trust, overall compliance and effective delivery of the H&S Management System.

12 The RDH&S report also includes a summary of RIDDOR incidents during the year in. Appendix B to this report provides detail of the position with regard to insurance claims up to 31 March 2016.

Numbers of accidents and incidents are below those during 2014/15 which is a positive downward trend considering the increase in visitors (6.2 million to 6.6 million) and the LVVP and LVH&TC have had a full year of uninterrupted usage alongside growing numbers at the LVWWC.

ANNUAL HEALTH & SAFETY OBJECTIVES 2016/17

13 The report by RDH&S sets out a summary of objectives for 2016/17. The Plan takes into account the following:

- the Authority and Trust's Strategic Risk Registers;
- findings from previous years' H&S work; and
- planned developments within both organisations.

14 There are 260 contracted days to allow completion of the H&S Plan in 2016/17 and Members are asked to approve the plan as set out in Appendix A to this report; and the strategic objectives also set out in that report.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

20 There are no risk management implications arising directly from the recommendations in this report. However, it is worth noting that 2015/16 was the first full year of venues being managed and operated by the Trust. The percentage of incidents/accidents to usage remains relatively consistent at 0.02%. Figures are monitored monthly and reported quarterly to the Senior Management Team so any emerging trends this year will be managed accordingly.

Author: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/60/15	Annual Report on Health & Safety 2014/15 & Annual Audit Plan 2015/16	25 June 2015
Audit Committee	AUD/52/14	Annual Report on Health & Safety 2013/14 & Annual Audit Plan 2014/15	19 June 2014
Audit Committee	AUD/39/13	Annual Report on Health & Safety 2012/13 & Annual Audit Plan 2013/14	20 June 2013
Audit Committee	AUD/29/12	Annual Report on Health & Safety 2011/12 & Annual Audit Plan 2011/12	28 June 2012
Audit Committee	AUD/19/11	Annual Report on Health & Safety 2010/11 & Annual Audit Plan 2011/12	02 June 2011

Audit Committee	AUD/08/10	Annual Report on Health & Safety 2009/10 & Annual Audit Plan 2010/11	20 May 2010

APPENDICES ATTACHED

Appendix A	Health & Safety Annual Performance Review April 2015 to March 2016
Appendix B	Current insurance claims to 31.3.2016
Appendix C	Health & Policy Statement

LIST OF ABBREVIATIONS

HSE	Health & Safety Executive
H&S	Health & Safety
LVWWC	Lee Valley White Water Centre
LVVP	Lee Valley VeloPark
LVH&TC	Lee Valley Hockey & Tennis Centre
BSC	British Safety Council
RDH&S	Right Directions Health & Safety
the Trust	Lee Valley Leisure Trust Ltd
RIDDOR	Report of Injuries, Diseases and Dangerous Occurrences Regulations

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Health & Safety
Annual Performance Review

April 2015 to March 2016

Review of Health & Safety arrangements in 2015-16

1. Introduction

RDHS Ltd are the approved contractor for delivering a Health & Safety contract to the Lee Valley Regional Park Authority and Vibrant Partnerships. This report covers an annual performance review of Health & Safety across the Authority and Vibrant, providing a plan for the year ahead in 2016-17.

Assurance

In our view elected Members of the Authority can seek a high level of assurance from the Health & Safety work carried out during 2015-16;

*Based on the audits completed in our Health & Safety Assurance Programme covering the period, 1 April 2015 to 31 March 2016, limited to the audit scopes as agreed by the Audit Sponsor, with the exception of any weaknesses identified in our detailed reports, in our opinion, Lee Valley Regional Park Authority (LVRPA) and Vibrant Partnerships (Vibrant) has **robust** and **effective systems** over risk and Health & Safety, which provide **a high level of assurance** regarding the effective and efficient achievement of Lee Valley's objectives.*

Plan

Policy

- LVRPA Policy Statement was signed and issued in July 2015 – a new policy will be signed by the Chairman following the AGM in July 2016 (see Appendix C)
- Vibrant Partnerships H&S Policy Statement was submitted and approved by the Vibrant Partnerships Board in April 2016.

Key Health & Safety Resources

Q2 saw the departure of Andy Waters after 9 years with RDHS Ltd.

Matt Wells joined RDHS Ltd in October 2015, as our Lead Consultant (Health and Event Safety). Matt has been providing health and event safety support for both LVRPA and Vibrant Partnerships.

A large percentage of our time has been spent supporting the Central Events Team and Venues in relation to both health and safety and spectator safety advice. This is due to the increasing amount of events.

Core Work completed 2015-16;

- Induction and Onboarding programme for new employee (Matt Wells)
- Support provided to WWC ahead of and during the 'Quest' Re-Validation visit
- Site meeting held with insurers on new PI claims at LVAC
- Site meetings held with insurers on risk reduction at VeloPark and WWC
- Fire risk assessment conducted by Fire Safety Engineer for the VeloPark
- Event Safety support provided for the EuroHockey, Countryside Live, DFS Conference, Six-Day London, ICF Canoe Slalom World Championships, ITF Wheelchair Tennis Masters and other events across LVRPA and Vibrant Partnerships
- Major Event Working Group meetings attended for future events at WWC, HTC, VeloPark and Olympic Stadium opening

- Work has commenced UCI Track Cycling World Championships and the National Triathlon show
- Attendance at various Safety Advisory Group meetings
- Accident Investigation in relation to head injuries at the WWC
- Support liaison and investigation with Travelers Insurers in relation to defensive claims at WWC, LVAC, LV Riding Centre, VeloPark and Sewardstone
- Risk Control meetings / reviews with Travelers at VeloPark and WWC
- Various occupational health risk assessment completed for LV / Vibrant Staff
- Annual health and safety internal audit assessments and plan delivered
- External assessment by British Safety Council delivered

Communication & Consultation

- The Winter water safety message was reviewed and displayed on the Lee Valley website
- Safety Alert was issued for Security - important key messages communicated
- Health and Safety Monitoring Team meeting was held on 5th November 2015. Key headlines from this meeting;
    - A proposal was agreed to change the H&S Monitoring Team to now become the Safety Leadership Team and H&S Coordination Group. No objections have been received from the H&S Monitoring Team
        - The new meeting structure proposed is as follows;
            - Safety Leadership Team (Strategic group)
            - Safety Coordination Group (Venue and Dept. Safety Coordinators)
        - **Decision:** Permission was granted by both Authority/Trust Management Teams to proceed with this new structure commencing 1st April 2016.

Training Provision / Staff Competency 2015-16

- Work undertaken with HR to set annual timetables of H&S training throughout 2015-16
- All H&S training was accredited by either the Highfield Awarding Body, Chartered Institute of Environmental Health (CIEH) or Institute of Safety & Health (IOSH).
- Training in 2015-16 will see the introduction of the Swimming Teachers Association (STA) as a new awarding body - with financial savings anticipated
- Numerous H&S Inductions have been completed
- HR discussed training and looked into staff that are due renewals and staff that should be attending courses – the database for renewals will be used to re-book staff onto courses in 2016-17
- All Managers are to inform HR where staff have changed their job role or are a new member of staff.
- The table below provides details of the Corporate H&S training delivered in Q1 – Q3

Training	Date	Attendance	Occupancy Rate
Fire Marshall	15 September 2015	6	30%
Manual Handling	15 April 2015	2	12.5%
Manual Handling	13 July 2015	5	31.25%
Manual Handling	13 July 2015	10	62.5%
Manual Handling	26 October 2015	5	31.25%
Manual Handling	15 January 2016	18	112%
Manual Handling (VeloPark)	28 January 2016	15	94%
Fire Safety Awareness	15 April 2015	Cancelled	
Fire Safety Awareness	26 October 2015	3	15%
Fire Safety Awareness	15 January 2016	17	106%

Training	Date	Attendance	Occupancy Rate
IOSH Working Safely	4 December 2015	10	62.5%
IOSH Managing Safely	26-30 January 2016	5	31%
First Aid Revalidation	6 – 7 July 2015	4	33%
First Aid Revalidation	9 – 10 November 2015	8	66%
First Aid Revalidation	25-26 January 2016	7	58%
First Aid At Work	23-25 November 2015	11	92%
Emergency First Aid (VeloPark)	5 February 2016	15	94%
Legionella	8 June 2015	12	75%
Legionella	24 August 2015	*4*	*25%*
Leading Health & Safety at Work	2 November 2015	16	100%
Totals		*173*	*61.25%*

Actions being taken to improve occupancy rates:

- 2016-17 programme has been set using the HR Training database
- Courses / training identified based upon expiry dates for staff qualifications
- Training schedule issued annually in advance and published on Compass and managed by HR
- Nigel Foxall and Brian Daley will be communicating the programme to managers at the Section Managers meetings – attendance is mandatory.
- Non-attendance / late cancellation results in venue being charged for place and investigation for non-attendance – management action possibly required post investigation
- H&S Team to contact HR 30 days prior to each course to check occupancy rates - HR send final communication out to all Managers, Venues and services
- Decision made 28 days from date of course whether to proceed, re-schedule or cancel without charge.

Do

- The current Health and Safety Management System (HSMS) has been reviewed to create two manuals – one for LVRPA and one for Vibrant
- The review considered the following;
    - Relevance to each organisation
    - Mapping process & job titles across both organisations
    - Changes in legislation.

Check

Reactive Monitoring: Accident & Incident Statistics 2015-16

LVRPA Accident / Incident Figures 2015-16

Month	Accidents reported	Direction of Travel	Incidents reported	Direction of Travel	RIDDOR Reportable	Direction of Travel
April	1 (3)	↓	8 (5)	↑	0 (0)	→
May	0 (8)	↓	19 (6)	↑	0 (0)	→
June	6 (7)	↓	32 (5)	↑	0 (0)	→
July	12 (2)	↑	11 (19)	↓	2 (0)	↑
August	0 (4)	↓	40 (4)	↑	0 (0)	→
September	1 (4)	↓	29 (8)	↑	0 (0)	→
October	0 (3)	↓	23 (8)	↑	0 (0)	→
November	1 (1)	→	22 (2)	↑	0 (0)	→
December	0 (2)	↓	37 (5)	↑	0 (0)	→
January	0 (1)	↓	20 (10)	↑	0 (0)	→
February	0 (2)	↓	45 (4)	↑	0 (0)	→
March	1 (2)	↓	37 (11)	↑	0 (0)	→
Totals	22 (39)	↓	323 (87)*	↑	2 (0)	↑

** Incident figures now include Parkguard figures. We recently requested Parkguard to upload their accident & incident reports onto Prime.*

Vibrant Partnership Accident / Incident Figures 2015-16

Note: *The previous year's figures are taken from the Trust venues, which were operated under LVRPA in 2014-15. This is to provide a like for like comparison and direction of travel.*

Month	Accidents reported	Direction of Travel	Incidents reported	Direction of Travel	RIDDOR Reportable	Direction of Travel
April	66 (99)	↓	0 (3)	↓	0 (1)	↓
May	106 (97)	↑	0 (11)	↓	0 (0)	→
June	111 (91)	↑	3 (5)	↓	0 (0)	→
July	112 (79)	↑	8 (4)	↑	1 (5)	↓
August	82 (119)	↓	8 (6)	↑	1 (1)	→
September	80 (98)	↓	6 (3)	↑	0 (0)	→
October	58 (96)	↓	7 (0)	↑	0 (1)	↓
November	38 (64)	↓	4 (0)	↑	0 (0)	→
December	41 (63)	↓	6 (1)	↑	0 (1)	↓
January	44 (63)	↓	1 (1)	→	1 (1)	→
February	51 (77)	↓	1 (1)	→	0 (0)	→
March	74 (80)	↓	2 (5)	↓	0 (1)	↓
Totals	863 (1026)	↓	46 (40)	↑	3 (11)	↓

LVRPA & Vibrant Combined Accident / Incident Figures 2015-16

Month	Accidents reported	Direction of Travel	Incidents reported	Direction of Travel	RIDDOR Reportable	Direction of Travel
April	67 (102)	↓	8 (8)	↑	0 (1)	↑
May	106 (105)	↑	19 (17)	↑	0 (0)	↓
June	117 (98)	↑	35 (10)	↑	0 (0)	→
July	124 (81)	↑	19 (23)	↓	3 (5)	↓
August	82 (123)	↓	48 (10)	↑	1 (1)	→
September	81 (102)	↓	35 (11)	↑	0 (0)	→
October	58 (99)	↓	30 (8)	↑	0 (1)	↓
November	39 (65)	↓	26 (2)	↑	0 (0)	→
December	41 (65)	↓	43 (6)	↑	0 (1)	↓
January	44 (64)	↓	21 (11)	↑	1 (1)	→
February	51 (79)	↓	46 (5)	↑	0 (0)	→
March	75 (82)	↓	39 (16)	↑	0 (1)	↓
Totals	885 (1065)	↓	369 (127)	↑	5 (11)	↓

Notes: *From 1st June 2015 Parkguard reports are now being inputted into the Prime System and are included in the June incident report numbers above.*

Health & Safety
Annual Performance Review

April 2015 to March 2016

Accident & Incident Statistics by People Groups

	LVRPA		Vibrant Partnerships	
Month	**Staff Accidents**	**Contractor Accidents**	**Staff Accidents**	**Contractor Accidents**
April	0	0	1	1
May	0	0	7	0
June	1	0	7	0
July	3	0	6	0
August	0	0	7	1
September	1	0	5	0
October	0	0	4	1
November	0	0	3	0
December	0	0	3	2
January	0	0	4	0
February	0	0	2	0
March	1	0	7	0
Totals	6	0	56	5

***Note:** Accident statistics are not available for Vibrant Partnerships pre 1st April 2015.*

Quarterly Usage Rates v Number of Accidents 2015/16

- Figures across both organisations and include contractors reported accidents & incidents

	Accidents & Incidents reported to H&S Team		Usage Figures		Percentage of Accidents & Incidents v Users	
Quarter	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**
Q1	352	478	**2,140,719**	1,079,727	0.016%	0.044%
Q2	389	483	**2,025,869**	1,905,903	0.019%	0.025%
Q3	237	298	**1,159,506**	1,108,605	0.020%	0.027%
Q4	276	257	**1,341,067**	1,209,762	0.023%	0.021%
Totals	1254	1516	6,667,161	5,303,997	0.018%	0.029%

Personal Injury Insurance Claims Management see Appendix B.

- Two new personal injury claims received during 2015-16:
    - 351 (LVAC) - received burns from starters gun.
    - 353 (Riding Centre) - Ex-employee who suffered a shoulder injury while turning out horses. Reviewed by Insurers and liability to be denied.
    - 354 (LV IC) – damaged back when they sat on a seat with no back (2013)
- One claim Reopened:
    - 334 – (Sewardstone Campsite) – Fall on path that wasn't gritted.. With our approval, our insurers have moved to settle this claim.
- Three claims closed with no payments being made:
    - 229 (Pickett's Lock Campsite) - Alleged infection caused from animal faeces in plant room)
    - 338 (Three Mills) - Fall in natural play area
    - 330 (Lee Valley Riding Centre) – fall from a horse resulting in a broken wrist

- (Quarter 2) Two claims closed with policy deductible amount being paid:
  - 227 (Pickett's Lock Campsite) - Fall from step £5,000 paid
  - 221 (LVWWC) - Rafter Serious Injuries Claim (2013);
    - Authority's proceeded on the basis of 'without prejudice settlement'. Insurers advised that both Director of Corporate Services and Director of Finance & Resources wished to represent the Authority.
    - Claim has been settled following negotiations. Total outlay was: £619,164.66

Insurance Issues / Risk Surveys

- Site meeting held with insurers on new PI claims at LVAC
- Site meetings held with insurers on risk reduction at VeloPark and WWC
- Accident Investigation in relation to head injuries at the WWC, in conjunction with Travelers
- Support liaison and investigation with Travelers Insurers in relation to defensive claims at WWC, LVAC, LV Riding Centre, VeloPark and Sewardstone
- Risk Control meetings / reviews with Travelers at VeloPark and WWC.

Act

- The 2015-16 Audits conducted in October to December 2015. Performance increased on last year with only 1 venue marginally dropping their score. Springfield Marina increased their score by 11% on last year and scored 98%.
- Members should be assured by the performance of the Authority and Vibrant.

Internal Health and Safety Assurance Programme

Venue	2015-16 (%)	2014-15 (%)	Direction of Travel
LVIC	99	96	↑
Waterworks	88	88	→
LVAC	98	90	↑
Youth & Schools	98	94	↑
Holyfield Hall	98	92	↑
Hayes Hill Farm	95	88	↑
Springfield Marina	98	87	↑
LVRC	92	88	↑
LV Campsite	98	98	→
Pickett's Lock Golf Centre	86	88	↓
Myddelton House Gdn's	98	97	↑
Myddelton House	98	97	↑
Stanstead Marina	99	91	↑
Sewardstone Campsite	99	97	↑
LV White Water Centre	96	96	→
LV Fisheries	99	97	↑
Ranger Service	98	96	↑
Dobbs Weir Caravan Park	90	83	↑
LV VeloPark	98	98	→

Venue	2015-16 (%)	2014-15 (%)	Direction of Travel
LV Hockey & Tennis Centre	96	92	↑
Average Score	96%	93%	↑

Note - Reason for decrease in score at Picketts Lock Golf Centre:

- *Risk Management;*
    - *Review of the venue is required to indicate if the risk assessments completed are suitable and sufficient and filed correctly. The old filing system is not appropriate and difficult to navigate round*
    - *The risk management system is in need of urgent review and updating. Review of risk assessment numbers, subject matter and filing system.*
- *Legionella;*
    - *No checks being completed during the close season - Survey conducted by Stansted Labs in Nov 2015*
    - *Irrigation tanks showed high coliforms*
    - *Frequency of temperature testing and descaling programme insufficient.*
- *Incident and Emergency Management;*
    - *Emergency procedures are not being reviewed often enough*
    - *Insufficient training being conducted*
    - *Venue Incident Management Plan (VIMP) requires updating.*

Health and Safety Audit Targets and Results

Company	Target 2015-16	Actual 2015-16
LVRPA & Vibrant	95%	96%
LVRPA	95%	98%
Vibrant Partnerships	85%	95%

Target for 2016-17: Recommended target of 96% for both LVRPA and Vibrant.

Key Strengths (Top 5)

LVRPA		Vibrant	
Asbestos	100	Asbestos	100
Lifts & Lifting Equipment	100	Lifts & Lifting Equipment	100
Noise	100	Noise	100
New & Expectant Mothers	100	New & Expectant Mothers	100
Shared Premises	100	Shared Premises	100

Key Risks (Top 5)

LVRPA		Vibrant	
Responsibilities	93	Communication	89
H&S Policy	95	Responsibilities	91
Fire Safety	96	Incident Management	91
Incident Management	97	Risk Assessment	92
Risk Assessment	98	Hazardous Substances	92

Note: *Key risks are ranked opposite to the key strengths, with the lowest score indicating the greater risk.*

British Safety Council Five Star Occupational Health and Safety Audit – March 2016

- In March this year, the British Safety Council undertook an independent audit across both LVRPA and Vibrant Partnerships.
- The previous British Safety Council Health and Safety Audit was carried out in February 2012, with LVRPA achieving a five star rating – the maximum achievable.
- In this audit, LVRPA and Vibrant Partnerships have collectively achieved a score of **94.81%**, maintaining our 5 Star rating. An important point to note is the increase in our score since the previous audit 4 years ago, where we achieved 94.53%.
- Over the last year, there have been significant changes to the organisation, including the emergence of Vibrant Partnerships and changes in the H&S Team, to name but two. Given these changes, it is a remarkable achievement to not only maintain the 5 Star rating, but to also increase the percentage score.
- Over the audit, the BSC auditor visited Myddelton House and spent the first 2 days with the Health & Safety Team, reviewing both LVRPA and Vibrant Health and Safety Management Systems, accident and incident data, and interviewing Head Office staff The following 3 days were spent out in the field on-sites

Venues / services visited	Staff interviewed
▪ Youth & Schools ▪ Fisheries ▪ Ranger Service ▪ VeloPark ▪ Picketts Lock Campsite ▪ Myddelton House ▪ White Water Centre	▪ Shaun Dawson & Simon Sheldon (LVRPA), Kulvinder Sihota & Brian Daley (Vibrant) ▪ Senior Management Teams ▪ Our insurers (via telephone) ▪ The APMD Team ▪ Human Recourses ▪ Venue and Section Managers ▪ Random front line staff on venue ▪ Contractors working on behalf of LVRPA and Vibrant

15

Aims & Objectives for 2016-17

Seek agreement of the annual health and safety audit targets
- Authority: 96%
- Vibrant: 96% (average should reflect transition of business and impact of change)
- Implement greater scrutiny through the audit process.

Health & Safety Management System (HSMS) Review
- Authority: Amend and ensure reflects new business objectives
- Trust: Develop new HSMS and embed into Trust model.

Deliver H&S Inductions to all staff following organisation changes
- Authority: Re-Induct all employees, communicating changes to business model
- Trust: Induct all Trust employees in Trust standards, communication approach and culture of the trust.

General Objectives
- Review H&S Resourcing through the delivery of an Impact Report, in order to ensure the H&S Team can continue to deliver the highest possible standards and support to both LVRPA and Vibrant
- Hockey Champions Trophy, 1st EMP due for submission at the end of the Q4 and might have an impact on current workload – continued liaison with the Events Team
- Completion of the HSMS review
- Continuation of the Unannounced E Coli. Inspection at the Farms
- Establishment of a new Event Safety Manual
- Develop set standards for the Event Control Rooms
- Development and agreement for the H&S Learning and Development programme for 2016-17
- Develop C3 / C4 guidance, including training programme
- Review Velodrome infield capacity – in relation to provision of hospitality
- Review Prime contractual arrangements and commitments from Prime not yet delivered
- Develop H&S pages on Compass
- Review and update existing Toolbox Talks (TBT's) and introduce new TBT's covering a variety of areas
- Establish, communicate and complete staff health and safety consultation
- Maintain and improve performance measurement of contractors.
- Establishing positive KPI's
- Introduction of the Health & safety Workplan, to include a full review of the BSC audit and plan to address to address all actions.

Appendix B to Paper AUD/68/16

Lee Valley Regional Park Authority

Personal Injury Insurance Claims Summary

Policy Ref: UCPOP3344584

Last Updated: 12th May 2016

Our ref	Travelers Ref	Date of incident	Date Listed	Location	Current reserve	Payments made	Active / Non-Active	Status
334	838851	18-Jan-13	23-Feb-14	Sewardstone Campsite (Fall due to path not being gritted)	£28,236	£0	Active	Claim reopened 7th May 2015. Unfortunately our continued defence of this claim appears vulnerable so our insurers intention is to look to settle this claim on the best terms we can negotiate The current reserve is £28,236, but the solicitors expect to pay damages of approximately £12,000, no more than £17,000. Agreed by Simon Sheldon and Beryl Foster.
351	860005	30-Jun-15	31-Jul-15	Athletics Centre (received burns from starters gun)	£9,500	£0	Active	The claimant solicitors are suggesting the claimant has also suffered psychologically. Insurers now looking to redirect the claim to UKA and Mr Hobbs (starter involved). . Our attempts to persuade the claimant to pursue their claim against Mr X had met with a firm refusal to do so from the claimant solicitors. We accordingly agreed to proceed to settle the primary claim whilst reserving our right to seek a contribution/recovery/indemnity from Mr X. We are presently in contact with Mr Hobb's insurers to ascertain their stance in this matter.
353	863890	17-Sep-15	30-Nov-15	Riding Centre	£5,000	£0	Active	Ex-employee who suffer a shoulder injury while walking horses - horse jerked its head back, pulling on the claimants arm. Reviewed by Insurers and liability to be denied.
Notification only	861425	10-Oct-15	06-Nov-15	WWC (hit head on block or bottom of the course following falling from raft)	N/A	£0	Active	Incident investigated. Response sent to Mr X (father) following a letter from him. This has received positive feedback. Nothing further received as of May 16.
354	863634	24-Oct-13	11-Jan-16	Ice Centre - Spectator Seating	£5,000	£0	Active	(from Prime report): Sat on a seat with no back. Fell backwards causing further strain to existing back complaints she suffers from we think these include slipped discs, lower back pains etc.
354	865116	06-Feb-16	28-Apr-16	LV VeloPark	£2,471	£0	Active	Customer suffered damage to his car from gravel thrown up by wind. No PI. Insurers have investigated. our latest reserve information: Damages £2471.32. This is reserved on a 50% basis. Your excess payable on this claim is £5000.
Notification only	N/A	16-Apr-16	24-Feb-16	WWC	N/A	£0	Active	Dislocated his thumb whilst rafting, but main issue is that they are unhappy with the treatment received following the incident. Following an internal investigation, letter has been sent denying liability.

Lee Valley Regional Park Authority
Health & Safety Policy Statement

Issue 11

Statement of Intent

The Lee Valley Regional Park Authority aims to promote the health, safety and welfare of all employees, contractors, volunteers, visitors and members of the public through a commitment to the development of a positive health and safety culture within all premises operated under their management. The Authority is committed to comply with all legal health and safety requirements.

- The Chief Executive Officer has overall accountability for health and safety
- The Director of Finance and Resources has responsibility for the delivery of health and safety

Employer Responsibilities

The Lee Valley Regional Park Authority will:

- Manage and continually develop a Health & Safety Management System (HSMS) , which includes defined standards in line with HSG(65) Managing for health and safety(3rd Edition) that outlines the Plan, Do, Check, Act approach
- Establish an effective management structure, with key health and safety responsibilities identified and communicated effectively to staff
- Ensure employees are competent to deliver the health and safety standards
- Provide adequate resources to manage the health and safety standards effectively
- Consult with employees and others (where necessary) on matters affecting their health and safety
- Identify risks ensuring they are reduced to the lowest possible level
- Provide a safe and healthy working environment, including employee welfare facilities
- Provide and maintain safe plant, equipment and machinery
- Ensure the safe handling, storage and use of hazardous substances
- Establish standards for incident and emergency management.

Employee Responsibilities

Employees must:

- Take reasonable care of their own safety and the safety of others
- Co-operate with each other so as to enable compliance with any imposed legal duty or requirement
- Not interfere with or misuse, intentionally or recklessly anything provided in the interests of safety
- Comply fully with the organisations health and safety standards
- Report all accidents, incidents, near misses, hazards, dangerous occurrences and damage to plant and / or equipment
- Follow all safe working practices
- Use the necessary protective clothing and equipment provided in the interest of safety.

Review

This policy statement will be reviewed annually and displayed at every all Premises / Departments.

Signatories

Shaun Dawson
Chief Executive

Chairman

Lee Valley
Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

16 JUNE 2016 AT 10:30

Agenda Item No:

6

Report No:

AUD/69/16

ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT 2015/16 AND AUDIT PLAN 2016/17

Presented by Director of Finance & Resources

SUMMARY

The purpose of this report is to inform Members about the work of the Internal Auditors (Mazars) during the financial year 2015/16.

The Audit Plan for 2015/16 was approved by the Audit Committee in June 2015 (Paper AUD/61/15). The audit of the Authority's functions has been in accordance with that Plan and has been found to be satisfactory and the level of assurance substantial.

The report also sets out a plan for audit during 2016/17.

RECOMMENDATIONS

Members Note:	(1)	the annual report of the Internal Auditors for 2015/16 detailed in Appendix A to this report; and
Members Approve:	(2)	the annual Audit Plan for 2016/17 as detailed in Appendix B to this report.

BACKGROUND

1 The Audit Plan for 2015/16 was approved at a meeting of the Audit Committee in June 2015 (Paper AUD/61/15). This report looks at the delivery of that Plan and summarises the scope of audit coverage during the last financial year.

2 Mazars have prepared a comprehensive report of this years' audit and the majority of the agreed Plan has been completed. 2016/17 will be the first year of a short term two year contract under a framework agreement held by the London Borough of Croydon and approved by Members of this Committee (Paper AUD/64/16 25 February 2016).

AUDIT WORK – 2015/16

3 The majority of the planned audit activity was completed in accordance with the

2015/16 Plan.

4 Mazars have prepared a comprehensive report summarising the reviews and their findings and this is attached as Appendix A to this report.

5 In all audits, recommendations of differing priority (i.e. priority 1, 2 and 3) were made to improve the system of internal control and these recommendations were accepted. Follow-up reviews will be undertaken in the next twelve months to ensure appropriate action has been taken.

AUDIT FINDINGS – 2015/16

6 The full report from Mazars is attached at Appendix A to this report for Members information and will be presented by the Internal Auditor during the Committee.

7 The key message of the auditors report is embodied in the Audit Opinion shown on page 4 of Appendix A. This states:

> ***"From the Internal Audit work undertaken in compliance with the PSIAS in 2015/16, it is our opinion that we can provide Substantial Assurance that the system of internal control in place at Lee Valley Regional Park Authority for the year ended 31 March 2016 accords with proper practice".***

8 The key findings of the report for each Audit carried out in 2015/16 (pages 5 to 13 in Appendix A) summarise the main recommendations. All areas audited indicated full or substantial assurance with the exception of one audit where assurance was indicated as limited.

The limited assurance related to the Dobbs Weir site and its income administration during the implementation of phase 2 which is now complete. The two priority one recommendations and five priority two recommendations have/are currently being addressed in preparation for the final phase of Dobbs Weir development commencing in the latter part of 2016/17.

The main issue identified by the auditor related to administrative short-comings from establishing and recording of sales to invoicing the customer formally. The sales agreement and sometimes the payment were received at the point of sale and banked before the transaction was formally communicated to Finance to raise the invoice. This was exacerbated by the back-office split between the Authority and the Trust, meaning some income was credited to the Authority's bank account and some to the Trust's bank account. The site manager and the Finance team subsequently went through all the transactions to ensure that the coding, crediting of correct accounts and invoicing to customers has been corrected and properly implemented. Going forward the site manager in conjunction with the Finance team have built in processes to ensure uniformity of record keeping alongside monthly budget meetings to ensure issues are addressed at the point of sale or as soon as is practicable after the event.

Completion of these specific actions will move the assurance to substantial and will be followed up by the auditors as part of the 2016/17 plan to ensure they have been implemented robustly and this will be reported back to this Committee alongside quarterly revenue monitoring which goes to Executive Committee.

9 All key findings from all the audits will be monitored by the auditors during 2016/17. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year ahead.

ANNUAL AUDIT PLAN - 2016/17

10 Appendix B to this report sets out a detailed Plan for Audit during 2016/17. The Plan takes into account the following:

- the Authority's Strategic Risk Register;
- internal audit findings from previous years' audit work;
- planned developments within the Authority and the Trust;
- the requirements of the Authority's external auditors; and
- specific pro-active work on a counter fraud programme.

11 There are 155 contracted days to allow completion of the Audit Plan in 2016/17; and Members are asked to approve the plan as set out in Appendix B of this report.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

Author: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/64/16	Award of Internal Audit Contract	25 February 2016
Audit Committee	AUD/61/15	Annual Report on the Work of Internal Audit 2014/15 & Audit Plan 2015/16	25 June 2014
Audit Committee	AUD/51/14	Annual Report on the Work of Internal Audit 2013/14 & Audit Plan 2014/15	19 June 2014
Audit Committee	AUD/41/13	Annual Report on the Work of Internal Audit 2012/13 & Audit Plan 2013/14	20 June 2013
Audit Committee	AUD/28/12	Annual Report on the Work of Internal Audit 2011/12 & Audit Plan 2012/13	28 June 2012
Audit Committee	AUD/20/11	Annual Report on the Work of Internal Audit 2010/11 & Audit Plan 2011/12	02 June 2011
Audit Committee	AUD/07/10	Annual Report on the Work of Internal Audit 2009/10 & Audit Plan 2010/11	20 May 2010

APPENDICES ATTACHED

Appendix A	Internal Annual Audit Report 2015/16
Appendix B	Internal Audit Plan 2016/17

LIST OF ABBREVIATIONS

IT	Information Technology
PSIAS	Public Sector Internal Audit Standards
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)

Appendix A to Paper AUD/69/16

MAZARS

Lee Valley Regional Park Authority

Internal Audit Annual Report 2015/16

June 2016

This report has been prepared on the basis of the limitations set out on page 19.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 17 April 2014 between Lee Valley Regional Park Authority and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Lee Valley Regional Park Authority. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Contents

Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment identified across Lee Valley Regional Park Authority (the Authority) during the 2015/16 financial year.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

It should be noted that the Authority is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Lee Valley Regional Park Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Lee Valley Regional Park Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

Overview of Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Authority's systems of governance, risk management and internal control.

Overview of Work Done

The Internal Audit Plan for 2015/16 included a total of 12 projects. We have liaised with senior management throughout the year to ensure that internal audit work undertaken continued to focus on the high risk areas and, in the light of new and on-going developments in the Authority, to help ensure the most appropriate use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year. Some internal audit projects have been added to or deleted from the Plan, others have been consolidated or split into separate elements, and the timing of a number of others has been changed. Consequently, the total number of projects actually undertaken in 2015/16 was 11 compared to 14 in the prior year - refer Overall Summary. It should be noted that there were no scope impairments or restrictions in 2015/16.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work. All internal audit work was performed in compliance with the PSIAS.

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and
- **Key findings** during our work in 2015/16.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2015/16, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response.

Acknowledgement

We would like to take this opportunity to thank the Lee Valley Regional Park Authority management and staff for the co-operation that we have received during the 2015/16 financial year.

Overall Summary

As illustrated in the tables below, we have noted an improvement in Lee Valley Regional Park Authority's control environment during the audit year. During the 2015/16 year, a full assurance opinion was achieved in two (29%) key financial audits compared with none in 2014/15. Some 6 (86%) of internal audit projects were rated 'full/substantial assurance' compared with also 6 (86%) in the prior year.

Report Ratings

We are pleased to report that we have not issued any 'nil assurance' opinions in 2015/16 (none were issued in 2014/15). In addition, we issued one report (14%) with a 'limited assurance' opinion compared with one (14%) in 2014/15.

Assurance Gradings	Number of Projects			
	2015/16*		2014/15	
Full	2	29%	0	0%
Substantial	4	57%	6	86%
Limited	1	14%	1	14%
Nil	0	0%	0	0%
Sub-Total	**7***		7	
No Opinion Assurance Work	3		7	
Total Projects Delivered	**10****		**14**	

* IT audit of Disaster Recovery has yet to be completed and the distribution of assurance opinion will change once the work is finalised.

** This excludes IT audit of Disaster Recovery.

Opinion 2015/16

From the Internal Audit work undertaken in compliance with the PSIAS in 2015/16, it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at Lee Valley Regional Park Authority for the year ended 31 March 2016 accords with proper practice. The assurance can be further broken down between financial and non-financial systems, as follows:

ASSURANCE - FINANCIAL SYSTEMS

Our overall opinion is that internal controls within financial systems operating throughout the year are fundamentally sound.

ASSURANCE - NON-FINANCIAL SYSTEMS

Our overall opinion is that internal controls within operational systems operating throughout the year are fundamentally sound.

Key Findings

The table below provides a summary of the key findings for each internal audit project completed in the 2015/16 plan, both assurance and non-assurance based:

Audit	Assurance Opinion	Direction of Travel	Key Findings
Treasury Management	Full	↔	We identified relatively few weaknesses consistent with our work from previous years. However, we raised one priority 3 recommendation as a result of our work where we consider controls may be further improved. The issue noted was with regard to the need to maintain a central record of all investments at the Authority - this detailing the amount invested, the renewal date, current rate, authorisation and investment period.
Budgetary Control	Full	→	We identified relatively few weaknesses consistent with our work from previous years and did not raise any recommendations as a result of our work. As such, the assurance opinion has improved from 'substantial' in 2013/14.
General Ledger	Substantial	↔	Overall, we identified relatively few weaknesses consistent with our work from previous years. However, we have raised three priority 2 recommendations and one priority 3 recommendation as a result of our work where we consider controls may be further improved. The key issues highlighted were with regards to the approval of master file amendments, the formal review of user access on a periodic basis, and the review of audit trail reports.
Charity Advice	N/A	N/A	Advice on accounting structures, key reporting and auditing requirements etc. was provided to the Director of Finance & Resources and the Corporate Systems Development Manager by our charity specialists.
Food & Beverages	Substantial	N/A	DRAFT Overall, we raised five priority 2 recommendations and one priority 3 recommendation as a result of our work where we consider controls may be further improved. The key issues highlighted were with regards to the following: • White Water Centre Procedures File - the procedures held in the local procedures file should be reviewed and updated to reflect current requirements.

Audit	Assurance Opinion	Direction of Travel	Key Findings
			• Accuracy of Cashier Reconciliations - the Venue Catering Manager should sample check cash reconciliations to confirm that these have been completed correctly. • Gross Profit Reporting - a periodic report should be produced for senior management identifying the actual Gross Profit achieved, target and all issues impacting on the achievement of the target. The report should also identify the trend in Gross Profit over the course of the year and in comparison to previous years. • Purchase Orders - purchase orders raised through the e-financials should provide full detail as to the goods required. The orders should include a statement of the following: description of good, including brand name; quantity; net cost price; and total value of the order. • Certification of Delivery Notes / Invoices for Goods Received - where staff are receiving goods, they should be reminded of the requirement to confirm that all goods have been satisfactorily received as per the delivery note, and certify the delivery note as evidence of the fact.
Dobbs Weir Phase 2	Substantial	↔	Overall, we have identified a number of weaknesses, and have raised nine priority 2 recommendations as a result of our work where we consider controls may be further improved. This was largely consistent with our work on the systems of control in place around the project management and marketing of the Dobbs Weir construction scheme that was carried out over the period August to October 2013. The key issues highlighted were with regards to the following: • Defining the 'Change Authority' - the Change Authority should be documented as part of the project initiation process which specifies the levels and tolerances at which different officers can authorise change controls (compensation events within NEC3 contract sums and change controls within the wider project budget/spend if applicable). • Including Delivery/Procurement Strategy Options in Outline Business Cases - delivery/procurement strategy options should be presented to decision makers as part of the approval of Outline Business Cases.

Audit	Assurance Opinion	Direction of Travel	Key Findings
	🟩		• Confirmation of Consultant Insurances over the Duration of the Contract - consultants' professional indemnity insurances should be checked for the currency of their contractual obligations. Where insurances are going to demise over the period of their professional services, a schedule of review of insurance renewals should be produced. • Availability of Complete Versions of Signed Definitive Contracts - project managers should hold scanned copies of complete versions of signed definitive contracts. • Project Early Warning Notice (EWN), Risk Register, Quotation and Compensation Event Log - for NEC3 contracts, a comprehensive project EWN, risk register, quotation and compensation event log should be produced. It should record sufficient information to provide a comprehensive management trail of all risks and any management of issues arising via compensation events (change controls within the contract sum). • Assessment of Compensation Events for Cost Arising from EWNs - verbal instructions should be followed up with an instruction by the project manager to the contractor to submit quotations for the compensation event in accordance with NEC3 contract clauses 61.4 or 62.1. Where a quotation is not forthcoming, the project manager should assess the compensation event in accordance with NEC3 Contract clause 64.1. Where a quotation is received from the contractor, the project manager should reply within two weeks with his decision in accordance with NEC3 Contract clause 62.3. • Assessment of Compensation Events for Time Arising from Physical Conditions and Weather Measurements - compensation events for time should be assessed in accordance with NEC contract clauses. In particular: o Any delay due to physical conditions which are not weather conditions should be assessed in accordance with NEC3 contract clause 60.1 (12); and o Any delay due to weather should be assessed in accordance with NEC3 contract clause 60.1 (13).

Audit	Assurance Opinion	Direction of Travel	Key Findings
	🟩		• Re-measuring Provisional Sum Works Accurately - provisional sums should be omitted in the final account. Any corresponding works should be accurately and completely re-measured and the actual values taken to the final account. • Lessons Learnt Review and Project Closure - a lessons learnt and benefits realisation exercise, including a review of consultant and contractor performance, should be undertaken with immediate effect to ensure that all lessons learnt are captured before memories fade. The lessons learnt should be rigorously documented and taken to Phase 3. A condensed extracts concerning those elements that a future contractor would benefit from having knowledge of should be issued in the Invitation to Tender or otherwise provided as a condition of working up detailed design/cost plans/programmes. The condensed document should also be clearly referred to in the contract documents index and be engrossed with it.
Dobbs Weir Income Administration	Limited	N/A	Overall we have raised two priority 1 recommendations and five priority 2 recommendations as a result of our work. The two **priority 1** issues highlighted were with regards to the following: • Debt Recovery Activities - management should ensure that recovery action on outstanding debts is taken in line with the Debt Recovery Policy. In order to facilitate an efficient debt recovery process, the suspense account should be cleared promptly and the Trust's income record on the system should be maintained accurate and up to date. • Accounting for Caravan Sales - an invoice should be raised for each caravan sale and management should implement a mechanism and central record to track an end to end caravan sales process. As minimum, the following should be included: o A complete list of all caravans purchased for sale - this should be compiled based on the invoices for caravan purchases from the manufacturer; o Name of the customer and corresponding sale's details against the list of caravans as indicated above; o Payment details - invoice recorded as receipted should be verified against the Trust's financial system. For the sales made previously without an invoice, payment details should be checked against the

Audit	Assurance Opinion	Direction of Travel	Key Findings
	🟧		Trust's financial record and system to confirm the receipt of payment; and o Balance. It is acknowledged that there is a list of caravan purchased and a separate list of caravan sales including corresponding payments. However, the list of caravan purchased has not been checked against the invoices for caravan purchases and we are unable to confirm the completeness and accuracy of the list. As minimum the total costs of caravan purchases on the spreadsheet should be checked against the Trust's financial system (total of invoices paid for caravans). In addition, the list of caravan sales to the customers and corresponding payments information are not currently linked to the list of purchased caravans and the income details are not checked against the Trust's financial system - we were therefore unable to confirm the completeness and accuracy of the information contained on the spreadsheet. The other key issues highlighted were with regards to the following: • Independent checks of site rents due - independent checks on the occupation of the site should be conducted to ensure that all site fees have been completely and accurately identified. Where management considers these checks are not practical, alternative sources of information such as gas and electricity invoices to the Trust may be used to identify the pitches that are occupied. This should then be checked against the site fees invoiced. Any pitches occupied without site fees should be followed up and remedied. • Reconciliation of Rechargeable Expenses - independent checks on the recording of utility readings should be conducted to ensure that all rechargeable expenses have been completely and accurately identified. This can be achieved by reconciling the total energy bill for the pitches (as provided by the energy provider) against the total recharges invoiced to the residents, excluding any administration and service charges. • Invoicing - a target timeframe for raising customer invoices should be agreed and the timeliness of raising invoices should be monitored to ensure that the invoices are raised promptly.

Audit	Assurance Opinion	Direction of Travel	Key Findings
	🟧		• Income Collected at the Site - a process for dealing with income without a corresponding invoice number (whether it is non-invoiced income or an invoice has yet to be issued) should be formally defined, including a target timeframe for recording the income onto the Trust's financial system. The Customer Payment Record template should be reviewed to ensure that it captures all the information required by the Finance department to process the income and allocate the income in a complete, accurate and timely manner. An instruction should be provided to the site regarding the details required on the Customer Payment Record. • Profit Target on Caravan Sales - management should consider setting a target profit margin for caravan sales. In addition, the profitability achieved from caravan sales should be periodically reviewed by management to ensure that the optimum level of income is generated from the caravan sales. In order to facilitate an effective monitoring of the profitability, the caravan sales figures should be presented excluding the output VAT due to HMRC. As indicated under 'Accounting for Caravan Sales', an invoice should be raised for each caravan sale and the VAT amount should be accounted for in the sales invoices.
Facilities Thematic	N/A	N/A	Overall we have raised 15 recommendations as a result of our work where we consider controls may be further improved. The key issues highlighted were with regards to the following: • Only one member of staff shall operate a till for the duration of a shift and the cashing should be completed by the cashier and the duty officer. • A till reconciliation should be completed for each shift, and when agreed, should be signed off by both the cashier and duty officer. • All session receipts produced run in sequence. Where a gap in the sequence is identified, the reason for the gap should be determined and documented. • Finance should liaise with The White Water Venue and VeloPark to ensure that the venues take responsibility for completion of the Weekly Income Return. • The problem experienced by venues in the receipting of income received from contactless payments should be referred to Clarity for resolution.

Audit	Assurance Opinion	Direction of Travel	Key Findings
			• Venue Managers should be reminded of the requirement to properly complete the Drop Safe Record and maintain a cumulative record of cash held in the safe. • Venues Management should ensure that a clear and consistent approach to raising and monitoring invoices is implemented across the venues. This should involve invoice requests being submitted to Finance using the Authority/Trust's template pro-forma, and records of such requests being maintained by each facility. The progress of invoices from request through to their eventual payment should be monitored so that the venues can ensure that payment can be received in a timely manner prior to the provision of service. • Venues Management should identify those contractors which have been employed on a historic basis, and for which no competitive quotations have been sought for at least three years; and a programme to market test such contracts should be instituted to determine whether such suppliers continue to offer value for money. • Venues Management should identify contractors which are employed by venues and stated as a specialist supplier and these should be reported to Procurement Service, with a review undertaken to confirm the extent of possible alternatives. Where such suppliers are confirmed as a sole supplier, such suppliers should be incorporated within the Approved List and identified as such. • The Chandlery business managed by the marinas should be reviewed such that targets for gross profit on the business are established. Controls over the purchase, storage and issue of stock though the maintenance of accurate stock records and periodic stock checks should be implemented to confirm that actual gross profit is in line with target. • As per our 2013/14 recommendation, Venue Managers should again be reminded of the need to raise purchase orders prior to the placing of an order with a supplier. Venue Managers should also be reminded of the need to retain all invoices. Compliance should be monitored as part of the site visits conducted by Venues Management using sample testing. • Venues Management should liaise with Hayes Hill Farm to ensure that proper stock records and reconciliations are completed for the café.

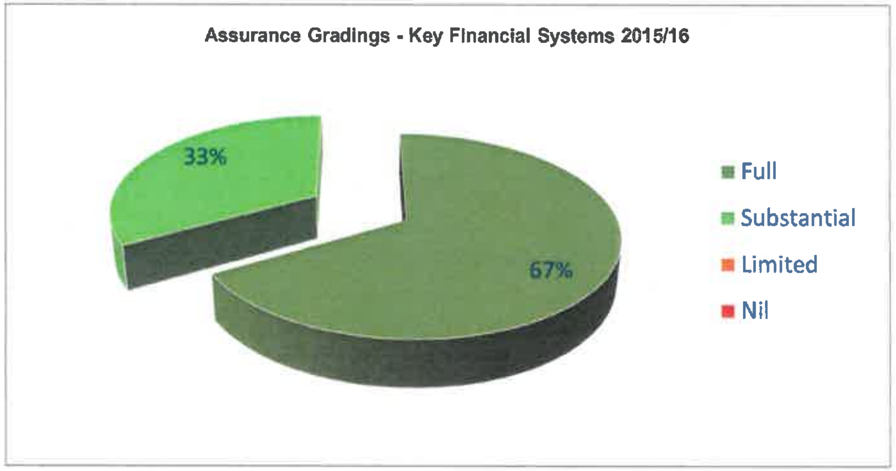
Audit	Assurance Opinion	Direction of Travel	Key Findings
			• Stock takes at the campsites completed by Venners should be completed in accordance with the required time scales - that is, one every quarter for merchandising. • Venues Management should review the deposits taken from boat owners at the two marinas to ensure consistency across both venues. • Venues Management should investigate with Finance and resolve the discrepancies between venue records of deposits taken and that as recorded by Finance.
Facilities Spot Check - Athletics Venue	N/A	N/A	DRAFT Overall, some positive steps have been taken by management to address the issues previously identified at the Athletics Venue as part of our Facilities Thematic work. The Venue Manager demonstrated a level of awareness and understanding of the controls required to be operated - this key to ensuring both the effectiveness and continuation of their operation. Some controls were not yet in place or were not operating consistently or effectively in some areas. In such instances, further actions were identified in six instances.
Facilities Spot Check - White Water Centre	N/A	N/A	Overall, some positive steps have been taken by management to address the issues previously identified at the white Water Centre as part of our Facilities Thematic work. The Venue Manager demonstrated a level of awareness and understanding of the controls required to be operated - this key to ensuring both the effectiveness and continuation of their operation. Some controls were not yet in place or were not operating consistently or effectively in some areas. In such instances, further actions were identified in five instances.
GIS Application (IT Audit)	🟩 Substantial	→	Overall, we identified some control weaknesses and raised one priority 2 and five priority 3 recommendations as a result of our work. The key issue highlighted was with regards to the Authority/Trust continuing to develop a Disaster Recovery (DR) process for the Geographical Information Systems (GIS) application which should then be included within the Authority/Trust's overarching DR Plan.

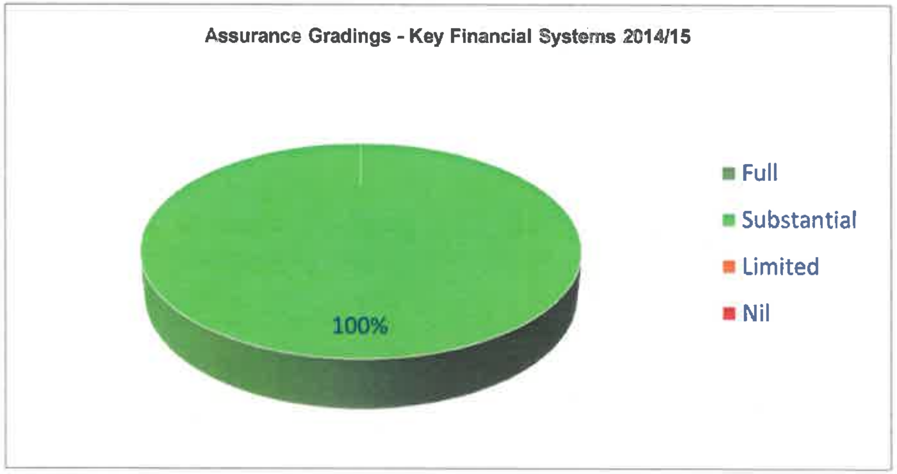
Audit	Assurance Opinion	Direction of Travel	Key Findings
	🟩		Other issues identified included the need to monitor support call performance, strengthen the access controls to the application, establish a work request process, finalise data quality procedures for GIS and maintain an audit trail to track changes. In 2012/13, we raised 9 recommendations. There is evidence of improvement with the controls in place since the completion of our previous work; and as such, we have provided an improved Direction of Travel status.
Disaster Recovery (IT Audit)	TBC	TBC	This IT audit was postponed as the Authority/Trust's consultants ran a full Business Continuity test exercise on 22 December 2015 focused on VeloPark and Corporate testing - this deferred the competition of the DR solution with the consultants presenting the DR project to the Senior Management Team on 29 March 2016. Work on the audit is currently in progress.

Internal Control - Key Financial Systems

Each year, Internal Audit carries out audit projects of the Authority's key financial systems, working in accordance with the managed audit process agreed with the external auditors.

This process allows the external auditors to place reliance on the work performed by Internal Audit to provide the Authority with the necessary assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment. It also allows the Authority to limit external audit fees spent on reviewing the Authority's activities. The table below summarises the audit gradings in this key area:


Assurance Gradings - Key Financial Systems 2015/16


Assurance Gradings - Key Financial Systems 2014/15

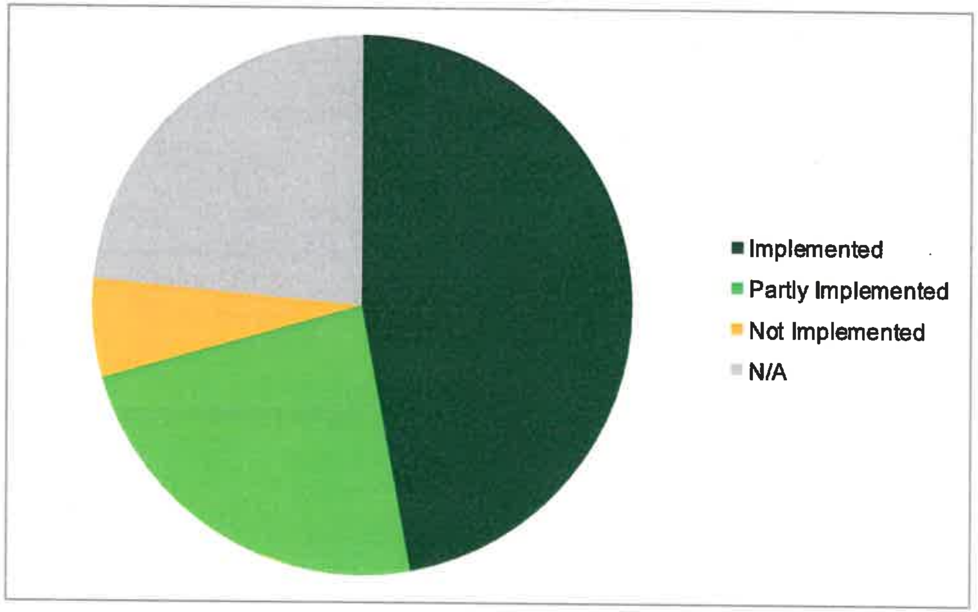
Overall, there has been an improvement in the control environment around key financial systems. Taking account of the Direction of Travel assessment; on balance, it can be considered that key controls are operating in a consistent and effective manner. We are also pleased to note that no priority 1 recommendations were again issued in comparison to previous years (nil were issued in 2014/15 and 2013/14, and three were issued in 2012/13). This reflects the effort made by management to address key control recommendations raised in the year.

Follow-Up of Previously Raised Recommendations

As part of the Internal Audit Plan for 2015/16, we followed-up a number of recommendations previously raised in 2014/15 and agreed with management.

The objective of this work was to establish the extent to which recommendations had been implemented. This is important, as, where actions are not taken as agreed, the Authority/Trust's risk exposure is not reduced.

The chart below shows the proportion of recommendations found to have been implemented, partly implemented, not implemented, and no longer applicable:



Overall, on the basis of the follow-up work completed, 94% of the recommendations had either been fully or partly implemented, or were no longer applicable. This compares positively to 88% in 2014/15, 86% in 2012/13, 76% in 2011/12, 88% in 2010/11, 83% in 2009/10, 84% in 2008/09 and 72% in 2007/08.

As shown on the following page, of the three recommendations not implemented, two were priority 2 recommendations and one was a priority 3 recommendation.

In all cases where recommendations were found to have not been fully implemented, further actions have been agreed with management, together with responsible officers and new deadlines for completion.

In some cases, these further actions may now have been implemented, but we have not yet verified this. This will be covered as part of our 2016/17 work when we will follow-up on all remaining recommendations.

The following table provides a more detailed analysis of the status of implementation (I - Implemented; P - Partly Implemented; N - Not Implemented; and N/A - No Longer Applicable) of recommendations, as broken down by priority rating:

Audit	Priority 1				Priority 2				Priority 3			
	I	P	N	N/A	I	P	N	N/A	I	P	N	N/A
2014/15:												
Hockey and Tennis Centre					7	4		1				
Website Content Management									2			
VeloPark					5	2						
Follow-ups were also conducted as part of the following full audits:												
Treasury Management									1			
Budgetary Control					1				2			
General Ledger					1		1			1	1	
Dobbs Weir Phase 2					2	1	1	6				3
GIS Application (IT Audit)					1	4		1	2			1
Total	**-**	**-**	**-**	**-**	**17**	**11**	**2**	**8**	**7**	**1**	**1**	**4**

Appendix 1 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

Assurance Level	Evaluating and Testing Conclusion
✓ **Full**	There is a sound system of internal control designed to achieve the Authority/Trust's objectives. The control processes tested are being consistently applied.
≈ **Substantial**	While there is a basically sound system of internal control, there are weaknesses, which put some of the Authority/Trust's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Authority/Trust's objectives at risk.
? **Limited**	Weaknesses in the system of internal controls are such as to put the Authority/Trust's objectives at risk. The level of non-compliance puts the Authority/Trust's objectives at risk.
✕ **Nil**	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance gradings provided above are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

Recommendation Gradings

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority Level		Definition
🟥 High	1	Major issues for the attention of senior management and the audit committee.
🟨 Medium	2	Important issues to be addressed by management in their areas of responsibility.
🟩 Low	3	Minor issues resolved on site through discussions with local management.

Direction of Travel

➡	Improved since the last audit visit.
⬅	Deteriorated since the last audit visit.
⬌	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

June 2016

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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Appendix B to Paper AUD/69/16

MAZARS

Lee Valley Regional Park Authority

Internal Audit Plan 2016/17

June 2016

This report has been prepared on the basis of the limitations set out on page 6.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 1 April 2015 between Lee Valley Regional Park Authority and Mazars Public Sector Internal Audit Limited under an arrangement agreed with Croydon Council. This report is confidential and has been prepared for the sole use of Lee Valley Regional Park Authority. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Contents

1. Executive Summary

This document sets out the proposed Internal Audit Plan for 2016/17.

The Plan has been formulated in conjunction with the Director of Finance & Resources for Lee Valley Regional Park Authority (the Authority) and the Director of Business Support for Vibrant Partnerships, the trading name of Lee Valley Leisure Trust Limited (the Trust), and takes into consideration the Strategic Risk Registers of the Authority and the Trust, our findings from previous years' internal audit work, planned developments within the Authority and the Trust, and the requirements of the external auditors of the Authority and Trust.

The total planned days for 2016/17 is 155 - this consistent with the agreed days for the previous year (2015/16) and is split as follows:

Input Type	2016/17 Days	2015/16 Days (Actual)	2015/16 Days (Budgeted)
General Audit and Advisory	83	90	92
IT Audit	10	24	24
Contract Audit	-	12	12
Proactive Counter Fraud	18	-	-
Follow-Up	10	10	10
Management and Consultation	12	14	10
Contingency	22	5	7
Total	**155**	**155**	**155**

We have provided a summary level indication of the proposed coverage for each individual audit / task.

In all cases where an audit has been completed previously against the same scope, together with the assurance opinion, we will provide an assessment of the Direction of Travel so as to indicate the extent to which the controls have improved, stayed the same or deteriorated.

It is important that the Plan remains flexible, given that new risks may emerge during the course of the year. We will continue to discuss and review the coverage with the Director of Finance & Resources and the Director of Business Support on an on-going basis.

The number of contingency days for 2016/17 is higher than the previous year - this is to take account of the various changes the Trust is going through since its formation and any further changes and developments that are due to take place during the year. It is anticipated that management will identify additional areas that require an independent assurance as and when the new processes are designed, implemented and embedded. In addition, the contingency days also include days put aside to meet management requests arising from the Trust's internal quality assurance process on the venues.

2. Internal Audit Plan 2016/17

Please note that the proposed coverage is only a high level overview and the detailed scope of each audit will be discussed and agreed with the relevant officer prior to the commencement of any fieldwork.

We have also identified a Lead Contact(s) in each case. The proposed scope, timing and approach will be discussed and agreed with the Lead Contact(s) and other relevant officers prior to the commencement of each individual assignment.

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Resources & Business Development			
Key Financial Systems (Creditors, Cash and Banking, and Debtors)	18	As part of the 2014/15 internal audit plan, it was agreed with management and external audit that coverage of the key financial systems move to being cyclical as opposed to each system being audited annually - this to reduce duplication and the impact of our work on the Finance Team. Debtors and Payroll were audited in 2014/15 and Treasury Management, Budgetary Control and General Ledger audited in 2015/16. It is intended that Creditors and Cash and Banking will be covered as part of the 2016/17 internal audit plan. Whilst Debtors were audited in 2014/15, this will be revisited again in 2016/17 due to our findings from the Dobbs Weir Income Administration audit.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support
Property Leases and Accommodation Management	12	We will review the control processes over the management of property leases and accommodation. The potential coverage will include but not limited to determination of lease rates, vetting process, deposits, record maintenance, and review processes.	Stephen Roberts - Head of Property Beryl Foster - Director of Corporate Services Simon Sheldon - Director of Finance & Resources
Events Management	15	As requested by management, we will assess the process over the management of events including contracts/agreement, risk management, health and safety, security, and communication with relevant officers/bodies, both internal and external.	Dan Buck - Head of Sport & Leisure Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Sickness Absence Management	8	Whilst management do not have any concerns over the reported sickness absence levels, we have not audited this area previously and there is a potential risk relating to the completeness and accuracy of the sickness absence data being recorded. We will select a sample of venues and functions to assess the compliance with the sickness absence management process - this including recording of absences and the steps taken by managers to ensure the completeness and accuracy of the record.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support
Use of Credit Cards - Audit of Control Process	12	We will undertake a full system audit of the management of the Authority/Trust's credit cards - this including regular reconciliation, retention of supporting documents and sign off of transactions.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support
Use of Credit Card - Data Analysis (Proactive Counter Fraud Work)	8	We will undertake a data analysis on the credit card payments to identify areas of potential anomalies for further investigation.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support
Risk Management (Trust)	6	Following the creation of the separate business entity, Lee Valley Leisure Trust Limited as from 1 April 2015, a new risk register has been developed for the Trust to take account of the operations and responsibilities that have transferred over to the Trust. We will review the adequacy of the Risk Management Framework to ensure that the Trust's approach to managing risk is clearly defined (including risk appetite and responsibilities to identify, evaluate and cost effectively control all significant risks inherent to the Trust's business) and that risk is considered by management, staff and members in all decision making processes as part of their day-to-day operations.	Nigel Foxall - Director of Business Support
Anti-Fraud and Corruption Policy Review (Proactive Counter Fraud work)	4	The Anti-Fraud and Corruption Policy was last reviewed by the Authority in 2013 and is due to be reviewed during 2016. Our work is intended to assist management in their review process and will include advice to both the Authority and the Trust.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Anti-Fraud and Corruption Awareness Survey and Workshop (Proactive Counter Fraud work)	6	We will undertake an awareness survey in respect of the Anti-Fraud and Corruption Policy to determine the extent of which the Policy has been embedded within the Authority and the Trust, and establish staff's perspective on the policy and procedures.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support
Parkland & Venues			
Facilities - Unannounced Spot Check, VeloPark	6	As requested by management, we will complete work at VeloPark. This will include following up on issues identified as part of our 2015/16 Facilities Thematic audit and covering the financial management arrangements at the site.	Nigel Foxall - Director of Business Support
Facilities - Unannounced Spot Check, Hockey and Tennis Venue	6	As requested by management, we will complete work at the Hockey and Tennis Venue. This will include following up on issues identified as part of our 2015/16 Facilities Thematic audit and covering the financial management arrangements at the site.	Nigel Foxall - Director of Business Support
IT Audit			
To be determined	10	To be determined. However, consideration will be given to Business Continuity and the Follow Up of the 2014/15 and 2015/16 IT Audit recommendations.	Simon Sheldon - Director of Finance & Resources Nigel Foxall - Director of Business Support Simon Clark - IT Manager
Follow-Up, Management and Consultation, and Contingency			
Follow-Up	10	Completion of follow-up work on recommendations raised and agreed as part of the 2015/16 Internal Audit Plan, together with any other outstanding recommendations, where the same audits are not being undertaken again as part of the 2016/17 Plan. The follow-up work is of key importance in terms of ensuring that previously raised and agreed recommendations have been implemented by management. If this is not the case, the Authority and the Trust's risk exposure is not lowered in respect of the weaknesses originally identified, and hence the value of the internal audit work undertaken is reduced.	N/A

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Management and Consultation	12	To cover attendance by Mazars management at relevant Audit Committee meetings and production of required reports for these. Also to cover attendance at progress meetings and any other meetings not specifically related to individual audits. In addition, to cover Mazars managements' non-audit specific liaison and communication with officers across the Authority/Trust and with the Authority/Trust's external auditors.	N/A
Contingency	22	To be allocated as necessary during the course of the year.	N/A
Total	**155**		

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

June 2016

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Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **AUDIT COMMITTEE** **16 JUNE 2016 AT 10:30**	**Agenda Item No:** 7 **Report No:** **AUD/67/16**

EXTERNAL AUDIT 2015/16 - AUDIT PLAN

Presented by the Director of Finance & Resources

SUMMARY

As part of the 2015/16 audit the Authority's external auditors (Ernst & Young) undertake an interim audit and produce a plan to cover the end of year audit 2015/16. The full plan is attached at Appendix A to this report.

The auditor's intention is to undertake a fully substantive audit which will review and report on the financial statements as well as arrangements for securing economy, efficiency and effectiveness in the use of resources. As in previous years it will include a review of the work of the internal auditors, including audit plans and reports, together with reports from any other work completed in the year. The plan also covers other mandatory audit procedures required by auditing standards as well as the financial statements and value for money risks.

Materiality is assessed as £965,000 based on 2% of the Authority's gross revenue expenditure and the auditor will communicate uncorrected audit misstatements greater than £48,000 to this Committee.

The plan also highlights any potential risks for producing the financial statements and sets out the auditor's process, strategy and timetable.

The Plan sets out the fee for 2015/16 (£18,619) and this is the same as 2014/15.

RECOMMENDATIONS

Members Note:

(1) the External Auditors' Audit Plan for 2015/16 attached at Appendix A to this report; and

(2) the proposed annual audit fee for 2015/16 as set out in page 12 of Appendix A to this report.

BACKGROUND

1 The role of external audit is to provide an annual independent assessment of how the Authority is discharging its responsibility for the stewardship of public money. The Auditors' conclusions are reported in their Annual Audit Letter later

in the year following the Final Accounts Audit in the summer. This Plan summarises their work to date and highlights risks which may arise during the course of the annual audit.

2 Preceding this, preliminary audit work is carried out to assess the Authority's arrangements for ensuring the proper conduct of its financial affairs. The auditor has provided for this within their plan to the Audit Committee attached at Appendix A to this report.

AUDIT PLAN 2015/16

3 The Audit Plan for 2015/16 was circulated by e-mail to Members on 26 April 2016. A full copy is attached at Appendix A to this report. The Auditors have confirmed that their interim work has progressed well but it is still subject to final review. A further update will be given at the Committee.

4 To date there are no weaknesses highlighted by the Auditor in this Plan.

5 The proposed fee for 2015/16 is £18,619 which is the same as the 2014/15 fee. However, the proposed fee may not cover for the specific audit risks identified in section 2 (page 2) of the plan which highlights potential risks that may impact upon the completion of the annual audit.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

8 The fee to be charged by the External Auditor in 2015/16 is £18,619 and is the same as that set for 2014/15.

9 This fee estimate does not include for any additional costs resulting from the specific audit risks identified in section 2 (page 2) of the plan. Officers believe the existing budget for the External Audit should be sufficient unless a material additional risk arises and therefore impacts upon the standard fee. Members will be kept appraised of this during 2016/17 and any potential variation will be reported to Executive Committee as part of the regular revenue budget monitoring.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

12 There are no risk management implications arising directly from the recommendations in this report although the audit plan does highlight financial statement risks that potentially could impact on the Audit and subsequently impact on the final fee.

Author: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/65/16	Accounting Policies & Accounts Closedown Timetable 2015/16	25 February 2016
Audit Committee	AUD/64/15	External Auditor's Audit Results Report – 2014/15 Accounts	24 September 2015

APPENDIX ATTACHED

Appendix A	Audit Commission's Audit Plan 2015/16

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Appendix A to Paper AUD/67/16

Lee Valley Regional Park Authority

Year ending 31 March 2016

Audit Plan

April 2016

Ernst & Young LLP

EY

Building a better working world

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Building a better
working world

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire LU1 3LU

Tel: + 44 1582 643 000
Fax: + 44 1582 643 001
ey.com

Audit Committee
Lee Valley Regional Park Authority
Myddelton House, Bulls Cross
Enfield,
Middlesex EN2 9HG

25 April 2016

Ref: LVRPA / DH / 2015-16 Audit Plan

Direct line: 07974 006715

Email: dhanson@uk.ey.com

Dear Members

2015/16 Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority and outlines our planned audit strategy in response to those risks. We welcome the opportunity to discuss this Audit Plan with you on 16 June 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Debbie Hanson

Debbie Hanson
Executive Director
For and behalf of Ernst & Young LLP
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Contents

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

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 from 1 April 2015' issued by PSAA 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Lee Valley Regional Park Authority give a true and fair view of the financial position as at 31 March 2016 and of its income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority'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.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

We will provide an update to the Audit Committee on the results of our work in our report to those charged with governance scheduled for delivery in September 2016.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Authority, identified through our knowledge of the Authority's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of fraud in revenue recognition	
Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. For the Authority, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of revenue recognition. We will undertake specific testing to address this risk.	We will ▶ Review and test revenue and expenditure recognition policies. ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias. ▶ Develop a testing strategy to test material revenue and expenditure streams. ▶ Review and test revenue cut-off at the period end date. ▶ Test capital expenditure on property, plant and equipment to ensure it meets the definition of capital expenditure as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).
Risk of management override	
As identified in ISA (UK and Ireland) 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 otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	Our approach will be to: ▶ Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. ▶ Review accounting estimates for evidence of management bias. ▶ Evaluate the business rationale for significant unusual transactions.
Other financial statement risks	
Valuation of property, plant & equipment, biological equipment, and investment property	
The Authority undertakes an annual exercise to revalue property plant and equipment, investment property, and biological assets. The valuation of these assets represents a significant accounting estimate, and the accounting entries arising from changes in value will have a significant impact on the Authority's financial statements.	Our approach will be to: ▶ Test management's arrangements for assessing the work of its valuation experts, including the key assumptions underpinning valuations. ▶ Utilise the work of our own valuation experts to validate the work of the valuation experts engaged by the Authority. ▶ Test the reliability of the information provided by the Authority to its valuer. ▶ Test the accounting treatment applied to changes in valuation. ▶ Test how management has satisfied itself that the valuation of those assets not subject to formal revaluation at 31 March 2016 are materially correct.
Group accounting standards	
From 1 April 2015, Lee Valley Leisure Trust Limited, a charity set up as an Industrial and Provident Society, was established to run the main leisure facilities owned by the Authority. Management has previously assessed the nature of the arrangement against the Code and	Our approach will focus on: ▶ Reviewing management's assessment of the accounting treatment adopted with regard to Lee Valley Leisure Trust Limited.

relevant International Financial Reporting Standards and determined that the arrangement does not give rise to a need to prepare group accounts. We will undertake specific work to consider management's assessment of any factors that change the nature of the arrangement, and which would change the accounting treatment adopted in previous years.

- Consider the adequacy of the disclosures made within the financial statements in respect of the Authority's relationship with Lee Valley Leisure Trust Limited.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- Identifying fraud risks during the planning stages;
- Enquiry of management about risks of fraud and the controls to address those risks;
- Understanding the oversight given by those charged with governance of management's processes over fraud;
- Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- Determining an appropriate strategy to address any identified risks of fraud, and,
- Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. For 2015/16 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice which defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. Our work to date, which is still in progress, has not identified any risks which we view as relevant to our value for money conclusion. We update our risk assessment throughout our audit, and will update you on any changes to that assessment.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's:

- Financial statements
- Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Processes

Our intention is to undertake a fully substantive audit. We believe this to be the most efficient approach to gaining assurance over the Authority's financial statements. Although we are not intending to rely on the control processes established within individual systems, the overarching control arrangements established by the Authority form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement. We will review the work completed by internal audit as part of this element of our work.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

- As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit planning, where they identify issues that could impact on the Authority's year-end financial statements.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Asset valuations	Management's expert (Montagu Evans and Kite Consultancy); EY valuation team
Pension fund liability	Management's expert (pension fund actuary); EY pension team.
Fair value of short and long-term borrowing	Management's expert (Public Works Loan Board).

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source date is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;

- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for our audit of the Authority's financial statements is £965,000. We have based our calculation of materiality on 2% of the Authority's gross revenue expenditure. We will communicate uncorrected audit misstatements greater than £48,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. 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 NAO Code. The indicative scale fee for the audit of Lee Valley Regional Park Authority is £18,619 (2014/15 £18,619).

4.6 Your audit team

The individuals within your EY engagement team have been selected from our dedicated Government and Public Sector audit team. The core members of your audit team are:

Team Member	Responsibilities and experience
Engagement Lead:	
Debbie Hanson Telephone: 07974 006715 Email: dhanson@uk.ey.com	Responsible for delivering of the audit in line with the Code, including the Audit Planning Report, ISA (UK&I) 260 Report to Those Charged with Governance, and the Annual Audit Letter), quality of outputs and significant of opinions and conclusion. Debbie has extensive experience of auditing within the local government sector, and currently leads the audit of a number of unitary and district council audits across the east of England. Debbie has led the audit of Lee Valley Regional Park since 2014/15.
Engagement Manager:	
Stephen Bladen Telephone: 01582 643087 Email: sbladen@uk.ey.com	Responsible for responsible for the day-to-day direction of audit work and is the key point of contact for the CCG's finance team. Stephen has extensive experience of auditing within the local government sector, including unitary and district councils

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Authority through the Audit Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Authority and external stakeholders, including members of the public.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	April 2015		Audit Fee Letter
Risk assessment and setting of scopes	February - March 2016	June 2016	Audit Plan
Testing routine processes	February - March 2016	June 2016	Audit Plan
Year-end audit	August - September2016		
Completion of audit	September 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2016	February 2017	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 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 on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during 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 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.	▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, 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 services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal 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 are disclosed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; 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 the Authority.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Authority has approved and that are in compliance with the PSAA Terms of Appointment.

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 the Authority. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 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 other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions 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.

Overall Assessment

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

5.3 Other required communications

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 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 year ended June 2015 and can be found here:

http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale Fee 2015/16 £	Outturn fee 2014/15 £
Opinion Audit and VFM Conclusion	18,619	18,619	18,619
Total Audit Fee - Code work	**18,619**	**18,619**	**18,619**

All fees exclude VAT.

The agreed fee presented above is 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.

Should any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. We will discuss this in the first instance with the Director of Finance and Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	▶ Audit Plan
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	▶ Report to those charged with governance
Misstatements ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant	▶ Report to 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 ▶ A discussion of any other matters related to fraud	▶ Report to those charged with governance
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	▶ Report to those charged with governance
External confirmations ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures	▶ Report to those charged with governance
Consideration of laws and regulations ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ 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	▶ Report to those charged with governance

UK required communications with those charged with governance

Required communication	Reference
Independence Communication of all significant facts and matters that bear on EY's objectivity and independence Communication of key elements of the audit engagement director'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	► Audit Plan ► Report to those charged with governance
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	► Report to those charged with governance
Significant deficiencies in internal controls identified during the audit	► Report to those charged with governance
Fee Information ► Breakdown of fee information at the agreement of the initial audit plan ► Breakdown of fee information at the completion of the audit	► Audit Plan ► Report to those charged with governance ► Annual Audit Letter if considered necessary
Certification work ► Summary of certification work undertaken	Annual Report to those charged with governance summarising findings from grant certification work, and Annual Audit Letter if considered necessary

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **AUDIT COMMITTEE** **16 JUNE 2016 AT 10:30**	**Agenda Item No:** 8 **Report No:** **AUD/70/16**

RISK REGISTER 2016/17

Presented by the Director of Finance & Resources

SUMMARY

At each Audit Committee, Members review the Risk Register for progress against existing actions and to ensure that the Risk Register remains relevant to deal with the corporate risks facing the organisation.

Following input from Members at the last Audit Committee the register has been updated for use going forward.

RECOMMENDATION

Members Approve: (1) the Authority's Strategic Risk Register (incorporating any agreed changes recommended at this Committee meeting) attached at Appendix B to this report.

BACKGROUND

1 Risk management is one of the key internal controls for an organisation. Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement (which is published with the financial statements).

2 Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

"A relevant authority must ensure that it has a sound system of internal control which -
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
(b) ensures that the financial and operational management of the authority is effective; and
(c) includes effective arrangements for the management of risk."

In this context "relevant authority" is referring to the Lee Valley Regional Park Authority.

3 "The relevant authority must, each financial year –
(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
(b) prepare an annual governance statement - this statement must be published together with the statement of accounts and the narrative statement in accordance with Regulation 10.

4 Assurance of the Authority's internal control system is derived through the work of the internal audit function (undertaken by Mazars for the Authority); and also through the monitoring of processes put in place by management and other external bodies including those around risk management and health & safety. This provides evidence which allows the Authority to form conclusions on the adequacy and effectiveness of the systems of internal control and also on the efficiency of operations.

5 Risk management is not solely a focus on the finances of the Authority. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:

- the Authority's policies are put into practice;
- the organisation's values are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published information are accurate and reliable; and
- human, financial and other resources are managed efficiently and effectively.

6 The Authority approved a Risk Management Framework in April 2005 (Paper A/3798/05). The Risk Management Framework, and more specifically, the Risk Register, was developed by Members and senior officers under the guidance of the internal auditors through a number of workshops and meetings. Members have regularly reviewed the Register at each Audit Committee, adding in their own comments and improvements.

7 Since this time Members have consistently (and in depth) reviewed the Corporate Risk Register and revised the strategy, format, and content. The strategy has been revised and updated twice since 2005 at the Audit Committee (20 May 2010, Paper AUD/06/10 and 28 June 2012 Paper AUD/30/12).

REVIEW OF THE STRATEGIC RISK REGISTER

8 The current Strategic Risk Register is reviewed by officers and Members on an on-going basis. At the meeting in September (Paper AUD/63/15) Members agreed the Corporate Risk Register recognising that many of the previously identified risks had been satisfactorily addressed.

9 Members also requested on an ongoing basis that:

- residual risk scores needed reassessing to ensure that we were not over-stating the current position and to indicate the overall direction of travel. Since the February meeting (Paper AUD/66/16) officers have reviewed the scoring against the criteria set out in detail at Appendix A to this report. The table below sets out a comparison of the movement in reducing the residual risk over time and the attached total notional score.

Risk	Inherent Risks	Notional Residual Risks 25 February 2016	Notional Residual Risks 16 June 2016
🔴	8	0	0
🟡	14	10	9
🟢	0	12	13
Total Risks	22	22	22
Notional Score	1056	422	389

There were no further changes requested.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

12 Revision of the Strategic Risk Register is a key element of this Authority's system of internal control that contributes to safeguarding the assets of the Authority and its reputation for sound financial management of public funds. This is reflected in the Authority's Annual Governance Statement published within the annual accounts and approved by this Committee.

13 Where actions require additional resources these will be identified and approved through the normal budget setting/service planning and management processes in accordance with Financial Regulations.

HUMAN RESOURCE IMPLICATIONS

14 There are no additional human resource implications arising directly from the recommendations in this report. Actions have been set so that they can be met from existing employee resources.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

16 These are dealt with through the main body of the report and through the revised Register. The potential higher risk areas identified (now amber) within the Corporate Register relate to business continuity and resourcing risks.

Continuing mitigation against these identified risks is demonstrated by the proposed actions in the Strategic Register in Appendix B to this report and primarily through implementing and delivering the 2016-19 approved Business Plan.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy	June 2012

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/06/10	Risk Register 2009/10	20 May 2010
Audit Committee	AUD/17/11	Risk Register 2010/11	02 March 2011
Audit Committee	AUD/21/11	Risk Register 2011/12	02 June 2011
Audit Committee	AUD/23/11	Risk Register 2011/12	22 September 2011
Audit Committee	AUD/26/12	Risk Register 2011/12	23 February 2012
Audit Committee	AUD/30/12	Risk Register 2012/13	28 June 2012
Audit Committee	AUD/34/12	Risk Register 2012/13	20 September 2012
Audit Committee	AUD/38/13	Risk Register 2012/13	28 February 2013
Audit Committee	AUD/40/13	Risk Register 2013/14	20 June 2014
Audit Committee	AUD/44/13	Risk Register 2013/14	26 September 2014
Audit Committee	AUD/46/14	Risk Register 2013/14	27 February 2014
Audit Committee	AUD/50/14	Risk Register 2014/15	19 June 2014
Audit Committee	AUD/54/14	Risk Register 2014/15	25 September 2014
Audit Committee	AUD/57/15	Risk Register 2014/15	26 February 2015
Audit Committee	AUD/59/15	Risk Register 2015/16	25 June 2015
Audit Committee	AUD/63/15	Risk Register 2015/16	24 September 2015
Audit Committee	AUD/66/16	Risk Register 2015/16	25 February 2016

APPENDICES ATTACHED

Appendix A	Risk Register Definitions and Scoring Criteria
Appendix B	Corporate Risk Register – Authority

Appendix A to Paper AUD/70/16

Definitions

The following key terms are used within the Risk Register

Risk = an event or action which may adversely (or positively e.g. the winning or losing of contracts) affect the Trust's ability to maximise stakeholder value and to achieve its objectives, or limit its ability to exploit opportunities.

Risk is an inevitable part of everyday business and cannot be eliminated, but it can be managed.

Risk Management = the planned and systematic approach to the identification, evaluation and economic management of the risks associated with the Trust activities.

Inherent Risk = the risk exposure (likelihood x impact), assuming that nothing is done to manage it.

Likelihood = the estimated chance of a risk being realised.

Impact = the potential consequences if a risk is realised.

Control = an action taken to help manage a risk, either reducing the likelihood or the impact, or both.

Residual Risk = the risk exposure (likelihood x impact), taking into account the steps already being taken to manage it.

Dealing with the risk = treating, transferring, terminating or tolerating

Treat	Controls are put in place to help reduce the likelihood of a risk being realised.
Transfer	Action is taken to transfer the potential impact to another party, e.g. through an insurance arrangement.
Terminate	A decision is made to end the area of activity with which the activity is associated.
Tolerate	A decision is made to accept the current level of exposure without taking any further action.

Further Action = the further steps to be taken to reduce the residual risk exposure to an acceptable level.

Deadline for Completion of Actions = Final date when action should be completed by.

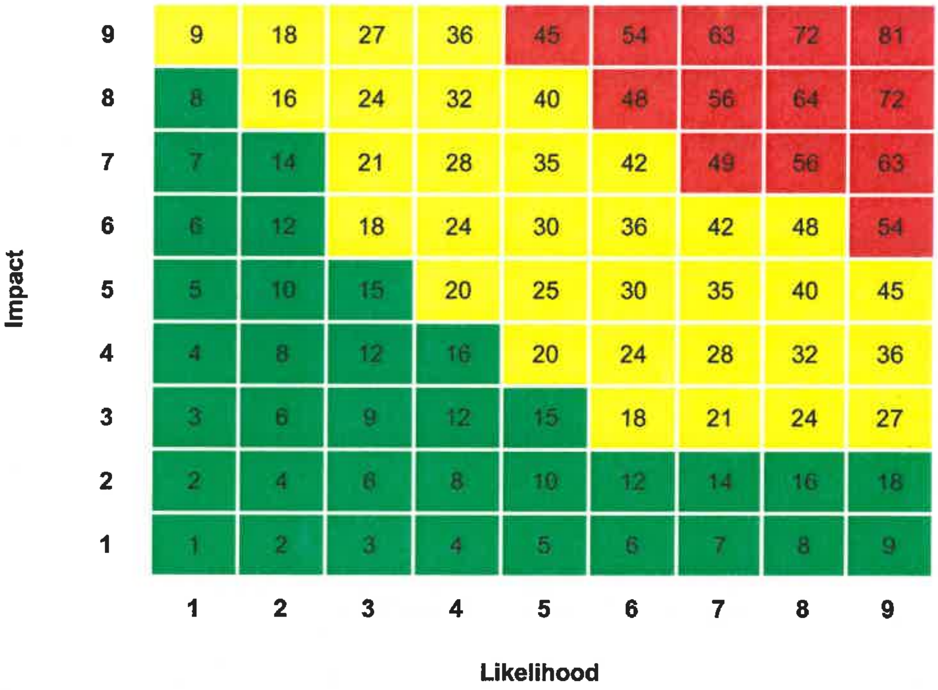
Officer Responsible = a senior officer responsible for managing the risk indicated by their post title eg, CEO (Chief Executive Officer), DCS (Director of Corporate Services, DFR (Director of Finance & Resources), HP (Head of Parklands), HC (Head of Communications), HSL (Head of Sport & Leisure) and AMPD (Section Manager Asset Management, Protection & Development).

Assurance = information which provides a view on the extent to which a risk is being managed in the way envisaged and hence on whether the actual residual risk exposure is consistent with that which it is believed to be.

Comments = Officer comments updating against progress against the action and the deadline.

Risk Appetite and Scoring Criteria

Risks are assessed using a 1-9 scale for both impact and likelihood. The Authority's risk appetite is then defined using the scoring matrix below.



Impact

9	9	18	27	36	45	54	63	72	81
8	8	16	24	32	40	48	56	64	72
7	7	14	21	28	35	42	49	56	63
6	6	12	18	24	30	36	42	48	54
5	5	10	15	20	25	30	35	40	45
4	4	8	12	16	20	24	28	32	36
3	3	6	9	12	15	18	21	24	27
2	2	4	6	8	10	12	14	16	18
1	1	2	3	4	5	6	7	8	9
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**

Likelihood

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. This provides a visual indicator of the original level of risk and where it stands currently.

Key

Score 45-81 High Risk	🔴
Score 9-48 Moderate risk	🟠
Score 1- 18 Low risk	🟢

Appendix A to Paper AUD/70/16

Whilst the assessment remains subjective, the following criteria serve as a guide and are used to help ensure consistency in scoring across each of the risks identified.

	Impact	**Likelihood**
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £1,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss between £1,000 and £5,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss between £5,000 and £20,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss between £20,000 and £50,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss between £50,000 to £250,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss between £250,000 to £500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss between £500,000 to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months

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Appendix B to Paper AUD/70/16

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

		Inherent Risk Score						Residual Risk Score											
Risk ID	Risk Name	Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢	Existing Controls	Impact	Likelihood	Total Score	🔴 🟡 🟢	⇦ ⇨ ⇔	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
SR 1	**Legal**																		
	Failure to comply with the 1966 Park Act and other statutory requirements.	DCS	8	7	56	🔴	Provision of Legal Services Member scrutiny through Authority & Committee meetings Annual Governance statement Park Act Awareness covered by inductions for new staff.	6	1	6	🟢	⇔	Tolerate	Continue Induction Process and monitoring of statutory changes	Quarterly	DCS	External Audit Internal Audit Senior Management	**On-going Monitoring**	On-going Monitoring
	Failure to comply with Health & Safety legislation	DFR	9	6	54	🔴	Health and Safety management H&S manual (procedures) regularly reviewed by RDHS who monitor up and coming legislation. H&S Policy Updated n Risk Reduction Plan complete. External H&S Assessment 5*	7	2	14	🟢	⇔	Tolerate	Annual Internal Audit & H7S Audit Plans delivered.	31/03/2017	DFR	Senior management Members	**Annual Internal Audit Plan Complete. BSC audit Complete & 5* grading retained**	All Internal annual audits complete. BSC audit commences 14/03/2015
SR2	**Contractual**																		
	Agreeing to accept a partners' financial terms and conditions that will place an unacceptable long term contingent liability on the Authority	DFR	9	4	36	🟡	Reports to SMTand Members Financial/Legal/Risk Implications fully appraised. Financial Appraisal of schemes in accordance with prudential code.	8	2	16	🟢	⇔	Tolerate	Ongoing resources review for specific projects	Quarterly	DCS/ DFR	Internal Audit/ External Audit	**No new agreements. Monitor re major projects eg Ice Centre Development**	LFA agreement Signed -off by Executive Paper E/423/15
	Contractors, Governing Bodies, or Trust not delivering agreed objectives	DFR	7	6	42	🟡	All contracts reviewed prior to commencement by a responsible officer. Delivery monitored by Director/Head of Service	6	2	12	🟢	⇔	Tolerate	Quarterly Contract monitoring.	Executive Quarterly Monitoring	HSL	Senior Management and Members	**4th Quarter Monitoring presented to scruitiny Paper S/35/16 and reported to Executive 16/6/2016**	2nd Quarter Monitoring signed off by Executive Paper E/425/15. Six Month Performance Report Authority A/4219/15

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

		Inherent Risk Score						Residual Risk Score											
Risk ID	Risk Name	Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢	Existing Controls	Impact	Likelihood	Total Score	🔴 🟡 🟢	⇩ ⇧ ⇕	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
	Failure to deliver the LVRPA management contract to the required specification including breach in SE Funding Agreements LVWWC , VeloPark, LV H+TC	DFR	9	4	36	🟡	Monitored as part of Trust contract monitoring	6	2	12	🟢	⇔	Tolerate	No further action	Executive Quarterly Monitoring	HSL	Senior management Internal Audit	**4th Quarter Monitoring presented to scrutiny Paper S/35/16 and reported to Executive 16/6/2016. Sport Engalnd Q4 report sent to SE 25.5.16**	2nd Quarter Performance Monitoring signed off by Executive Paper E/425/15. Six Month Performance Report Authority Paper A/4219/15
	Management of Facilities Contracts	DCS	9	4	36	🟡	Advice and support AMPD plus external contractors	9	3	27	🟡	⇨	Treat	Ongoing Monitoring	Annual Inspection & Review.	AMPD	Internal Audit Senior Management	**Undertake annual reviews of MPG's at venues to ensure compliance.**	APMD Undertake annual reviews of MPG's at venues to ensure compliance.
SR 3	**Resources**																		
	I.T. infrastructure does not meet future business need requirements. Authority reduces or lacks funding for updating or improving I.T infrastructure	DFR	9	4	36	🟡	Reports to Members Financial/Legal/Risk Implications fully appraised. Financial Appraisal of schemes in accordance with prudential code. Existing IT Infrastructure budget £140K pa	8	3	24	🟡	⇨	Treat	Budget resources review for new projects	01/04/2017	DFR	Senior Management Internal Audit/External Audit	**Strategy under review and built in as corporate objective in 2016-19 business plan. Report to Members by Dec 2016.**	First Draft of Strategy complete - review by Senior Management Teams of Authority & Trust
	The Authority fails to attract and retain staff at all levels of the appropriate calibre	CEO	8	8	64	🔴	Reward & Recognition Training & development framework Management Away Days Staff presentations Internal/External communications	4	5	20	🟡	⇨	Treat	Implement "learning " strategy Regular adverts and communication. Exit Interview Review Employer of choice Review of benefits	31/03/2017	CEO/ DFR	Senior Management/ Members	**Review under-way and built in as corporate objective in 2016-19 business plan. Report to Members by Dec 2016.**	Future staff benefits, rewards, recognition review ensuring pay,terms and conditions fit for purpose.

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

		Inherent Risk Score						Residual Risk Score											
Risk ID	Risk Name	Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢	Existing Controls	Impact	Likelihood	Total Score	🔴 🟡 🟢	⇦ ⇨ ⇔	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
SR 4	**Financial Management**																		
	Financial Risks of unresourced legacy costs through non-achievement of income targets by Trust or inaccurate budget forecasting	DFR	9	9	81	🔴	Budget monitoring reports Authority/Trust monitoring Meetings Joint Chairs Meeting Budget Review 2016/17 complete	7	3	21	🟡	⇨	Treat	Budget Review 2017/18	31/12/2016	DFR	Senior management Members	**Levy & Budget Strategy 2017-18 onwards**	Budget Review Completed
	Ensure Adequate Funding for Both Organisation	DFR	9	9	81	🔴	Current Financial Plan 2016/17 Existing Budget Process Mandatory Rate relief achieved	7	3	21	🟡	⇨	Treat	Budget Review 2017/18	19/01/2017	DFR	SMT Members	**Levy & Budget Strategy 2017-18 onwards**	Budget & Levy 2016/17 Approved
SR5	**Governance & Leadership**																		
	Lack of a clear corporate direction	CEO	9	9	81	🔴	Authority meetings SMT Business Plan 2016-19	9	1	9	🟢	⇔	Tolerate	Implement 2016-19 Business Plan	Quarterly Monitoring	CEO	Senior Management Members Exterrnal Audit	**Ongoing Monitoring through Executive & Scrutiny.**	Business Plan 2016/19.. Completed & Approved by full Authority
	Challenge to the Levy resulting in non-payment	CEO	9	9	81	🔴	Stakeholder engagement Clear Budget/Levy Direction Funded Financial Plan Statutory Levy Raising Powers	9	1	9	🟢	⇨	Treat	Implement 2016-19 Business Plan. Develop Levy Strategy.	Quarterly Monitoring	CEO	Senior Management Members	**Monitor & respond to outcomes of Lords amendment to Housing & Planning Bill**	2016/17 Budget/Levy Approved by full Authority
SR6	**Reputation/Communication**																		
	Impact on Authority if Trust Venues do not have a strong reputation	HC	7	5	35	🟡	Managed via Contract Stakeholder updates Feedback/liaison with Trust	6	3	18	🟢	⇨	Treat	Regular client meetings	Quarterly Monitoring Report	HC	Senior Management/ Members Stakeholder Perception KPI	**Continual media and stakeholder monitoring**	Monitor positive media coverage & stakeholder feedback. Plus Quarterly Monitoring
	Reputational Enhancement or Damage due to success or failure of Olympics Legacy	CEO	8	5	40	🟡	Business plans Olympic Venues Working Relationship LLDC Third party working relationships across Olympic park	6	3	18	🟢	⇨	Treat	Onging management and monitoring	Monthly	HC	Senior management Members	**Continued media and stakeholder monitoring, plus close working with LLDC to maintain positive public messages.**	Monitor continued positive media coverage & stakeholder feedback. Inputting into wider policy debate on legacy

11

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score					Existing Controls	Residual Risk Score											
		Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢		Impact	Likelihood	Total Score	🔴 🟡 🟢	⇦ ⇨ ⇔	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
	Reputational Enhancement or Damage due to success or failure of stakeholder relationships	HC	9	3	27	🟡	Stakeholder Communications Planned Visits Speaker engagements existing media relations	6	3	18	🟢	⇨	Treat	Ongoing engagement at local, regional and national level	Ongoing	HC	Senior management Members Stakeholder Perception KPI	**Engagement Programme with stakeholders, including council leader and GLA member invites to schools festivals and stakeholders invites to major events**	Continued invites to major Events Exhibiting at London Council summit Nov 2015
	Failure to deliver major events in partnership with Governing Bodies/LVLT	HSL	7	5	35	🟡	Strategic and Operation meetings pre and post events LVRPA and NGBs Events fit with business plans Adequate time and resource agreed and allocated	6	4	24	🟡	⇨	Treat	Partner Working with Trust. Events Strategy	30/11/2015	HSL	Senior management Members Stakeholder Perception KPI	**Major events since Q2; 2015 NEC Wheelchair Masters, 2016 UCI Track Cycling World Champs and Sport Relief. 2016 Men & Womans Champions Trophy in June**	Major Events delivered 2015: Hockey Euros, ICF canoe World Champs, NEC Tennis Wheelchair Masters, Revolution and Six day event. Major Events strategy 2016-20 approved Executive November Paper E/427/15
SR7	**Business Continuity**																		
	Inadequate business continuity implementation at any (all) sites	DFR	6	5	30	🟡	Draft IT Disaster Recovery Plan Business Interruption Insurance Adequate Cover arrangements exist for Senior Management Site Management Plans	5	3	15	🟡	⇨	Treat	Audit Recommendations completed. Further training and testing	31/06/2016	HSL	External Audit Internal Audit Senior Management	**Authority Business Continuity training day scheduled fo June 2016. Inclusion in annual audit plan.**	Trust Business Continuity Day completed in December. Plus Authority linked in to C3/C4 national communication structure - in place for all major events with Police/ Councils and LLDC.

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score					Existing Controls	Residual Risk Score										
		Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢		Impact	Likelihood	Total Score	🔴 🟡 🟢	⇦ ⇨ ⇔	Tolerate/Transfer/Treat/Terminate (If Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
SR8	**Environmental Management**																		
	Failure to manage contamination could be a risk to users, this includes land and/or water contamination (also damage to reputation from failing to manage contamination)	DCS	9	9	81	🔴	Site investigations carried out prior to developments & land remediated. Site investigations carried out on some other sites. Some sites monitored. Sites closed to pubic access where contamination is significant. Contaminated Land Policy Member Task & Finish group Completion of Conraminated Land Strategy & Policy	7	2	14	🟢	⇔	Tolerate	Consultant Site Investigations work to be completed.	29/02/2016	DCS	Senior Management/ Members	**Paper E/442/16 to Executive summarised actions to date; user guides, supplemental land surveys and additional consultancy work at Holy-field Marsh**	Final report received from consultants evaluating risks which are moderate to low. Report to T&FG February
	Vetinerary Disease outbreak affecting Farms business (e.g. avian flu, Foot and Mouth)	DCS	6	6	36	🟡	Emergency Action Planning Insurance Funds General Reserves	5	3	15	🟢	⇔	Transfer	Annual Insurance Renewal	30/09/2016	HP	Internal Audit Senior management	**Insurance Renewal 2016/17**	Insurance renewal 2015/16 Completed
	Disease outbreak affecting human health	DFR	9	2	18	🟡	Pandemic flu outbreak procedure Proactive monitotring during winter months Formal management of animal movements. Quarterly SMT Reports Quarterly e-coli checks	8	2	16	🟢	⇔	Tolerate	None	Quarterly inspections	DFR	Internal Audit Senior management	**Quarterly inspections of E. Coli control measures conducted by H&S Officer at the farms.**	Quarterly inspections of the delivery of E. Coli control measures conducted by H&S Officer at the farms.
	Flood risk	DCS	7	5	35	🟡	Emergency Action Planning Insurance Funds General Reserves Working with Environment Agency & CRT GIS Mapping of Flood Risk Areas Park Development Framework	6	5	30	🟡	⇨	Treat	Audit Recommendations completed. Further training and testing	30/06/2016	HP	Internal Audit Senior management	**Authority Business Continuity Training June 2016. Plus linked in to EA plus site evacuation plans.**	Trust Business Continuity Day completed in December. Plus Authority linked in to EA plus site evacuation plans.

13

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score					Existing Controls	Residual Risk Score											
		Lead	Impact	Likelihood	Total Score	🔴 🟡 🟢		Impact	Likelihood	Total Score	🔴 🟡 🟢	⇦ ⇨ ⇔	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	**16/06/2016 Comments**	25/02/2016 Comments
	Environment damage/disaster to buildings/ programme/events	DCS	7	5	35	🟡	Emergency Action Planning Insurance Funds Work with Trust Working with QEOP and Agencies	6	5	30	🟡	⇨	Treat	Audit Recommendations completed. Further training and testing	30/06/2016	DFR	H+S Senior management	**DRP completion and Audit by 31/6/2016. Joint Authority training day to be actioned by 30/06/2016**	Velopark Business Continuity Training Test completed 22 December by Trust. DRP completion and Audit by 31/3/2016. Joint Authority Trust training day to be actioned by 30/06/2016
					1056					389									

Key
Score 45-81 High Risk 🔴
Score 19-48 Moderate risk 🟡
Score 1- 18 Low risk 🟢

⇨ Progress in a positive direction ie reducing the risk
⇦ Progress is negative and risk is getting worse.
⇔ Progress static subject to actions or as risk is "tolerated"

LEE VALLEY REGIONAL PARK AUTHORITY AUDIT COMMITTEE 16 JUNE 2016 AT 10:30	**Agenda Item No:** 9 **Report No:** AUD/71/16

DRAFT UNAUDITED FINAL ACCOUNTS 2015/16

Presented by the Director of Finance & Resources

SUMMARY

This report details the draft unaudited Statement of Accounts for 2015/16 and summarises the headlines from the Accounts. The Accounts are subject to external audit, which will commence in August 2016.

Actual operational spending on all Authority facilities and services was £0.4m below budget (including the 2014/15 carry forwards) and was reported to Executive Committee in May (Paper E/452/16) with all variations fully explained.

Further adjustments to the Financial Statements were required in respect of capital financing, stock, accrued absences and the pension fund. In addition a one-off rates refund from the Lee Valley White Water Centre (circa £250K) was provided for. The result is an end of year position on the income and expenditure account of £0.1m surplus which has increased the General Fund reserve.

The Accounts demonstrate that the Authority retains its strong financial position. Maintaining that position is a cornerstone of the Authority's Financial Strategy, as it provides the capacity to innovate, lead developments and support the challenges of the Business Plan.

RECOMMENDATIONS

Members Approve:

(1) the draft Annual Governance Statement (attached at Appendix A to this report), to be included within the Accounts, subject to any comments received from Members and the Auditors;

(2) that any Member comments/amendments/ changes received by 29 June 2016 can be considered and approved by the Chairman of the Audit Committee in consultation with the Director of Finance & Resources and incorporated into the final Draft Accounts presented for external

audit; and

Members Note: (3) that the unaudited Statement of Accounts for 2015/16 summarised in this report (and attached as Appendix B) will be signed off by the Director of Finance & Resources by 30 June 2016, subject to any comments/amendments/ changes received by 29 June 2016 from Members.

BACKGROUND

1 The Accounts and Audit Regulations 2015 require the Authority's Accounts to be certified by the Director of Finance & Resources by 30 June 2015.

2 The Accounts will be placed on public deposit and are currently still subject to completion of the external audit. The auditors' findings and conclusions will be incorporated in the Annual Audit Letter which will be reported to the September meeting of the Audit Committee.

3 The early preparation of the Draft Accounts means that there may still be further adjustments that arise as detailed working papers are reviewed. In addition, this gives Members further time to review the detailed Accounts prior to the annual audit. Therefore if Members, either today or before 29 June 2016, wish to raise queries, these can then be accommodated before a final draft of the Accounts is finalised. Any changes incorporated subsequent to this meeting will be reported to Members at the September meeting of the Audit Committee.

4 The most significant matters identified by the Accounts to date are summarised below.

SERVICE SPENDING

5 Provisional actual expenditure for each service and venue has been reported to Executive Committee, in the Provisional Revenue Outturn report in May (Paper E/452/16). Spending on all our venues and services generated a £0.4m under spend against the approved budget. The under spend is fully explained in the Provisional Revenue Outturn report. In addition Members received a verbal update at Executive Committee regarding the favourable rating valuation at the Lee Valley White Water Centre that was notified to the Authority on 25 May 2016. This potentially would provide a further one-off refund in business rates of circa £250,000 above that reported in the revenue out-turn.

6 Executive Committee Members also approved a carry forward of **£209,000** from the 2015/16 budget as set out in the Provisional Revenue Outturn reported to Executive Committee (Paper E/452/16). The General Fund reserve will reduce to £5.5m by the end of 2016/17 if actual expenditure matches budget as detailed below:

	£m
2015/16 General Reserve	4.7
2015/16 Approved carry forward	0.2
Estimated Closing balance 2016/17	4.5

CAPITAL SPENDING AND FINANCING

7 Gross capital expenditure totalled £2.5m compared to the approved Capital Programme of £3.4m. While gross capital income totalled £0.5m compared to the approved Capital Programme of £1.0m. The net outturn is fully explained in the Provisional Capital Outturn reported to Executive Committee in May (Paper E/450/16).

8 Capital spending has been financed as follows:

	£m
Capital Grants Applied	0.5
Revenue Financing	0.9
Major Repairs Fund	1.0
Capital Fund	0.1
Capital Receipts	0.0
Total	**2.5**

GENERAL RESERVES

9 The General Reserves have increased at the year-end by £0.1m. This sum represents an increase in the Authority's balances brought about through the reported under spend, additional rates rebate at Lee Valley White Water Centre and other accounting adjustments relating to receipts in advance, stock adjustments and capital financing.

10 The table below shows the level of the General Fund reserve over the last five years.

Year	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
	£m	**£m**	**£m**	**£m**	**£m**
General Fund	7.5	8.7	7.6	4.6	4.7

ANNUAL GOVERNANCE STATEMENT 2015/16

11 The Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. This statement explains how the Authority has complied with the Code; and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in ensuring that there is a sound system of internal control and that this Committee approves the Annual Governance Statement.

12 Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement and for it to be published with the Financial Statements.

13 Assurance derived through the monitoring of processes, including risk management, provides evidence which allows the Authority to form conclusions on the efficiency and effectiveness of operations. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:

- the Authority's policies are put into practice;
- the organisation's values are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and published information is accurate and reliable; and
- human, financial and other resources are managed efficiently and effectively.

14 A draft Annual Governance Statement is attached at Appendix A to this report for approval by Members.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

17 These are dealt with in the body of the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

20 These are dealt with within the Annual Governance Statement detailed in Appendix A to this report.

Author: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

BACKGROUND REPORTS

Final Account Working Papers 2013/14	May 2014

PREVIOUS COMMITTEE REPORTS

Executive	E/452/16	Revenue Budget Performance 2015/16 – Provisional Outturn	26 May 2016

Executive	E/450/16	Capital Programme-Provisional Outturn 2015/16	26 May 2016
Audit Committee	AUD/65/16	Accounting Policies and Accounts Closedown Tiimetable 2015/16	25 February 2016

APPENDIX ATTACHED

Appendix A	Annual Governance Statement 2015/16
Appendix B	Unaudited Statement of Accounts 2015/16 – TO FOLLOW

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ANNUAL GOVERNANCE STATEMENT 2015/16

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 2016 and up to the date of approval of the statement of accounts.

The governance environment

A clear statement of the Authority's purpose and vision is set out in "The Lee Valley Regional Park Authority Business Strategy 2010-2020". The Authority's objectives are set out in the Performance Management Framework. These are translated into more specific aims and objectives in the service improvement plans which are prepared annually. The achievement of these objectives is monitored by the Senior Management Team, the Performance Team, the Executive 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. Employees are also subject to a Code of Conduct and a number of specific policies (e.g. on whistle blowing, IT usage, bullying and harassment) which are set out in the Employee Handbook. Advice on these matters is embedded through on-going training.

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

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

Risk management is embedded in the Authority through a Corporate Risk Management Framework (Paper FA/126/07) 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. The Director of Finance & Resources leads on matters of risk for the Authority and reports 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 Performance Management Framework. Actions for improvement are drawn from a variety of sources including internal audit; the Authority's own Self Assessment reviews, service reviews and, external inspections such as those undertaken by Quest, Green Flag, the British Safety Council and the British Quality Foundation. An annual assessment of performance, detailing future performance targets, is set out in the Annual Performance Management Report.

The Director of Finance & Resources 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. Updated policies relating to whistle blowing anti-fraud, bribery & corruption were updated and approved by Members of the Audit Committee in February 2013 and approved by the full Authority in April 2013. This was supported by Authority wide awareness training for all staff and elected Members. These policies are normally reviewed every third year (unless legislation or regulations change), so review of these particular policies will commence again this year. 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 framework 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 departmental management teams, Performance Team and 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 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 Director of Finance & Resources, but in order to ensure independence has direct access to the Chief Executive, Monitoring Officer, and the Audit Committee.

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 2015/16, which was presented to the Audit Committee on 16 June 2016 (Paper AUD/69/16), concluded that, based on the internal audit work undertaken, the Authority's internal control systems are considered to be adequate and effective.

The Audit Committee approved a Risk Management Strategy in May 2010 (Paper AUD/06/10) (in which it was concluded that risk management arrangements are an established part of business operations and are entrusted with senior officers). The Strategic Risk Register has undergone regular monitoring this year. A new Risk Management Strategy was approved by the Audit Committee on 28 June 2012 (Paper AUD/30/12). A full review of the risk register was undertaken in the summer of 2015 (Paper AUD/59/15) following the Authority transfer of the majority of its venues to Vibrant Partnerships (the Trust) from 1 April 2015.

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 90% (plus) approval rating and independent assurance from the internal auditor. Every third year 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 have 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 16 June 2016 (Paper AUD/68/16).

Senior Managers continue to review the processes and controls they have in place to allow them to achieve their service objectives. Reporting on 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 letter and other reports.

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 have now been transferred to the Authority and are recognised in the accounts. These additional asset transfers are valued in excess of £115m, 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 that the Authority has entered into.

All senior officers are continuing to work on Olympic legacy related issues and these are discussed within the Senior Management Team (SMT). There is also Member involvement where key decisions are taken in relation to Olympic legacy issues through the Upper and Lower Lee Valley Planning & Regeneration Committees, Executive Committee and where necessary Full Authority. It is important that the Authority remains focused on legacy issues and the related risk of the Olympics legacy; this is reflected in the Strategic Business Plan 2010-2020 that shows the effect of the Olympics legacy risk on our business objectives and our financial planning and, puts in place adequate resourcing for the proper management and maintenance of Olympic legacy facilities.

The Authority's existing governance structure was put in place in 2009. It was reviewed in July 2010 to ensure management and decision making processes remained robust, relevant and fit for purpose. In support of the Full Authority there are now Executive, Audit and Scrutiny committees together with two Regeneration and Planning committees covering different areas of the Regional Park. Members continue to review the committee structures on an annual basis and at the AGM. The Committee structure was reviewed at the AGM in July 2015 (Paper A/4211/15) taking into account the implementation of the Trust. Members agreed to keep the current committee structure but to merge the Communications & Access Group and the Contract Monitoring Working Group into the terms of reference of the Executive Committee. Members increased the Executive Committee membership from 6 to 8.

Members agreed to the establishment of an Independent Remuneration Panel to carry out a review of the remuneration of the roles of Chairman and Vice Chairman at the Executive Committee in April 2016 (Paper E/443/16). A panel will be convened as soon as practicably possible. It is intended that the outcome be reported to the AGM in July 2016 for Members to consider any recommendations received.

The Authority reviewed its own financial reporting requirements in the context of the International Financial Reporting Standards (IFRS) which were embedded as part of the 2010/11 final accounts process.

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 a three year business plan and the ten year business strategy. 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 has been reduced by 2% for 2016/17 and for the previous five years – a real term decrease in excess of 30%. Officers and Members are committed to providing on-going savings and efficiencies to achieve economy and efficiency through the best use of public funds whilst delivering its own core objectives detailed in the new three year Business Plan 2016 – 2019 and statutory role. Consideration of the levy in future years will be subject to inflation and other economic factors prevailing at the time.

The Authority is continuing a robust plan of income generation projects across the Park to reduce its reliance on the levy. The key measure has been to ensure that the reliance on the levy falls to 53.0% of the maximum that the Authority can legally charge. This target has now been achieved and for 2016/17 it currently stands at 46.5% of the maximum chargeable – a cost per head of population of £0.95p. An officer led Capital Projects Development Group is managing a variety of 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.

In November 2013 (Paper A/4176/13) Members of the Authority agreed to setting up Vibrant Partnerships, an Industrial Provident Society for the purpose of managing the Authority's operations. It also established a Member Task and Finish Work Group to provide oversight and enable detailed discussions on the many aspects of this process. Members explored a variety of operational options including seeking discretionary rate relief for its venues from 'host' Local Authorities while assessing which venues should be included within the scope of a charitable Trust. The Local Authorities were not able to provide a sustainable solution through discretionary rate relief and this option was discounted. In February 2015 (paper A/4201/15), Members approved the Leisure Services Contract commencing on 1 April 2015 between the Lee Valley Regional Park Authority and the Trust. The contract is intended for a five year period to establish a "sound" operational profile.

The Trust commenced full operation of the transferred Venues on the 1 April 2015. The challenge ahead is for the Trust to deliver the services and to continually improve the quality and financial performance at these venues. The Authority has ongoing monitoring arrangements in place at officer, senior management and Member level to ensure that performance targets are met and that the ethos of continuing improvement is maintained.

The Authority has approved the 2016-2019 business plan which ensures it continues to meet existing and new corporate priorities that are emerging and this has fed into the medium term financial planning of the Authority. Having established a new operational model for its 14 sport and leisure venues, the Authority will, as part of the new business plan, review all other service areas with the aim of determining the most cost efficient and effective delivery mechanisms.

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

Shaun Dawson
Chief Executive
September 2016

Paul Osborn
Chairman
September 2016

APPENDIX B
AUD/71/16

Lee Valley Regional Park Authority

Statement
of
Accounts

For the year ended 31 March 2016

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Unaudited

Lee Valley
Regional Park Authority

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Lee Valley Regional Park Authority

Statement of Accounts 2016 Draft

For the year ended 31 March 2016

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Explanatory Foreword

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. The Authority's vision for 2020 is that the LVRPA should be "A World Class Leisure Destination".

Over recent years the Authority has undertaken significant work to leverage in 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 Greater London, Essex and Hertfordshire – which equates to 95p per person per year. The ceiling for the levy is determined by a formula set out in "The Levying Bodies (General) Regulations 1992" which is adjusted annually to account for inflation

These accounts for 2015/16 provide information about the costs and income from our services during the year and our assets and liabilities at the year end. The summary of significant matters sets out the main financial performance of the Authority during 2015/16; its ongoing liabilities; future capital investment and the underlying economic climate that will influence 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. The 2015/16 KPIs are set out in the table below for ongoing comparison.

Key Performance Indicator	2014/15	2015/16	Explanation
Levy Contribution	49.9%	47.9%	Percentage charged of the maximum chargeable
Service Plan Progress	82.0%	94.0%	Percentage of actions delivered in year
Customer Satisfaction	84.0%	85.0%	Customer satisfaction Rating
Stakeholder Perception	73.0%	75.0%	Stakeholder satisfaction
CO2 emissions from Operations	5,422	6,128	CO2 Emissions (Tonnes of CO2)
Business Priorities Progress	73.0%	93.0%	Percentage of actions delivered in year
Usage	6.2m	6.6m	Number of Visitors (Millions)

The Authority's financial strategy is embodied in the ten-year Strategic Business Plan 2010 to 2020. 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 renews its business plan on a three year cycle with the latest plan (2016-19) approved in January 2016. This plan sets out service objectives and business priorities for the coming three years and is underpinned by the Medium Term Financial Plan (MTFP).

A key development of the Authority has been to outsource its sporting venues and business support services in a five 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 the cost the LVRP to the taxpayers of London, Essex and Hertfordshire.
- Increase income from existing venues/sites through a range of investment opportunities both directly and with or via 3rd 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 seven million by 2018/19

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 2015/16 budget was set in January 2015. Actual spending on facilities and services was £0.4m less than budgeted, which included £0.2m carried forward from the previous financial year. At the end of the year the Authority had general reserves of £4.7m.

Budget compared to actual

2015/16	Budget £'000s	Actual £'000s
Net operating expenditure	12,758	12,405
Levy on local authorities	(11,058)	(11,058)
Net general fund deficit	1,700	1,347
Total financing costs	(1,368)	(1,458)
Movement in reserves	332	(111)

Capital investment

Capital investment totalled £2.5m. This was financed by a contribution from revenue (£0.9m), government grants and contributions from other bodies (£0.5m) and earmarked reserves and receipts (£1.1m).

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. This facility is now managed by Vibrant Partnerships (the Trust) under a contract for services which commenced 1st April 2015 which makes the Trust responsible for delivering the requirements of the funding agreements. The Authority monitors the contract to ensure that the Authority is not at risk of breach in relation to the contingent liability.

We have taken independent advice to assess the appropriate value of the asset. The contingent liabilities are shown in note 38.

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 to some extent outside the Authority's control as 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 £29m. 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 with East of England Development Agency (EEDA). 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. The Authority retains these contingent liabilities but obliges the Trust to satisfy the requirements under the funding agreements on behalf of the Authority.

The land and building valuation of this asset has been included in the statements. The contingent liabilities are shown in note 38.

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. A licence is in place for the parklands area with an agreement for lease annexed. The grant of the lease of the land for the 25 year period is underway following the registration of the land to the Authority and will be completed as soon as possible.

Pension Scheme

The Authority is a member of the Local Government Pension Scheme, administered by 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.

Transfer of Management of the Venues to the Lee Valley Leisure Trust Limited

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

The Trust commenced full operation of the leased Venues on the 1 April 2015. The challenge ahead is for the Trust to deliver the services and to continually improve the quality and financial performance at these venues. The Authority will monitor performance at officer, senior management and Member level to ensure that performance targets are met and that the ethos of continuing improvement is maintained.

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Borrowing and Capital Funding

The Authority has the facility to borrow funds for capital expenditure from the Public Works Loan Board (PWLB). 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

	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
LVRPA	£14.9m	£14.3m	£13.7m	£13.3m	£12.8m	£12.2m

Any new borrowing in the future must be self-funded, for example via efficiency savings, levering in external funding, new income streams or through the levy. Capital Investment in the current year has been funded from the Authority's accumulated cash balances and, as a result, no new external long term borrowing has been undertaken.

After taking account of scheduled loan repayments of £658,445 (including interest of £31,522), outstanding external borrowing at 31 March 2016 totalled £0. The Authority no longer carries any external debt.

The estimated impact of capital investment decisions on the levy is shown in the table below. Where additional revenue from the levy is used to finance capital expenditure this would have an impact on contributing authorities. This would mean that the Authority would need to increase the levy over the current level. The base indicator for 2015/16 is £1.8m and is shown in the table below. This figure takes account of the resourcing requirements for the capital programme and was included in a report to Members as part of the 2015/16 (revised) to 2019/20 capital programme.

	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Direct Revenue	£0.9m	£0.9m	£1.0m	£1.0m	£1.0m	£0.9m
Capital Fund	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m
R & R Fund	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m
Total:	£1.7m	£1.7m	£1.8m	£1.8m	£1.8m	£1.7m

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 sets the annual budget in the context of a three year business plan and a ten year business strategy. The assumptions behind this forecast are reviewed annually; the medium term financial plan is restated and then approved by elected Members. The Authority is conscious of the financial pressures faced by the levied authorities and the spending assessments that impact on them. The levy was reduced by 2% for 2016/17 (-2% for 2015/16) which was the sixth consecutive year of reduction by -2%. Officers and Members are committed to providing on-going savings to achieve economy and efficiency of public funds whilst delivering its own core objectives detailed in the three year Business Plan 2016 – 2019. The levy for 2017/18 will be set subject to inflation and other economic factors prevailing at the time.

The Authority is continuing a robust plan of income generation projects across the Park to reduce its reliance on the levy. This in itself carries risks as budgeted sales, fees and charges income is projected to achieve 60% of the funds required to support the 2016/17 planned budget. The Authority now charges 46.5 % of the maximum levy that it can legally charge, over achieving its Key Performance Indicator of 53% set five years ago. The Authority has further achieved its aspiration to reduce the burden on the tax payer ensuring that the levy costs no more than 95p per head of population per year. The 2015/16 cost per head of population was £0.98p.

An Authority/Trust officer led Capital Development Group is managing a variety of projects to create efficiencies and generate further income. The work of this group is regularly monitored by the Members of the Executive Committee and the Trust Board.

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. Since April 2015 the business rate liability on venues transferred into the Trust have achieved 80% mandatory rate relief thus reducing the financial burden by £1.7m per year.

Revenue Reserves

The Authority's current Reserves Policy states that the Authority should maintain a minimum general reserve balance of £4m and was reaffirmed at the Annual Budget and levy setting meeting of the full Authority on 21 January 2016. The individual usable reserves are explained below:-

General Fund

The general fund reserves currently stand at £4.7m. It is anticipated that if all the carry forwards from 2015/16 (£0.2m) are spent in 2016/17 the balance at the year end will be approximately £4.5m.

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 £17.5m on this reserve due the sale of the option land at Olympic Park.

Capital Fund

The Authority sets aside 3% of its Levy each year in accordance with the Lee Valley Regional Park Act section 49 (30) for capital expenditure purposes. A proportion of the capital fund has been ring-fenced to finance future capital expenditure on the Olympic assets, whilst the remainder of the fund has been drawn down to finance capital expenditure in 2015/16.

The Annual Governance Statement (AGS) highlights the major risks and uncertainties the Authority faces in the years ahead and highlights the impact of the London 2012 Olympics on the Authority as it moves to incorporate the legacy facilities within its normal business operating environment. The AGS highlights the risks and opportunities the Authority faces having moved the majority of its venues into a charitable trust. The AGS again highlights the impact of the ongoing poor economic climate and demonstrates the Authority's response to the pressure on the public purse.

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

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

The accounts consist of:

- the Comprehensive Income and Expenditure Statement: This statementshows 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 16 June 2016 and the audited accounts were authorised for issue on XX September 2016.

Simon Sheldon
Director of Finance and Resources
June 2016

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 the Director of Finance and Resources;
- must manage its affairs to secure economic, efficient and effective use of resources and safeguarding its assets; and
- approve the Statement of Accounts.

The Director of Finance and Resources responsibilities

The Director of Finance and Resources 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 2016.

In preparing this statement of accounts, the Director of Finance and Resources:

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

The Director of Finance and Resources 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 2016 and the income and expenditure for the 2015/16 financial year.

Simon Sheldon
Director of Finance and Resources
June 2016

David Andrews
Chair – Audit Committee
June 2016

ANNUAL GOVERNANCE STATEMENT 2015/16

The annual governance statement will be included within the Statement of Accounts 2016 once finalised

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

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

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LEE VALLEY PARK

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund £'000s	Earmarked Reserves £'000s	Capital Receipts £'000s	Capital Grants Unapplied £'000s	Capital Fund £'000s	Total Usable Reserves £'000s	Unusable Reserves £'000s	Total Reserves £'000s
Balance as at 31 March 2015		(4,648)	(6,467)	(17,465)	(61)	(250)	(28,891)	(156,045)	(184,936)
Movement in Reserves 2015/16									
(Surplus) / deficit on provision of services		(620)	0	0	0	0	(620)	0	(620)
Other comprehensive income & expenditure		0	0	0	0	0	0	(4,826)	(4,826)
Total comprehensive income and expenditure		(620)	0	0	0	0	(620)	(4,826)	(5,446)
Adjustments between accounting basis and funding basis under regulations	4	1,181	0	0	0	0	1,181	(1,181)	0
Net increase/decrease before transfer to earmarked reserves		561	0	0	0	0	561	(6,007)	(5,446)
Transfer to/from earmarked reserves	5	(673)	2,049	0	0	(250)	1,126	(1,126)	0
Increase/decrease in 2015/16		(112)	2,049	0	0	(250)	1,687	(7,133)	(5,446)
Balance carried forward		(4,760)	(4,418)	(17,465)	(61)	(500)	(27,204)	(163,178)	(190,382)

		General Fund £'000s	Earmarked Reserves £'000s	Capital Receipts £'000s	Capital Grants Unapplied £'000s	Capital Fund £'000s	Total Usable Reserves £'000s	Unusable Reserves £'000s	Total Reserves £'000s
Balance as at 31 March 2014		(7,561)	(7,788)	(17,465)	(61)	0	(32,875)	(182,643)	(215,518)
Movement in Reserves 2014/15									
(Surplus) / deficit on provision of services		16,060	0	0	0	0	16,060	0	16,060
Other comprehensive income & expenditure		0	0	0	0	0	0	14,522	14,522
Total comprehensive income and expenditure		16,060	0	0	0	0	16,060	14,522	30,582
Adjustments between accounting basis and funding basis under regulations	4	(13,236)	0	0	0	0	(13,236)	13,236	0
Net increase/decrease before transfer to earmarked reserves		2,824	0	0	0	0	2,824	27,758	30,582
Transfer to/from earmarked reserves	5	89	1,321	0	0	(250)	1,160	(1,160)	0
Increase/decrease in 2014/15		2,913	1,321	0	0	(250)	3,984	26,598	30,582
Balance carried forward		(4,648)	(6,467)	(17,465)	(61)	(250)	(28,891)	(156,045)	(184,936)

LEE VALLEY PARK

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2015/16			2014/15		
	Note	Expenditure £'000s	Income £'000s	Net Total £'000s	Expenditure £'000s	Income £'000s	Net Total £'000s
Cultural, environmental, regulatory and planning services	39	14,633	(2,299)	12,334	44,306	(19,440)	24,866
Corporate and democratic core	40	135	0	135	3,076	0	3,076
Non-distributed costs	40	0	0	0	39	0	39
Cost of services		**14,768**	**(2,299)**	**12,469**	**47,421**	**(19,440)**	**27,981**
Other operating income and expenditure	6	54	0	54	50	0	50
Financing and investment income and expenditure	7	2,073	(3,528)	(1,455)	2,327	(2,300)	27
Non-specific grant income	8	0	(11,688)	(11,688)	0	(11,999)	(11,999)
(Surplus) / deficit on provision of services				**(620)**			**16,059**
(Surplus)/deficit on revaluation of plant, property and equipment assets	9			(1,643)			6,882
Remeasurement of the net defined benefit liability/asset	29			(3,183)			7,640
Other comprehensive income and expenditure				**(4,826)**			**14,522**
Total comprehensive income and expenditure				**(5,446)**			**30,581**

LEE VALLEY PARK

BALANCE SHEET

	Note	2015/16 £'000s	2014/15 £'000s
Property, plant and equipment			
Land and buildings	9	172,466	169,392
Vehicles, plant, furniture and equipment	9	4,346	4,304
Infrastructure	9	2,257	2,308
Community assets	9	34,481	34,398
Investment properties	9	4,961	3,424
Intangible assets		0	0
Biological assets	9	258	273
Total non current assets		**218,769**	**214,099**
Long term investments	36	0	0
Long term debtors		881	882
Long term assets		**881**	**882**
Short term investments	36	13,160	17,082
Inventories	12	110	193
Short term debtors	13	1,232	1,281
Payments in advance		142	252
Cash and cash equivalents	14	2,684	3,272
Current assets		**17,328**	**22,080**
Bank overdraft	14	0	0
Short term borrowing	37	0	(627)
Short term creditors	15	(3,736)	(5,770)
Receipts in advance		(8)	(1,179)
Current liabilities		**(3,744)**	**(7,576)**
Provisions		0	0
Long term borrowing	37	0	0
Net pension liability	29	(24,161)	(25,712)
Donated assets	23	0	0
Capital grants received in advance	23	(18,691)	(18,837)
Long term liabilities		**(42,852)**	**(44,549)**
NET ASSETS		**190,382**	**184,936**
Usable reserves			
General fund	5	(4,760)	(4,648)
Earmarked revenue reserves	5	(4,418)	(6,467)
Capital receipts reserve	5	(17,465)	(17,465)
Capital grants unapplied	5	(61)	(61)
Capital fund	5	(500)	(250)
Total usable reserves		**(27,204)**	**(28,891)**
Unusable reserves			
Revaluation reserve	17	(29,129)	(27,486)
Pensions reserve	17	24,161	25,712
Capital adjustment account	17	(157,509)	(153,739)
Deferred capital receipts	17	(881)	(882)
Short-term accumulating compensated absences account	17	180	350
Total unusable reserves		**(163,178)**	**(156,045)**
TOTAL RESERVES		**(190,382)**	**(184,936)**

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LEE VALLEY PARK

CASHFLOW STATEMENT

	Note	2015/16 £'000s	2014/15 £'000s
Net surplus / (deficit) on the provision of services		620	(16,060)
Adjust net surplus or deficit on the provision of services for investing and financing activities			
Proceeds from the sale of non-current assets	4	0	0
Adjust net surplus or deficit on the provision of services for non-cash movements			
Depreciation/impairment of property, plant and equipment	9	3,744	4,191
Revaluation of non-current assets	9	(2,785)	10,188
Derecognition of non-current assets	9	0	70
Write-off of non-current assets	9	0	0
Other non-cash movement		0	0
Changes in the fair value of investment properties	9	(1,537)	(20)
Changes in the fair value of biological assets	9	16	(27)
Capital grants credited on recognition	8	(630)	(715)
Recognition of Donated Assets	8	0	0
Pension fund adjustments	29	1,632	1,029
(Increase)/decrease in long term debtors		1	1
(Increase)/decrease in stock	12	83	35
(Increase)/decrease in debtors	13	50	365
(Increase)/decrease in payments in advance		110	(88)
Increase/(decrease) in receipts in advance		(1,171)	540
Increase/(decrease) in creditors	15	(2,034)	2,214
Net cash flows from operating activities		**(1,901)**	**1,723**
Investing activities			
Purchase of non current assets	9	(2,466)	(2,355)
Recognition of non current assets (biological assets)	9	0	0
Proceeds from the sale of non-current assets	4	0	0
Repayment/(purchase) of long and short-term investments	36	3,922	428
Net cash outflow from investing activities		**1,456**	**(1,927)**
Financing activities			
Repayments of borrowings	37	(627)	(27)
Usable capital receipt received	4	0	0
Capital grants received in advance	23	484	298
Net cash outflow from financing activities		**(143)**	**271**
Net increase or decrease in cash and cash equivalents		**(588)**	**67**
Cash and cash equivalents at the beginning of the reporting period	14	3,272	3,205
Cash and cash equivalents at the end of the reporting period		**2,684**	**3,272**
Cash and cash equivalents at the end of the reporting period			
Cash and cash equivalents	14	2,684	3,272
Bank overdraft	14	0	0
Cash and cash equivelents		**2,684**	**3,272**

NOTE 01
STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) 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 2015/16 and the Service Reporting Code of Practice 2015/16, 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

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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 pension 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.

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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.

For most of the borrowings that the Authority has, this means 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 recognised when the Authority becomes party to the financial instrument contract. Financial assets are classified into two types:

a. Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments which are not quoted in the active market. After initial recognition at fair value, they are measured at amortised cost using the effective interest method. For most of the loans that the Authority has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest); and interest credited to the comprehensive income and expenditure statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise from de-recognition of an asset are credited or debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

When a soft loan is made, a loss is recorded in the comprehensive income and expenditure statement for the present value of interest that will be foregone over the life of the instrument. A soft loan is a loan made at less than market rates. Interest is credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet. Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the comprehensive income and expenditure statement to the net gain required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the movement in reserves statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

b. Available for sale assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

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.

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Investment properties are initially measured at cost and thereafter at market 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

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straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a rent-free period at the commencement of the lease).

b. The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

Operating Leases

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

Non-current assets held for sale

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

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Authority generally applies a de-minimus level of £10,000 for the purposes of capital expenditure. In the case where the individual value of an item, e.g. computer is below the de-minimus level , but the aggregate value of similar items purchased in the year exceed the de-minimus level the expenditure may be treated as capital expenditure.

Recognition

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

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

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will

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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 three assets that are identified as specialised. These are

- Lee Valley Ice Centre – an ice rink, with ancillary facilities; a steel frame building, clad in corrugated sheeting; and
- Rye House Gatehouse – a listed ancient monument, constructed in 1443, which the Authority uses as a museum.
- Lee Valley Velodrome – the London 2012 Olympic Velodrome

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.

Overheads

The Authority allocates the salaries and associated costs of central support services to the various front line services. This is in accordance with the costing principles of the Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received. The only exceptions to this being:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are specifically defined in SeRCOP and accounted for as separately in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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.

- The Authority also has a capital fund, financed from contributions from the general fund, which can be used to finance future capital expenditure

Amounts appropriated to/from reserves are distinguished from service expenditure disclosed in the Statement of Accounts. 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.

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.

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.

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.

From 1 April 2015, the Authority entered into a Leisure Services Contract with The Lee Valley Leisure Trust Limited to run the main leisure facilities owned by the Authority. Whilst the Authority is able to appoint up to three members to the board of the Trust, it does not have direct power to influence that operations and activities of the Trust. Therefore, the Authority has determined that it has no interests in subsidiaries, associates or joint ventures of a material nature, and is not required to prepare group accounts.

NOTE 02

HERITAGE ASSETS

The 2011/12 CIPFA Code of Practice on Local Authority Accounting introduced a requirement to discolse Heritage Assets seperately. 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 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 03

EVENTS AFTER THE BALANCE SHEET DATE

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NOTE 04

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015/16	General Fund £'000s	Earmarked Reserves £'000s	Capital Receipts £'000s	Capital Grants Unapplied £'000s	Capital Fund £'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	(3,744)					(3,744)
Revaluation gains of property, plant and equipment	3,719					3,719
Revaluation losses of property, plant and equipment	(935)					(935)
Movements in the fair value of investment properties	1,537					1,537
Movements in the fair value of biological assets	(16)					(16)
Capital grants and contributions recognised	630					630
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	597					597
Capital expenditure charged against the General fund	856					856
Adjustments involving the Pensions reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(2,328)					(2,328)
Employer's pensions contributions and direct payments to pensioners payable in the year	696					696
Actuarial (gains)/losses on pension liability	0					0
Adjustment involving capital receipts						
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	0		0			0
Transfer from capital receipts deferred			0			0
Other capital receipt			0			0
Use of capital receipts to finance new capital expenditure			0			0
Adjustment involving capital grants unapplied						
Capital of grants to capital grants receipt in advance				0		0
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	170					170
	1,181	0	0	0	0	1,181

NOTE 04

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/15	General Fund £'000s	Earmarked Reserves £'000s	Capital Receipts £'000s	Capital Grants Unapplied £'000s	Capital Fund £'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	(4,191)					(4,191)
Revaluation gains of property, plant and equipment	41					41
Revaluation losses on Property, plant and equipment	(10,228)					(10,228)
Movements in the fair value of investment properties	20					20
Movements in the fair value of biological assets	27					27
Capital grants and contributions recognised	715					715
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 derecognised as part of the gain on disposal to the Comprehensive income and expenditure statement	(70)					(70)
Insertion of items not debited or credited to the Comprehensive income and expenditure statement:						
Statutory provision for the financing of capital investment	622					622
Capital expenditure charged against the General fund	897					897
Adjustments involving the Pensions reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and expenditure statement	(2,393)					(2,393)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,364					1,364
Actuarial (gains)/losses on pension liability						
Adjustment involving capital receipts						
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	0		0			0
Transfer from capital receipts deferred			0			0
Other capital receipt			0			0
Use of capital receipts to finance new capital expenditure			0			0
Adjustment involving capital grants unapplied						
Capital of grants to capital grants receipt in advance				0		0
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	(39)					(39)
	(13,236)	0	0	0	0	(13,236)

NOTE 05

TRANSFERS TO/FROM EARMARKED RESERVES

	Note	B/Fwd 01/04/2015 £'000s	(Gains)/losses for the year £'000s	C/Fwd 31/03/2016 £'000s
Renewals Fund	i	(918)	402	(516)
Repairs Fund	ii	(4,799)	1,639	(3,160)
Insurance Fund	iii	(627)	10	(617)
Common Areas Fund	iv	(123)	(2)	(125)
Earmarked revernue reserves		(6,467)	2,049	(4,418)
Capital fund	v	(250)	(250)	(500)
Total general fund earmarked reserves		(6,717)	1,799	(4,918)

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

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

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

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

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

	B/Fwd 01/04/2015 £s	(Gains)/losses for the year £s	C/Fwd 31/03/2016 £s
Usable reserves			
Earmarked reserves (above)	(6,717)	1,799	(4,918)
Capital receipts reserve	(17,465)	0	(17,465)
Capital grants unapplied	(61)	0	(61)
General fund	(4,648)	(112)	(4,760)
Total Usable reserves	(28,891)	1,687	(27,204)

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NOTE 06

OTHER OPERATING EXPENDITURE

	2015/16 £'000s	2014/15 £'000s
Gains/losses on the disposal of non current assets	0	0
Loss on revaluation of non current assets	0	0
Loss on derecognition of non current assets	0	0
Pension administration expenses	54	50
Total other operating expenditure	**54**	**50**

NOTE 07

FINANCING AND INVESTMENT

	Note	2015/16 £'000s	2014/15 £'000s
Interest payable and similar charges	11	38	77
Net interest on the net defined pension benefit liability/(asset)	29	828	737
Interest receivable on finance leases (lessor)	26	(116)	(117)
Investment interest	11	(140)	(316)
Changes in the fair value of investment properties	9	(1,537)	(20)
Changes in the fair value of biological assets	9	16	(27)
Rental received on investment properties	10	(544)	(308)
Total		**(1,455)**	**26**

NOTE 08

NON SPECIFIC GRANT INCOME

	2015/16 £'000s	2014/15 £'000s
Levies on local authorities	(11,058)	(11,284)
Capital grants and contributions	(630)	(715)
Donated Assets	0	0
	(11,688)	(11,999)

NOTE 09

NON CURRENT ASSETS

	Land and Buildings £'000s	Vehicles, plant and equipment £'000s	Infrastructure Assets £'000s	Community Assets £'000s	Total excluding Investment prop £'000s	Investment Properties £'000s	Total 2015/16 £'000s
Asset cost at 31 March 2015	169,681	6,223	3,080	34,398	213,382	3,424	216,806
Revaluation	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Adjustment	0	0	0	0	0	0	0
Accumulated Depreciation	(289)	(1,919)	(773)	0	(2,981)	0	(2,981)
Net book value at 01 April 2015	169,392	4,304	2,307	34,398	210,401	3,424	213,825
Additions	2,132	212	38	83	2,465	0	2,465
Acquisitions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Reclassified	0	0	0	0	0	0	0
De-recognised	0	0	0	0	0	0	0
Depreciation	(3,108)	(530)	(106)	0	(3,744)	0	(3,744)
Donated Assets	0	0	0	0	0	0	0
Revaluation	4,050	360	18	0	4,428	1,537	5,965
Impairment	0	0	0	0	0	0	0
Net book value at 31 March 2016	172,466	4,346	2,257	34,481	213,550	4,961	218,511

	Land and Buildings £'000s	Vehicles, plant and equipment £'000s	Infrastructure Assets £'000s	Community Assets £'000s	Total excluding Investment prop £'000s	Investment Properties £'000s	Total 2014/15 £'000s
Asset cost at 31 March 2014	187,373	7,324	2,739	34,353	231,789	3,404	235,193
Revaluation	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Adjustment	0	0	0	0	0	0	0
Accumulated Depreciation	0	(1,714)	(697)	0	(2,411)	0	(2,411)
Net book value at 01 April 2014	187,373	5,610	2,042	34,353	229,378	3,404	232,782
Additions	1,720	250	340	45	2,355	0	2,355
Acquisitions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Reclassified	0	0	0	0	0	0	0
De-recognised	(70)	0	0	0	(70)	0	(70)
Depreciation	(3,460)	(655)	(76)	0	(4,191)	0	(4,191)
Donated Assets	0	0	0	0	0	0	0
Revaluation	(16,170)	(900)	0	0	(17,070)	20	(17,050)
Impairment	0	0	0	0	0	0	0
Net book value at 31 March 2015	169,393	4,305	2,306	34,398	210,402	3,424	213,826

NOTE 09

CAPITAL COMMITMENTS

At 31 March 2016, the Authority has no material capital commitments that it has currently entered into for construction or enhancement of Property, Plant and Equipment in 2016/17 and future years.

BIOLOGICAL ASSETS

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April		
Dairy Cattle	**273**	**246**
Additions	0	0
Acquisitions	0	0
Sales	0	0
Movement in fair value	(16)	27
Other changes	0	0
Balance at 31 March	**258**	**273**

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

	2015/16 £'000s	2014/15 £'000s
Rental income from investment property	(544)	(308)
Direct operating expenses arising from investment property	0	0
Net gain	**(544)**	**(308)**

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NOTE 11

FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	Long Term		Current	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	£'000s	£'000s	£'000s	£'000s
Investments				
Loans and receivables	0	0	15,844	20,354
Available-for-sale	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
Financial assets at fair value through profit & loss	0	0	0	0
Total investments	**0**	**0**	**15,844**	**20,354**
Debtors				
Loans and receivables	0	0	1,232	1,281
Financial assets carried at contract amounts	881	882	0	0
Total debtors	**881**	**882**	**1,232**	**1,281**
Borrowings				
Financial liabilities at amortised cost	0	0	0	627
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	**0**	**0**	**0**	**627**
Other Long Term Liabilities				
PFI and finance lease liabilities	0	0	0	0
Total other long term liabilities	**0**	**0**	**0**	**0**
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	3,736	5,770
Total creditors	**0**	**0**	**3,736**	**5,770**

NOTE 11

FINANCIAL INSTRUMENTS

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.

	2015/16		2014/15	
	Liabilities at amortised cost £'000s	Loans and receivables £'000s	Liabilities at amortised cost £'000s	Loans and receivables £'000s
Interest payable and similar charges	38	0	77	0
Interest & investment income	0	(140)	0	(316)
	38	**(140)**	**77**	**(316)**

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Figures have been calculated by reference to the 'premature repayment' sets of rates in force on 31st March 2016, for 2015/16 and 31st March 2015, for 2014/15

Where an instrument will mature in the next 12 months, its carrying amount is assumed to approximate to fair value

For market debt fixed rate debt will need to be assessed on the basis of a present value for the future cash flows due under an instrument, discounted at the rate available currently in relation to the same loan from a comparable lender. Fair value is disclosed at 31st March of each year.

Financial liabilities

	2015/16		2014/15	
	Carrying amount £'000s	Fair value £'000s	Carrying amount £'000s	Fair value £'000s
Financial liabilities	0	0	627	658
Long-term creditors	0	0	0	0

The fair value is higher than the carrying amount because the Authority's portfolio of loans are fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans.

Financial assets

	2015/16		2014/15	
	Carrying amount £'000s	Fair value £'000s	Carrying amount £'000s	Fair value £'000s
Loans and receivables	17,075	17,075	21,635	21,635
Long-term debtors	881	881	882	882

The fair value is the same as the carrying amount as this is a reasonable approximation of fair value for financial instruments such as short term trade receivables and payables.

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NOTE 12

INVENTORIES

	Agriculture including livestock		Other stock including work in progress		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening balance	116	131	77	97	193	228
Net movement	(7)	(16)	(75)	(20)	(82)	(36)
Closing balance	**109**	**115**	**2**	**77**	**111**	**192**

NOTE 13

DEBTORS

	2015/16 £'000s	2014/15 £'000s
Central government bodies	45	0
Other local authorities	0	8
All other bodies	1,187	1,273
Total debtors	**1,232**	**1,281**

NOTE 14

CASH AND CASH EQUIVALENTS

	2015/16 £'000s	2014/15 £'000s
Bank current accounts	172	188
Short-term deposits with banks	2,512	3,083
Total cash and cash equivalents	2,684	3,271

BANK OVERDRAFTS

	2015/16 £'000s	2014/15 £'000s
Bank current accounts overdrafts	0	0

NOTE 15

CREDITORS

	2015/16 £'000s	2014/15 £'000s
Central government bodies	0	(301)
Other local authorities	(2,123)	(1,208)
All other bodies	(1,615)	(4,261)
Total creditors	**(3,738)**	**(5,770)**

NOTE 16

PROVISIONS

No provisions are recognised the the accounts.

NOTE 17

UNUSABLE RESERVES

	2015/16 £'000s	2014/15 £'000s
Revaluation Reserve	(29,129)	(27,486)
Pensions reserve	24,161	25,712
Capital adjustment account	(157,509)	(153,739)
Deferred capital receipts	(881)	(882)
Short-term compensated absences account	180	350
Total unusable reserves	(163,178)	(156,045)

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.

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	(27,486)	(34,368)
Upward revaluation of assets	(1,643)	(109)
Downwards revaluation of assets	0	6,991
Surplus or deficit on revaluation of non-current assets not posted to the (surplus) or deficit on the provision of services	(29,129)	(27,486)
Balance at 31 March	(29,129)	(27,486)

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.

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	(153,739)	(164,746)
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	3,744	4,192
- Revaluation losses on Property, plant and equipment	(2,785)	10,188
- Amounts of non current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive income and expenditure statement	0	70
Net written out amount of the cost of non current assets consumed in year	**959**	**14,450**
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	(630)	(715)
- Application of grants from Capital Receipts Unapplied Account	0	0
- Transfer from Usable Capital Grants Account	0	0
- Use of capital receipts to finance new capital expenditure	0	0
- Use of major repairs fund to finance new capital expenditure	(1,044)	(1,072)
- Use of capital fund to finance new capital expenditure	(82)	(89)
- Statutory provision for the financing of capital investment charged against the General fund	(597)	(622)
- Capital expenditure charged against the General fund	(856)	(897)
	(3,209)	(3,395)
Movements in the fair value of Investment properties debited or credited to the Comprehensive income and expenditure statement	(1,537)	(20)
Movements in the fair value of Biological Assets debited or credited to the Comprehensive income and expenditure statement	16	(27)
Movement in the Donated Assets Account credited to the Comprehensive income and expenditure statement	0	0
Balance at 31 March	(157,510)	(153,738)

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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.

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	**25,712**	**17,043**
Actuarial (gains) or losses on pensions assets and liabilities	(3,183)	7,640
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	2,328	2,393
Employer's pensions contributions and direct payments to pensioners payable in the year	(696)	(1,364)
Balance at 31 March	**24,161**	**25,712**

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.

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	**350**	**311**
Settlement or cancellation of accrual made at the end of the preceding year	(350)	(311)
Amounts accrued at the end of the current year	180	350
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	**180**	**350**

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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.

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	(882)	(882)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal on the Comprehensive Income and Expenditure Statement	1	1
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	(881)	(881)

NOTE 18

CASHFLOW OPERATING ACTIVITIES

The cash flows from operating activities includes the following items

	2015/16 £'000s	2014/15 £'000s
Interest paid	38	77
Interest received	(140)	(316)

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NOTE 19

AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS

Reconciliation between Management and Financial Reports

2015/16	Chief Executive £'000s	Resources and Development £'000s	Parkland and Venues £'000s	Non distributed Costs £'000s	Total £'000s
Fees, charges and other income	(1,325)	(449)	(1,187)	0	(2,961)
Government grants	0	0	0	0	0
Total income	(1,325)	(449)	(1,187)	0	(2,961)
Employee expenses	1,169	624	2,466	76	4,335
Other service expenses	706	215	6,023	0	6,944
Total expenditure	**1,875**	**839**	**8,489**	**76**	**11,279**
Net expenditure	**550**	**390**	**7,302**	**76**	**8,318**

2014/15	Chief Executive £'000s	Resources and Development £'000s	Parkland and Venues £'000s	Non distributed Costs £'000s	Total £'000s
Fees, charges and other income	(1,123)	(194)	(12,325)	0	(13,642)
Government grants	0	0	0	0	0
Total income	(1,123)	(194)	(12,325)	0	(13,642)
Employee expenses	1,545	1,574	8,361	76	11,556
Other service expenses	1,046	1,288	11,710	0	14,044
Total expenditure	**2,591**	**2,862**	**20,071**	**76**	**25,600**
Net expenditure	**1,468**	**2,668**	**7,746**	**76**	**11,958**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

Directorate analysis shown in comprehensive income and expenditure account

	2015/16 £'000s	2014/15 £'000s
Net expenditure in the directorate analysis	**8,318**	**11,958**
Net expenditure of services and support not included in the analysis	1,795	751
Amounts in the CI&E statement not reported in the analysis	1,696	14,848
Amounts included in the analysis not included in the CI&E statement	661	425
Cost of service in CI&E statement	**12,470**	**27,982**

NOTE 19

AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus of Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement

2015/16	Directorate Analysis £'000s	Not reported for decision making £'000s	Amounts not included in CI&E £'000s	Allocation of Recharges £'000s	Cost of Services £'000s	Corporate Amounts £'000s	Total £'000s
Fees, charges and other income	(2,961)	289	661	0	(2,011)	(544)	(2,555)
Interest & investment income	0	0	0	0	0	(256)	(256)
Levies on local authorities	0	0	0	0	0	(11,058)	(11,058)
Capital grants and contributions	0	0	0	0	0	(630)	(630)
Total income	**(2,961)**	**289**	**661**	**0**	**(2,011)**	**(12,488)**	**(14,499)**
Employee expenses	4,334	580	0	0	4,914	882	5,796
Other services expenses	6,944	1,662	0	0	8,606	0	8,606
Support service recharges	0	0	0	0	0	0	0
Depreciation, amortisation and impairment	0	960	0	0	960	0	960
Interest payments	0	0	0	0	0	38	38
Change in fair value of investment properties	0	0	0	0	0	(1,537)	(1,537)
Change in fair value of biological assets	0	0	0	0	0	16	16
Gain or loss on non-current assets	0	0	0	0	0	0	0
Total expenditure	**11,278**	**3,202**	**0**	**0**	**14,480**	**(601)**	**13,879**
Net expenditure	**8,317**	**3,491**	**661**	**0**	**12,469**	**(13,089)**	**(620)**

2014/15	Directorate Analysis £'000s	Not reported for decision making £'000s	Amounts not included in CI&E £'000s	Allocation of Recharges £'000s	Cost of Services £'000s	Corporate Amounts £'000s	Total £'000s
Fees, charges and other income	(13,642)	0	425	(6,223)	(19,440)	(308)	(19,748)
Interest & investment income	0	0	0	0	0	(433)	(433)
Levies on local authorities	0	0	0	0	0	(11,284)	(11,284)
Capital grants and contributions	0	0	0	0	0	(715)	(715)
Total income	**(13,642)**	**0**	**425**	**(6,223)**	**(19,440)**	**(12,740)**	**(32,180)**
Employee expenses	11,556	281	0	0	11,837	787	12,624
Other services expenses	14,044	869	0	0	14,913	0	14,913
Support service recharges	0	0	0	6,223	6,223	0	6,223
Depreciation, amortisation and impairment	0	14,449	0	0	14,449	0	14,449
Interest payments	0	0	0	0	0	77	77
Change in fair value of investment properties	0	0	0	0	0	(20)	(20)
Change in fair value of biological assets	0	0	0	0	0	(27)	(27)
Gain or loss on non-current assets	0	0	0	0	0	0	0
Total expenditure	**25,600**	**15,599**	**0**	**6,223**	**47,422**	**817**	**48,239**
Net expenditure	**11,958**	**15,599**	**425**	**0**	**27,982**	**(11,923)**	**16,059**

NOTE 20

MEMBERS ALLOWANCES

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

	2015/16 £'000s	2014/15 £'000s
Allowances	9	9
Expenses	4	3
Total	**13**	**12**

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NOTE 21

STAFF REMUNERATION

Position	**Salary, fees allowances £'000s**	**Bonuses £'000s**	**Expenses £'000s**	**Compensation loss of office £'000s**	**Pension contribution £'000s**	**Total 2015/16 £'000s**	**Total 2014/15 £'000s**
Senior Officers receiving over £150,000							
Chief Executive Officer (CEO) - S Dawson	153	0	2	0	32	**187**	181
Senior Officers receiving between £50,000 and £150,000							
Managing Director *	150	0	1	0	31	**182**	161
Director Of Finance & Resources	91	0	2	0	19	**112**	104
Director of Venues (North) *	90	0	1	0	19	**110**	102
Director of Venues (South) *	90	0	1	0	19	**110**	100
Director of Corporate Services	88	0	2	0	19	**109**	100
Head of Communications	74	0	2	0	15	**91**	87
Head of Planning & Strategic Partnership	73	0	2	0	15	**90**	87
Head of Property Services	65	0	2	0	14	**81**	83
Head of Parklands	63	0	1	0	13	**77**	73
Head of Sport & Leisure	63	0	2	0	13	**78**	71
Corporate Director: Parkland & Venues / Deputy Chief Executive	0	0	0	0	0	**0**	212
Assistant Director: Parkland & Venues	0	0	0	0	0	**0**	132
Head of Performance & Information	0	0	0	0	0	**0**	79
Head of Venues	0	0	0	0	0	**0**	72
	1,000	0	18	0	209	**1,227**	1,149

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

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

* The positions of Managing Director and Director of Venues (North) were seconded to the Lee Valley Leisure Trust Limited from 1 September 2014. The position of Director of Venues (South) was seconded to Lee Valley Leisure Trust Limited from 1 April 2015. This was to ensure the Trust had senior management with the necessary level of financial, commercial and venue management experience from the start of the contract. The increase in salary reflects the change in role and responsibilities of the employees concerned.

For the duration of the contract, these employees will be paid by the Authority and funding with the Trust will be agreed via the management funding agreement.

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 *	**2015/16 No. of Staff**	**2014/15 No. of Staff**
£50,000 - 54,999	2	4
£60,000 - 64,999	2	4
£65,000 - 69,999	1	1
£70,000 - 74,999	1	3
£75,000 - 79,999	1	0
£80,000 - 84,999	0	2
£85,000 - 89,999	1	3
£90,000 - 94,999	3	0
£120,000 - 124,999	0	1
£135,000 - 139,999	0	1
£150,000 - 154,999	2	1

* Remuneration Bands with no staff in have been excluded.

NOTE 22

EXTERNAL AUDIT COSTS

	2015/16 £'000s	2014/15 £'000s
Fees payable to the Ernst and Young for external audit services carried out by the appointed auditor	19	19

NOTE 23

GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16

	2015/16 £'000s	2014/15 £'000s
Credited to Services		
Improvement of open areas of the Authority	0	3

LONG TERM LIABILITIES

	2015/16 £'000s	2014/15 £'000s
Grants Receipts in Advance (Capital Grants)		
Improvement of open areas of the Authority	0	0
Other grants	486	298
	486	**298**

CAPITAL GRANTS RECEIVED IN ADVANCE

	2015/16 £'000s	2014/15 £'000s
Balance at 1 April	**18,836**	**19,254**
Capital Grants received in year	486	298
Grants credited to Comprehensive Income and Expenditure Account that have been used to fund capital expenditure	(630)	(715)
Transfer to Capital Adjustment Account	0	0
Transfer from Capital Grants Unapplied	0	0
Balance at 31 March	**18,692**	**18,837**

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NOTE 23

DONATED ASSETS

The donated assets account holds the fair value of assets that have been transferred to us for nil consideration and there are still conditions of the transfer that have not been met. Once the conditions of the donation have been satisfied, the income will be transferred to the Comprehensive Income and Expenditure Statement.

The donated assets account only shows the difference between the fair value of the assets and any consideration given at the time of the donation. The assets will still be subject to valuation gains or losses, and the net book value show in Non Current Assets on the balance sheet may differ from the value shown in the Donated Assets Account.

	2015/16 **£'000s**	**2014/15** **£'000s**
Balance as at 1 April	**0**	**0**
Donated Assets received in year	0	0
Income credited to Comprehensive Income and Expenditure Account on recognition of asset	0	0
Balance as at 31 March	**0**	**0**
Analysis of Donated Assets Account		
Lee Valley White Water Centre	0	0
Lee Valley VeloPark	0	0
Lee Valley Tennis and Hockey Centre	0	0
Balance at 31 March	**0**	**0**

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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 2014/15 were as follows:

	2015/16 £'000s	2014/15 £'000s
Income		
Levies receivable		
As per note 33 for analysis levy	11,058	11,284
Capital grants receivable over £10,000		
England Hockey	300	0
Sport England lottery fund	0	250
London Legacy Development Corporation	137	48
Payments		
Lee Valley Leisure Trust Limited	3,274	266

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 2015 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.

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NOTE 25

CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2015/16 £'000s	2014/15 £'000s
Opening capital financing requirement	**14,918**	**15,542**
Capital investment		
Property, plant and equipment	2,466	2,355
Investment properties	0	0
Intangible assets	0	0
Biological assets	0	0
Sources of finance		
Capital receipts	0	0
Capital Fund	(82)	(89)
Facilities Improvement Fund	0	0
Major Repairs Fund	(1,044)	(1,072)
Government grants and other contributions	(484)	(298)
Applied grants	0	0
Finance Leases	(1)	(1)
Direct revenue contributions	(856)	(897)
Minimum revenue provision	(597)	(622)
Closing capital financing requirement	**14,320**	**14,918**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)		
Increase/(decrease) in underlying need to borrowing unsupported by government financial assistance)	(598)	(622)
Assets acquired under finance leases		
Assets acquired under PFI/PPP contracts		
Change in capital financing requirement	**(598)**	**(622)**

The Capital Financing Requirement represents the underlying need of the Authority to borrow for capital purposes. It increases when capital expenditure in any year is not financed immediately by use of capital receipts, application of capital grants or a direct charge to revenue. It can be calculated from the balance sheet as the sum of non current assets, long term assets, donated assets, revaluation reserve, capital adjustment account and capital grants received in advance.

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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:

	2015/16 £'000s	2014/15 £'000s
Not later than 1 year	10	10
Later than one year and not later than five years	40	40
Later than five years	8	18
	58	**68**

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:

	2015/16 £'000s	2014/15 £'000s
Not later than 1 year	11	11
Later than one year and not later than five years	42	42
Later than five years	105	116
	158	**169**

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

	2015/16 £'000s	2014/15 £'000s
Minimum lease payments	10	10
Sub lease payments receivable	(11)	(11)
	(1)	(1)

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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

	2015/16 £'000s	2014/15 £'000s
Not later than one year	291	291
Later than 1 year and not later than 5 years	1,165	1,165
Later than 5 years	22,284	22,396
	23,740	**23,852**

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 2015/16 £325k contingent rents were receivable by the Authority (2014/15: £88k).

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:

	2015/16 £'000s	2014/15 £'000s
Finance lease debtor as at 31 March	881	882
Unearned finance income	9,707	9,823
Gross investment in lease as at 31 March	**10,588**	**10,705**

Gross investment in lease

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

	2015/16 £'000s	2014/15 £'000s
Not later than one year	117	117
Later than 1 year and not later than 5 years	467	467
Later than 5 years	10,004	10,121
	10,588	**10,705**

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NOTE 27

IMPAIRMENT

The following assets have been impared in the last financial year as a result of movements in Market Value

	2015/16 Net Loss £'000s	2014/15 Net Loss £'000s
Lee Valley Caravan Park, Dobbs Weir	935	0
	935	**0**

NOTE 28

TERMINATION BENEFITS

The Authority terminated the contracts of one employee during 2015/16.

A total of £16,323 was paid in relation to compensation for loss of office to an employee in the Finance and Resources directorate.

The Authority terminated the contracts of five employees during 2014/15 at a total cost of £336,427.

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 2013 for members receiving funded benefits, and as at 31 March 2016 for any members receiving unfunded benefits.

	Number	Salaries/ Pensions £000s	Average Age
Actives	193	5,501	43
Deferred pensioners	285	545	44
Pensioners	190	1,077	72
Unfunded pensioners	44	76	77

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 £25.712m 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 2013.

Demographic/Statistical assumptions

The following set of demographic assumptions have been used, and are consistent with those used for the formal funding valuation as at 31 March 2013. The post retirement mortality is based on Club Vita mortality analysis which has then been projected using the CMI 2012 model and allowing for a long term rate of improvement of 1.5% per annum.

Life expectancy from age 65 years		31/03/2016	31/03/2015
Retiring today	Males	21.9	21.8
	Females	25.0	25.0
Retiring in 20 years	Males	24.3	24.1
	Females	27.4	27.2

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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 2016**		**31 March 2015**		**31 March 2014**	
	% per year	**Real %**	**% per year**	**Real %**	**% per year**	**Real %**
RPI increases	3.3%	-	3.2%	-	3.6%	-
CPI increases	2.4%	(0.9%)	2.4%	(0.8%)	2.8%	(0.8%)
Salary increases	4.2%	0.9%	4.2%	1.0%	4.6%	1.0%
Pension increases	2.4%	(0.9%)	2.4%	(0.8%)	2.8%	(0.8%)
Discount rate	3.7%	0.4%	3.3%	(0.1%)	4.5%	0.9%

These assumptions are set with reference to market conditions at 31 March 2016.

Balance sheet disclosure as at 31 March 2016

	31/03/2016 **£'000s**	**31/03/2015** **£'000s**	**31/03/2014** **£'000s**
Present value of defined benefit obligation	58,935	60,586	49,443
Fair value of scheme assets	(35,821)	(36,001)	(33,468)
	23,114	**24,585**	**15,975**
Present value of unfunded obligation	1,047	1,127	1,068
Unrecognised past service cost	0	0	0
Net liability in Balance Sheet	**24,161**	**25,712**	**17,043**

The movement in the net pension liability for the year to 31 March 2016 is as follows:

	31/03/2016 **£'000s**	**31/03/2015** **£'000s**
Surplus/(deficit) at start of year	**25,712**	**17,043**
Current service cost	1,446	1,566
Employer contributions (regular)	(620)	(1,287)
Contributions for unfunded benefits	(76)	(77)
Past service costs	0	40
Interest cost	2,019	2,250
Interest income	(1,191)	(1,513)
Remeasurements	(3,183)	7,640
Administration expenses	54	50
Surplus/(deficit) at end of year	**24,161**	**25,712**

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NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Remeasurements in Other Comprehensive Expenditure and Income

	31/03/2016 £'000s	31/03/2015 £'000s
Return on plan assets in excess of interest	(1,471)	748
Other acturial gains/(losses) onassets	-	-
Change in financial assumptions	4,653	(8,379)
Changes in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	1	(9)
Changes in effect of asset ceiling	-	-
Remeasurements	**3,183**	**(7,640)**

Profit & Loss Account Costs for the Year to 31 March 2016

	31/03/2016 £'000s	31/03/2015 £'000s
Service cost	1,446	1,606
Net interest on the defined liability (asset)	828	737
Administration expenses	54	50
Total	**2,328**	**2,393**
Actual return on Scheme assets	**(280)**	**2,261**

Reconciliation of the present value of the defined benefit obligation

	31/03/2016 £'000s	31/03/2015 £'000s
Opening defined benefit obligation	**61,713**	**50,511**
Current Service Cost	1,446	1,566
Interest cost	2,019	2,250
Change in financial assumptions	(4,653)	8,379
Changes in demographic assumptions	0	0
Experience (gain)/loss on defined benefit obligation	(1)	9
Estimated benefits paid	(1,475)	(1,465)
Past service costs	0	40
Contributions by employees	1,009	500
Unfunded pension payments	(76)	(77)
Closing defined benefit obligation	**59,982**	**61,713**

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Reconciliation of fair value of employer assets

	31/03/2016 £'000s	31/03/2015 £'000s
Opening fair value of employer assets	**36,001**	**33,468**
Interest income on assets	1,191	1,513
Return on assets, excluding interest	(1,471)	748
Other actuarial gains/(losses)	0	0
Administration expenses	(54)	(50)
Contributions by employer including unfunded	696	1,364
Contributions by employees	1,009	500
Estimated benefits paid plus unfunded	(1,551)	(1,542)
Closing fair value of employer assets	**35,821**	**36,001**

The estimated asset allocation as at 31 March 2016 is as follows

	31/03/2016		31/03/2015	
	£'000s	%	£'000s	%
Equities	16,641	46%	15,620	43%
LDI/Cashflow matching	3,631	10%	2,702	8%
Target Return Portfolio	7,620	21%	10,407	29%
Alternative Assets	-	-	-	-
Infrastructure	1,962	6%	1,784	5%
Commodities	160	0%	335	1%
Property	1,278	4%	1,020	3%
Cash	4,529	13%	4,133	11%
Total	**35,821**	**100%**	**36,001**	**100%**

Sensitivity analysis

	31/03/2016 £'000s	Increase in assumption £'000s	Decrease in assumption £'000s
Adjustment to discount rate (increase/decrease by 1%)		**+0.1%**	**-0.1%**
Present Value of Total Obligation	59,982	58,891	61,093
Projected Service Cost	1,223	1,195	1,251
Adjustment to long term salary increase (increase/decrease by 1%)		**+0.1%**	**-0.1%**
Present Value of Total Obligation	59,982	60,122	59,842
Projected Service Cost	1,223	1,224	1,222
Adjustment to pension increases and deferred revaluation (increase/decrease by 1%)		**+0.1%**	**-0.1%**
Present Value of Total Obligation	59,982	60,966	59,016
Projected Service Cost	1,223	1,251	1,196
Adjustment to mortality age rating assumption (increase/decrease by 1 year)		**+1 year**	**-1 year**
Present Value of Total Obligation	59,982	61,742	58,273
Projected Service Cost	1,223	1,254	1,193

NOTE 29

DISCLOSURE OF NET PENSION ASSETS AND LIABILITIES

Projected pension expense for the year to 31 March 2017

	31/03/2017 £'000s
Service cost	1,223
Net Interest on the defined liability/(asset)	882
Administration expenses	54
Total	**2,159**
Employer contributions	609

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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 2016 was £3,265.

At 31st March 2016 amounts owed by customers stood at £1,186,000, (£916,000 31st March 2015). 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 £916,000 outstanding is analysed by age as follows.

Aged debtor profile

	2015/16 £'000s	2014/15 £'000s
Less Than 30 Days	0	791
31 to 60 Days	0	53
61 to 90 Days	0	30
91+ Days	0	42
Unallocated Credits	0	0
	0	916

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

NOTE 30

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

The following analysis summarises the authority's potential maximum exposure to credit risk as at 31 March 2016.

Credit rating of institutions holding investments

	Long Term Credit Rating	Sum Invested as at 31/03/16 £'000s	Sum Invested as at 31/03/15 £'000s
FITCH rating agency			
Upper Medium Grade	A	62	61
Lower Medium Grade	BBB+/BBB	10,559	15,084
Highly Speculative	B	5,051	5,020
Total invested		**15,672**	**20,165**

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 31/03/2016 £'000s	Historical experience of defaults 31/03/2016 £'000s	Amount at Nominal Value 31/03/2015 £'000s	Historical experience of defaults 31/03/2015 £'000s
Deposits with banks and financial institutions at nominal value	15,672	0	20,165	0

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

Liquidity Risk

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

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

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

A Special Interest bearing account with Natwest

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

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

The maturity analysis of financial liabilities at nominal value is as follows.

	2015/16 £'000s	2014/15 £'000s
Less than 1 year	0	627
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
More than 5 years	0	0
	0	**627**

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NOTE 30

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

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 oh 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

PUBLICITY EXPENDITURE

	2015/16 £'000s	2014/15 £'000s
Recruitment advertising	7	36
Other advertising	35	266
	42	**302**

NOTE 32

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 33
ANALYSIS OF LEVY

	2015/16 £'000s	2014/15 £'000s
Corporation of London	19	20
Inner London boroughs		
Camden	256	263
Greenwich	209	214
Hackney	192	191
Hammersmith and Fulham	216	220
Islington	216	219
Kensington and Chelsea	278	288
Lambeth	293	290
Lewisham	227	233
Southwark	263	266
Tower Hamlets	237	236
Wandsworth	362	368
Westminster	366	380
Outer London boroughs		
Barking and Dagenham	128	128
Barnet	397	404
Bexley	232	238
Brent	248	249
Bromley	376	391
Croydon	342	348
Ealing	314	316
Enfield	275	279
Haringey	213	211
Harrow	239	247
Havering	249	252
Hillingdon	274	281
Hounslow	236	239
Kingston Upon Thames	178	184
Merton	209	214
Newham	201	198
Redbridge	242	248
Richmond Upon Thames	257	267
Sutton	209	210
Waltham Forest	206	206
Hertfordshire and Essex authorities		
Hertfordshire	1,268	1,309
Essex	1,489	1,531
Thurrock	142	146
Total levies on local authorities	**11,058**	**11,284**

NOTE 34

NON-CURRENT ASSET VALUATIONS

Following partial valuations in the previous four financial years, the Authority undetook a full asset valuation in 2013/14. This exercise was undertaken by Montagu Evans, Chartered Surveyors, as part of a five year rolling programme. Valuation were made in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

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.

NOTE 35

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	Lee Valley Par 3 Golf Course, Leyton
	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
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 (Community assets)	Spitalbrook, Broxbourne
	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 36

INVESTMENTS

Long term investments	31/03/2016 £'000s	31/03/2015 £'000s
	0	0

Short term investments	31/03/2016 £'000s	31/03/2015 £'000s
Maturing within 7 days	63	61
Maturing between 7 days and 3 months	10,098	13,020
Maturing between 3 months and 1 year	3,000	4,000
	13,161	17,081

NOTE 37

BORROWINGS

Long term borrowing	**2015/16** **£'000s**	**2014/15** **£'000s**
Analysis of loan by type		
Public Works Loan Board	0	0
	0	**0**
Analysis of loan by maturity		
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**

Short term borrowing	**2015/16** **£'000s**	**2014/15** **£'000s**
Analysis of loan by type		
Public Works Loan Board	0	627
	0	**627**

ANALYSIS OF LOAN BY MATURITY

Loan maturity schedule	**2015/16** **£'000s**	**2014/15** **£'000s**
Short-term borrowing		
Loans Maturity Within 1 Year	**0**	**627**
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 Loans	**0**	**627**
Amount applied to loan repayment	**627**	**27**
LOAN MOVEMENT SUMMARY		
Total loans outstanding 01 April	627	654
New loans taken out	0	0
Loans repaid	627	27
Total loans outstanding 31 March	**0**	**627**

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NOTE 38

CONTINGENT ASSETS AND LIABILITIES

There is evidence of contaminated land in some areas of the Park. At this stage the level of contamination and the associated costs of any remedial action cannot be quantified, some work has been undertaken to review existing studies carried out on areas of land in the park. Action has been undertaken to restrict public access on some sites where recommended. The Authority has also approved the adoption of a Contaminated Land Policy Statement. In addition the Executive Committee set up a Contaminated Land Working Group of Authority Members and the next stage will be to progress a Contaminated Land Strategy. It is intended that an action plan will then be put in place for a review of the Authority's land holding over a 5 year period to consider the extent of this problem and then seek to estimate any contingent liability.

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 39

CULTURAL, ENVIRONMENTAL AND PLANNING

	Gross Expenditure 2015/16 £000s	Gross Income 2015/16 £000s	Net Expenditure 2015/16 £000s	Gross Expenditure 2014/15 £000s	Gross Income 2014/15 £000s	Net Expenditure 2014/15 £000s
Culture and heritage						
Heritage						
Rye House Gatehouse	22	(1)	21	15	0	15
Three Mills	32	(1)	31	31	(2)	29
Total culture and heritage	**54**	**(2)**	**52**	**46**	**(2)**	**44**
Recreation and sport						
Leisure and environment management	1,031	(13)	1,018	2,331	(435)	1,896
London Olympics 2012	0	0	0	0	0	0
Sports development and community recreation						
Sports development	127	(60)	67	104	(7)	97
Sports and recreation facilities						
Leisure Services Contract	3,576	0	3,576	0	0	0
Lee Valley Leisure Centre	93	(1)	92	797	(753)	44
Lee Valley Ice Centre	293	0	293	1,614	(1,228)	386
Lee Valley Leisure Pool	68	(54)	14	55	(37)	18
Lee Valley Velopark	(1,488)	11	(1,477)	9,400	(2,212)	7,188
Lee Valley Hockey and Tennis Centre	429	0	429	1,695	(294)	1,401
Lee Valley Riding Centre	81	1	82	1,042	(883)	159
Lee Valley Waterworks Centre	23	0	23	141	(20)	121
Lee Valley Leisure Centre Common Areas	112	(123)	(11)	77	(84)	(7)
Lee Valley White Water Centre	3	8	11	11,157	(2,549)	8,608
Lee Valley Athletics Centre	250	0	250	1,437	(625)	812
Total recreation and sport	**4,598**	**(231)**	**4,367**	**29,850**	**(9,127)**	**20,723**

NOTE 39

CULTURAL, ENVIRONMENTAL AND PLANNING

	Gross Expenditure 2015/16 £000s	Gross Income 2015/16 £000s	Net Expenditure 2015/16 £000s	Gross Expenditure 2014/15 £000s	Gross Income 2014/15 £000s	Net Expenditure 2014/15 £000s
Open spaces						
Countryside recreation and management						
Fisheries management	158	(156)	2	151	(158)	(7)
Lee Valley Marina Springfield	102	0	102	733	(656)	77
Lee Valley Marina Stanstead Abbotts	124	0	124	716	(570)	146
King George Reservoir South	10	(11)	(1)	11	(11)	0
Lee Valley Boat Centre	2	(38)	(36)	21	(38)	(17)
Lee Valley Farm Holyfieldhall	795	(587)	208	812	(555)	257
Lee Valley Farm Hayes Hill	21	0	21	735	(533)	202
Broxbourne Riverside Chalets	2	0	2	2	0	2
Lee Valley Campsite	93	(2)	91	578	(550)	28
Lee Valley Caravan Park	1,078	25	1,103	421	(327)	94
Youth and Schools	247	(42)	205	231	(37)	194
Myddelton House Gardens	258	(44)	214	269	(32)	237
East India Dock and Bow Creek	47	(1)	46	64	(3)	61
Countryside areas	2,220	(361)	1,859	2,457	(416)	2,041
Gunpowder Park	239	(2)	237	198	(5)	193
Abbey Gardens	196	(1)	195	221	(1)	220
Biodiversity Action Plan	162	0	162	179	0	179
Community Access	29	0	29	0	0	0
Total open spaces	**5,783**	**(1,220)**	**4,563**	**7,799**	**(3,892)**	**3,907**
Tourism						
Tourism policy, marketing and development						
Corporate marketing	337	(1)	336	996	(975)	21
Visitor services						
Lee Valley Information Centre	159	(128)	31	236	(139)	97
Total tourism	**496**	**(129)**	**367**	**1,232**	**(1,114)**	**118**
Planning policy						
Planning	811	0	811	838	(727)	111
Total planning policy	**811**	**0**	**811**	**838**	**(727)**	**111**
Housing services						
Authority accommodation	157	(234)	(77)	98	(229)	(131)
Total housing services	**157**	**(234)**	**(77)**	**98**	**(229)**	**(131)**

NOTE 39

CULTURAL, ENVIRONMENTAL AND PLANNING

	Gross Expenditure 2015/16 £000s	Gross Income 2015/16 £000s	Net Expenditure 2015/16 £000s	Gross Expenditure 2014/15 £000s	Gross Income 2014/15 £000s	Net Expenditure 2014/15 £000s
Service management and support services						
Chief Executive	651	(10)	641	717	(717)	0
Finance	1,567	(464)	1,103	2,604	(2,604)	0
Human Resources	55	0	55	394	(300)	94
Performance Management	68	0	68	378	(378)	0
Myddelton House HQ Services	395	(14)	381	346	(346)	0
Total support services	**2,736**	**(488)**	**2,248**	**4,439**	**(4,345)**	**94**
TOTAL	**14,635**	**(2,304)**	**12,331**	**44,302**	**(19,436)**	**24,866**

NOTE 40

CORPORATE AND DEMOCRATIC CORE & NON DISTRIBUTED COSTS

	Gross Expenditure 2015/16 £000s	Gross Income 2015/16 £000s	Net Expenditure 2015/16 £000s	Gross Expenditure 2014/15 £000s	Gross Income 2014/15 £000s	Net Expenditure 2014/15 £000s
Corporate and democratic core						
Corporate management	19	0	19	1,707	0	1,707
Democratic representation and management	117	0	117	1,369	0	1,369
Total corporate and democratic core	**136**	**0**	**136**	**3,076**	**0**	**3,076**
Non-distributed costs						
Non-distributed costs	0	0	0	39	0	39
Total non-distributed costs	**0**	**0**	**0**	**39**	**0**	**39**

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NOTE 41

SUPPORT SERVICE RECHARGES

The net cost of services includes recharges from service management and support services. These costs are re-allocatted to the front line-services, corporate management and democratic management based on several criteria as shown below.

Criteria for Apportionment of Support Service Recharges

Service	Criteria
Chief Executive	Floor Space (m2)
PR and Communications	Floor Space (m2)
Finance	Employees (no)
Legal	Employees (no)
IT	Terminals (no)
Property	Floor Space (m2)
Myddleton House	Floor Space (m2)
Parklands and Venues Manangement	Floor Space (m2)

The recharges will be completed prior to the draft accounts being approved.

NOTE 42

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. 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 key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Capital grants received in advance

Officers have reviewed all grants that are classified as capital grants received in advance, to ensure that where conditions had been met, grants were correctly written off to the comprehensive income and expenditure statement. In numerous cases, for grants over ten years old, ie. those received before 2004/05, there is insufficient evidence to support the view that any conditions would still apply.

The majority of grants usually require management and maintenance for ten years, and it could reasonably be assumed that these conditions have now been met. Therefore, these grants have been written back to revenue in 2014/15 and the impact can be seen on the non-specific grant income line on the comprehensive income and expenditure statement. Amounts are then appropriated to the Capital Adjustment Account from the General Fund in the Movement in Reserves Statement.

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.

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.

Group accounts

The Statement of Recommended Practice requires local authorities to consider all their interests in subsidiaries, associated companies and joint ventures and to prepare a full set of group financial statements where they have material interests, thereby providing a complete picture of the authority's control over other entities.

The Lee Valley Leisure Trust Limited is a charity set up as an Industrial and Provident Society to run the main leisure facilities owned by the Authority from 1 April 2015. Whilst the Authority is able to appoint up to three members to the board of the Trust, it does not have direct power to influence that operations and activities of the Trust. Therefore, the Authority has determined that it has no interests in subsidiaries, associates or joint ventures of a material nature, and is not required to prepare group accounts.

NOTE 43

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

- IFRS 13 Fair Value Measurement

  Authorities will be required to measure their assets and liabilities and provide disclosures in accordance with Fair Value Measurement definition in IFRS 13, except where adaptations to fit the public sector are detailed in the Code.

  CIPFA have consulted on the implications of proposed amendments to the fair value measurement standard set within IFRS 13 Fair Value Measurement. They are concerned that this standard will not reflect the value of some fixed assets to local authorities, especially those which are not profit-generating, and are more concerned with contributing to the delivery of public services rather than the market value of a fixed asset.

  It is anticipated that IFRS 13 will not have a material impact on the financial statements, and as it is not a change in accounting policy, will not require the publication of a third balance sheet.

- Annual Improvements to IFRSs 2011–2013 Cycle

  In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2011, and that were subsequently included in the Exposure Draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2011-2013 Cycle (published in November 2012). The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier.

  The issues included in this cycle are:

  - IFRS 1: Meaning of effective IFRSs;
  - IFRS 3: Scope exceptions for joint ventures;
  - IFRS 13: Scope of paragraph 52 (portfolio exception); and
  - IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.

  CIPFA/LASAAC considers it possible but unlikely that the amendments introduced by Annual Improvements to IFRSs 2011–2013 Cycle are a change in accounting policy that require publication of a third balance sheet

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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.