

To:	Paul Osborn (Chairman) Derrick Ashley (Vice Chairman) David Andrews Ross Houston	Chris Kennedy Heather Johnson Valerie Metcalfe Mary Sartin
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A meeting of the **EXECUTIVE COMMITTEE** (Quorum – 4) will be held by remote access on:

THURSDAY, 29 APRIL 2021 AT 11:15

at which the following business will be transacted.

AGENDA

Part I

- 1 To receive apologies for absence
- 2 **DECLARATION OF INTERESTS**

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

- 3 **MINUTES OF LAST MEETING**

To approve the Minutes of the meeting held on 25 March 2021 (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 **TREASURY MANAGEMENT POLICY**

Paper E/721/21

Presented by Keith Kellard, Head of Finance

Presented by Dan Buck, Corporate Director

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

**AGENDA
Part II
(Exempt Items)**

Presented by Dan Buck, Corporate Director

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 3

Presented by Beryl Foster, Deputy Chief Executive

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 3

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

LEE VALLEY REGIONAL PARK AUTHORITY

**EXECUTIVE COMMITTEE
25 MARCH 2021**

Members	Paul Osborn (Chairman)	Chris Kennedy
in remote presence:	David Andrews	Valerie Metcalfe
	Ross Houston	Mary Sartin
	Heather Johnson	Ricki Gadsby (Substitute for Derrick Ashley)

Apologies Received From: Derrick Ashley

In remote attendance: John Bevan, Frances Button, David Gardner, Denise Jones

Officers	Shaun Dawson	- Chief Executive
in remote presence:	Beryl Foster	- Deputy Chief Executive
	Dan Buck	- Corporate Director
	Jon Carney	- Corporate Director
	Keith Kellard	- Head of Finance
	Paul Roper	- Head of Project & Funding Delivery
	Victoria Yates	- Head of Human Resources
	Bill Moran	- Director of Operations
	Claire Martin	- Head of Planning
	Marigold Wilberforce	- Head of Property
	Peter Ley	- Property Surveyor
	Cath Patrick	- Conservation Manager
	Sandra Bertschin	- Committee & Members' Services Manager

Part I

946 DECLARATIONS OF INTEREST

There were no declarations of interest.

947 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 25 February 2021 be approved and signed.

948 PUBLIC SPEAKING

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

949 FEES AND CHARGES 2021/22

Paper E/717/21

The report was introduced by the Head of Finance.

Members commented that car parking charges could lead to displacement of parking to local roads and that should such issues arise at a particular site it could be raised with the local authority to consider controlled parking zones. However, being mindful of the climate emergency a modal shift would be the best outcome.

EXECUTIVE COMMITTEE MINUTES 25 MARCH 2021

In response to Member concern that concessionary pricing was not disproportionately affected it was advised that participation numbers would be monitored and promotional pricing could be introduced if necessary.

Members welcomed the delay in implementation of price increases for some outdoor activities until social distancing restrictions were lifted and indoor facilities were fully reopened.

- (1) the Authority's proposed 2021/22 sports venue fees and charges as summarised from paragraphs 10 to 15 and set out in detail in Appendix A to Paper E/717/21; and**
- (2) the proposed 2021/22 car parking charges summarised in paragraphs 16 to 21 and set out in Appendix B to Paper E/717/21 was approved.**

**950 LEE VALLEY REGIONAL PARK AUTHORITY AND LONDON
BOROUGH OF TOWER HAMLETS PARTNERSHIP TO
DEVELOP A SHARED VISION FOR EAST INDIA DOCK BASIN**

Paper E/716/21

The report was introduced by the Head of Project and Funding Delivery.

The Chairman commended the project to improve this entrance to the Park as the area had been underused given its spectacular views of London.

The Member from the London Borough of Tower Hamlets confirmed that partnership working to improve this area was very much welcomed.

Members expressed support for the project as the site had considerable potential given its accessibility and heritage together with the social value of urban regeneration. It was also suggested that improved connectivity through walking and cycle routes would be greatly beneficial together with further partnership working with bodies such as the Museum of London and other action groups.

It was advised that a café outlet was being trialled this year and if successful a more permanent provision could be considered.

- (1) the siltation, environmental and heritage issues affecting the Basin. The existing, current and required studies for East India Dock Basin including review of the Conservation Management Plan;**
- (2) the work completed by officers to date to develop a partnership and produce a shared vision with London Borough of Tower Hamlets was noted;**
- (3) progression of the London Borough of Tower Hamlets partnership to work on a project including the following:**
 - undertaking a feasibility study (including siltation and gates studies required by Lee Valley Regional Park Authority) to develop a set of costed proposals for a project; and**
 - submit an expression of interest to the Heritage Lottery Fund in March 2021 for a two stage bid to seek funding to develop up the project (stage 1) and**

EXECUTIVE COMMITTEE MINUTES 25 MARCH 2021

deliver the required improvements at East India Dock Basin by Autumn 2025 (stage 2) was approved.

951. EXEMPT ITEMS

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

Agenda Item No	Subject	Exempt Information Section Number
9	Lee Valley Ice Centre Redevelopment	3
10	Voluntary Redundancy Update	3
11	London Borough of Enfield (Meridian Water Strategic Infrastructure Works) Compulsory Purchase Order 2020	3

952 LEE VALLEY ICE CENTRE REDEVELOPMENT

Paper E/719/21

The report was introduced by the Corporate Director.

- (1) the revised risk profile as set out in paragraph 15 of Paper E/719/21;**
- (2) the process for dealing with the bids deemed non-compliant as set out in paragraph 16 of Paper E/719/21;**
- (3) the method of construction as set out in paragraph 18 of Paper E/719/21;**
- (4) the bidder progressing to the Preferred Bidder Stage as set out in paragraph 19 of Paper E/719/21;**
- (5) the next steps and associated timeline set out in paragraphs 20-23 of Paper E/719/21; and**
- (6) the procurement process undertaken as set out in paragraphs 5-19 of Paper E/719/21 was approved.**

The Chairman agreed to accept an additional agenda item by reason of urgency.

953 LONDON BOROUGH OF ENFIELD (MERIDIAN WATER STRATEGIC INFRASTRUCTURE WORKS) COMPULSORY PURCHASE ORDER 2020

Paper E/720/21

The report was introduced by the Deputy Chief Executive including that recent developments required the slight amendment of recommendations.

- (1) delegation to the Deputy Chief Executive to agree the final detailed wording of the heads of terms for the sale of and transfer of land at Harbet Road as set out in paragraph 9 and shown in Appendix A to Paper E/720/21;**

**EXECUTIVE COMMITTEE MINUTES
25 MARCH 2021**

- (2) a request to be made for Secretary of State consent; and**
- (3) delegation to the Deputy Chief Executive to agree withdrawal of the objection as set out in paragraph 16 of Paper E/720/21 was approved.**

954 VOLUNTARY REDUNDANCY UPDATE

Paper E/718/21

The report was introduced by the Head of Human Resources.

- (1) the pension costs relating to the voluntary redundancies as detailed in paragraphs 13 and 14 of Paper E/718/21 was approved; and**
- (2) the redundancy costs relating to the voluntary redundancies as detailed in paragraph 12 of Paper E/718/21 was noted.**

Chairman

Date

The meeting started at 11.03am and ended at 12.24pm

TREASURY MANAGEMENT POLICY

Presented by the Head of Finance

EXECUTIVE SUMMARY

Treasury management is the management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Treasury management activity is governed by the Authority's Treasury Management Policy which has the aim of managing risk, avoiding volatility and optimising returns, whilst maintaining a high degree of accessibility from the accounts to enable the cash requirements of the Authority to be met. Members of the Authority last reviewed and approved the Treasury Management Policy in July 2015 (Paper A/4214/15).

The purpose of this report is to provide Members with an update to the existing Treasury Management Policy, which has been drawn up in line with the CIPFA code of best practice.

RECOMMENDATION

Members Recommend to Authority: (1) the revised Treasury Management Policy and Procedures as set out at Appendix A to this report.

BACKGROUND

- 1 The Authority continues to adopt the key recommendations of the Chartered Institute of Public Finance & Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code.
- 2 The primary requirements of the Code are the:
 - (i) creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities;
 - (ii) creation and maintenance of treasury management practices which set

out the manner in which the Authority will achieve those policies and objectives;

- (iii) receipt by the Executive Committee of an annual strategy report for the year ahead and an annual review report of the previous year; and
 - (iv) delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- 3 The Authority will approve the Treasury Management Policy. The Authority will delegate to the Executive Committee the implementation and monitoring of its treasury management policies and practices; and Executive will receive reports on all activities, including, as a minimum, an annual strategy/plan and an annual report. The administration of treasury management will be the responsibility of the Head of Finance, or, in his absence, the Chief Executive or Deputy Chief Executive.
- 4 Treasury management in this context is defined as:
- "The management of the Authority's cash flows, its banking and money market transactions: the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 5 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

REVISED TREASURY MANAGEMENT POLICY AND PROCEDURES

- 6 Treasury management and procedures should be relevant and up to date and continue to meet requirements under the Chartered Institute of Public Finance & Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code.
- 7 The last full review of the Treasury Management Policy was completed in July 2015 following establishment of the Lee Valley Leisure Trust Ltd. To ensure that the Policy remains current and relevant and to reflect the change in S151 officer responsibility following the retirement of the Director of Finance & Resources a review of the Policy has been completed.
- 8 The proposed changes fall into the categories below:
- change in S151 responsibilities;
 - change in day-to-day treasury management;
 - update with regards borrowing arrangements; and
 - minor corrections.

Specific amendments are highlighted in the attached appendix.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 10 Executive Committee usually set a target return on investment for the year ahead in May when the Annual Treasury Management report is laid before this committee. A target for investment returns of 0.25% was set for 2020/21 with all funds invested, following 2019/20 annual investment performance and use of resources required to fund revenue and the capital programme activity in 2020/21 (which requires relatively instant access to monies). The reduction in income due to closure of venues as a result of the Covid-19 lockdown, and the lack of potential interest rate movements, have had an impact on the return for 2020/21. This will be reported to Members in May when the target return for 2021/22 will also be set.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

- 12 There are no legal 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.

RISK MANAGEMENT IMPLICATIONS

- 14 The underlying principle within the Authority's Treasury Management Policy is to minimise the risk that investments are exposed to through investing in major banks and building societies. It is important that Members adopt a prudent approach and are confident that the Policy sets a robust framework to discharge their own fiduciary duty. This in part limits the capacity to achieve higher interest rate returns but safeguards public money. This mitigates against strategic risk 4 (SR4) "Insufficient resources to meet objectives" and SR10 "Failure to comply with statutory requirements".
- 15 Each year Members receive an annual report on the performance of existing investments during the year. In addition the Treasury Management function is independently audited on an annual basis.
- 16 The approach proposed is cautious but reflects the current economic and organisational uncertainty that exists. If adopted this will mean other investment opportunities may need to be put on hold.
- 17 Treasury management is audited by the internal auditors to ensure procedures and investment decisions comply with the Policy and Investment Strategy approved by Members.

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BACKGROUND REPORTS

CIPFA "Treasury Management in the Public Services
Code of Practice & Cross Sectoral Guidance Notes" 2017

PREVIOUS COMMITTEE REPORTS

Executive	E/671/20	Annual Report on Treasury Management Activity 2019/20 and Annual Investment Strategy 2020/21	21 May 2020
Executive	E625/19	Annual Report on Treasury Management Activity 2018/19 and Annual Investment Strategy 2019/20	23 May 2019
Authority	A/4214/15	Treasury Management Policy and Annual Investment Strategy 2015/16	9 July 2015

APPENDIX ATTACHED

Appendix A Treasury Management Policy

LIST OF ABBREVIATIONS

CIPFA Chartered Institute of Public Finance and Accountancy



Treasury Management Policy

April 2021

Reference: [Version 2.2]



This document is controlled by Lee Valley Regional Park Authority.

Lee Valley Regional Park Authority,
Myddelton House, Bulls Cross,
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I Document Information**Title:** Treasury Management Policy**Status:** Live**Current Version:** v2.1

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Consultation:	Finance
Approved	Approved by: Authority Approval Date: April 2015 Review Frequency: Every 5 years or earlier if there is a significant change in circumstances Next Review: April 2025

Version History		
Version	Date	Description
1.0	22 March 2012	Authority meeting approved. Paper A/4139/12
2.0	24 April 2014	Authority meeting approved. Paper A/4183/14
2.1	09 July 2015	Authority meeting approved. Paper A/4214/15
	21 May 2015	Updated Director of Finance & Resources to accept tracked changes and change in post titles.
2.2	29 April 2021	Updated to reflect change of Section 151 officer and management responsibilities

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1. Context

- 1.1 The Authority defines its treasury management activities as the management of the its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 1.3 The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management

2. Policy Aims

- 2.1 The Authority's Treasury Management Policy is a key element underpinning the Authority's medium term financial plan and a requirement of this Authority's Financial Regulations; as well as complying with best practice requirements. Ensuring that the Authority's funds are managed effectively will support the Authority's business strategy.

3. Content

- 3.1 The Authority adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- 3.2 This Treasury Management Policy Statement to be adopted by the Authority and thereafter its implementation and monitoring shall be delegated to Executive Committee.
- 3.3 All money in the hands of the Authority shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972.

- 3.4 The Authority's section 151 officer is currently employed under a service level agreement with London Borough of Enfield.
- 3.5 For the purposes of operational management, authority for Treasury Management is delegated to the Head of Finance.
- 3.6 It is the responsibility of the Head of Finance to report to the Executive Committee on the Annual Investment Strategy (AIS) for treasury management for the coming financial year.
- 3.7 All executive decisions on investment shall be delegated to the Head of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 3.8 The Authority's policy is to use a mix of in-house investment decision combined with external Investment Managers' advice wherever possible.
- 3.9 Security of the Authority's funds is of the highest priority and only the organisations and the limits on investments set out in the specified investments may be used. Investment by Officers of the Authority is restricted to the Specified Investment List of the Authority.
- 3.10 The Head of Finance will report to the Executive Committee not less than once in each financial year on the activities of the treasury management operation and on the exercise of any delegated treasury management powers. The report shall comprise an annual report on treasury management by 30 June of the succeeding financial year.
- 3.11 Should the Head of Finance wish to depart in any material respect from the main principles of the CIPFA Code, the reasons should be disclosed in a report to the Executive Committee. Changes in the policy statement shall be delegated to the Head of Finance in consultation with the section 151 officer.
- 3.12 In accordance with the CIPFA Code of Practice this Authority defines its treasury management activities as:
- "The management of the Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 3.13 This Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.
- 3.14 This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service

objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

4. Responsibilities

- 4.1 The administration of Treasury Management will be the responsibility of the section 151 officer or, in his absence, the Chief Executive. Day to day management of the treasury management function will be delegated to the Head of Finance.

5. Legal Considerations

- 5.1 This policy complies with Section 151 of the Local Government Act 1972.

6. Relevant Policy & Procedures

- 6.1 This policy will be implemented through the Treasury Management Procedures for In-House Funds, which are attached as an appendix.

7. Policy Implementation

- 7.1 This policy will be implemented through the relevant procedures.

8. Monitoring & Evaluation

- 8.1 Executive Committee will receive reports on all activities, including, as a minimum, an annual strategy and plan for the year ahead and an annual review report of the previous year.

9. Review

- 9.1 This policy will be reviewed in light of any significant changes in circumstances or every five years, whichever is the earlier.

10. Glossary of Terms

Term	Definition
CIPFA	Chartered Institute of Public Finance & Accountancy
AIS	Annual Investment Strategy

11. Appendix

TREASURY MANAGEMENT PROCEDURES FOR IN-HOUSE FUNDS AND EXTERNAL BORROWING

1. Introduction

- 1.1 The Authority has adopted CIPFA's "Code of Practice on Treasury Management in the Public Services". One of the requirements of this code is that Treasury Systems should be fully documented so that all who are involved are clear on the procedures and on any limits that apply to their activities.
- 1.2 This Treasury Management Procedures covers both the lending of surplus funds, and external borrowing if required for specific capital purposes.
- 1.3 If the Authority wishes to borrow against specific capital schemes a report would be required to go to Executive Committee and would need to be consistent with our own agreed Prudential Indicators which are updated annually.
- 1.4 The Authority uses an Investment Firm and its own bank to advise on and invest surplus cash balances of the Authority. The Investment firm invests surplus cash funds via the top seven Building Societies under instruction from the Head of Finance. A record of all the investments are made with a statement sent to the Head of Finance showing all transactions.
- 1.5 The Authority, under the Service Level Agreement with London Borough of Enfield, are able to access Enfield's Treasury Management service for advise on borrowing.
- 1.6 This document, except where stated, relates to the placing of surplus cash by officers of the Authority.

2. Delegation

- 2.1 All investment and borrowing matters are delegated to the Executive Committee.
- 2.2 The role of the Section 151 Officer (Responsible Financial Officer) is currently employed under a Service Level Agreement with London Borough of Enfield.
- 2.3 Under such agreement, the Head of Finance, under support of the section 151 officer, has delegated authority to deal with the investment of surplus cash in hand.
- 2.4 The Head of Finance will regularly monitor investments with support from the Senior Finance Officer.

- 2.5 The day to day transactions are carried out by the Head of Finance and the Senior Finance Officer within the terms of reference set by this policy.
- 2.6 The Head of Finance and the Senior Finance Officer will establish the balances held in the Authority's bank account each morning via internet link to the bank and ascertain what money is available for investment.
- 2.7 When considering the period for investment the following points should be taken into consideration:
- future movements in daily/weekly/monthly and annual cash flow;
 - Levy dates;
 - repayment of borrowing;
 - LSC contract payment dates;
 - rates of interest being offered; and
 - anticipated future trends in interest rates.
- 2.8 In order to meet any unexpected requirements for cash part of the Authority funds must be kept on call. Placing of sums in excess of one month will be undertaken by the Head of Finance, and must be approved by the Chief Executive, or Deputy Chief Executive for Authority Funds.
- 2.9 In the absence of the Head of Finance, the decision falls to the Chief Executive or Deputy Chief Executive in consultation with the Section 151 officer and the Senior Finance Officer.

3. Dealing Procedures

- 3.1 The principle behind the management of the Authority's cash balances is to meet all liabilities without resort to unnecessary borrowing. This means having regard to payment dates, particularly levy dates, when placing monies longer term.
- 3.2 The aim in managing the Authority's cash balances is to ensure the availability of sufficient funds to meet the liquidity requirements of the Authority. This is achieved by placing surplus cash at call or overnight or up to the next levy date.
- 3.3 For periods beyond one month the authority of the Chief Executive, or Deputy Chief Executive is required. These decisions are made in the light of general guidance on periods of investment having regard to expected cash flows and the need to avoid an overdraft situation when making the decision.

4. Documentation

- 4.1 All deals must be documented at the time of dealing, and detailed on the spreadsheet file following the deal being made.
- 4.2 The spreadsheet must show the amount, period, the counterparty and the interest rate. When any written confirmation is received it is essential

that this is checked against the spreadsheet immediately with any discrepancies investigated without delay.

- 4.3 The spreadsheet should be balanced with the interest received shown in the general ledger on a quarterly basis. A monthly statement of reconciliation should be produced by the Senior Finance Officer and be signed off by the **Head of Finance**.

5. Transmission Procedures

- 5.1 Where funds need to be transferred to a counterparty the following procedure will need to be undertaken:

5.1.1 Where payments made to counterparties can be transmitted using electronic/internet banking the **Head of Finance** or Senior Finance Officer must approve and release the transaction.

5.1.2 In cases where CHAPS payments are made via the bank two separate officers must prepare and then authorise the payment.

5.1.3 Deposits made with the Authority's bank through the special interest bearing account will be made via internet transfer between the Authority's bank accounts.

6. Limits on Decision Making

The following limits must be strictly adhered to and under no circumstances may they be exceeded:

Head of Finance	All matters delegated by the Authority & Executive Committee.
Chief Executive Officer	To cover in the absence of the Head of Finance
Senior Finance Officer	Investment of all surplus balances within limits applicable to counter-parties, subject to the limitations set out in these procedure notes

7. Limits Applicable to Counterparties

- 7.1 Investment of Authority funds has one overriding principle - **SECURITY**. With this in mind funds may only be placed with the following institutions:

- i. UK based Clearing Banks; and
- ii. Top Seven Building Societies (or where Society assets exceed Ten Thousand million Pounds).

7.2 Limits

The general limit for total investment in one institution is £5 million. There may be times when, due to borrowing, investment, and payment

timings, the total sum held at any one institution will exceed £5 million. For security and risk reasons, this should be kept to a minimum term.

8. Borrowing

- 8.1 Borrowing may be undertaken in line with the Lee Valley Park Act 1966, and require Executive Committee approval, plus under sections 46(1) of the Act, Secretary of State consent.
- 8.2 The limit for borrowing from individual institutions will be approved by Executive Committee, but should be for specific capital investment for core business purposes, and exclude borrowing for commercial gain. The borrowing should be consistent with the Authority's Prudential Indicators, Medium Term Financial Plan for Capital and Revenue, and Capital Financing programme.
- 8.3 The approved sources for long term and short term borrowing are
- Public Works Loans Board (PWLb) and any successor body;
 - Any institution approved for investments (see 7.1 above);
 - Any other bank or building society authorised to operate in the UK, subject to further risk analysis;
 - Any other UK public sector body; and
 - Any other body subsequently approved by Authority for borrowing.

9. Reporting Lines and Frequency

- 9.1 On a quarterly basis and as part of the Revenue Monitoring report the Senior Finance Officer is to report to the Head of Finance with the reconciliation statement detailed in 4.3 above.
- 9.2 On a quarterly basis the Head of Finance is to present to the Chief Executive, a statement showing the monthly and cumulative returns from all investments earned for the quarter and year to date.
- 9.3 On a quarterly basis, the Head of Finance should produce a statement detailing cash holding at individual institutions, and highlight any time where a single institute holds in excess of £5 million of Authority funds.
- 9.4 The Senior Finance Officer should produce on a quarterly basis a statement comparing interest returns with the budget and a forecast for the year based upon the latest information available.
- 9.5 On an annual basis the Head of Finance will produce a report on Investment Performance to present to the Executive Committee by the end of June.
- 9.6 An Annual Investment Strategy is to be presented by the Head of Finance to the Executive Committee.
- 9.7 Annually after the closure of the financial year the Head of Finance is to report to the Executive Committee on matters regarding the previous year's activities.

10. Cash Flow

- 10.1 Details of cash needs are to be kept by the **Head of Finance** showing movement in cash flow.
- 10.2 A detailed cash flow statement is to be produced on an annual basis that forecasts the next twelve month period:

11. Review of Treasury Systems Document

- 11.1 While it is not expected that the actual procedures in this document will need to be revised very often, such aspects as limits, risk spreading and possibly data recording may require amendment. The **Head of Finance** is authorised to approve such amendments.
- 11.2 In some instances, such as where limits for counterparties need to be changed during the year, periodic supplements to this document may have to be issued. However, there should be a full review by the **Head of Finance** of the contents of the document annually and any amendments reported to the Executive Committee.

LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

29 04 2021 AT 11:15

Agenda Item No:

6

Report No:

E/723/21

LEE VALLEY ICE CENTRE REDEVELOPMENT

Presented by the Corporate Director

EXECUTIVE SUMMARY

The Lee Valley Ice Centre (LVIC) redevelopment project has reached its final pre-construction decision making point after obtaining full planning consent on 20th November 2020 and Members approving:

- paper E/698/20 - entering into a section 106 agreement with the London Borough of Waltham Forest (LBWF);
- paper E/719/21 - the method of construction; and
- the preferred bidder to undertake the construction works following a compliant procurement process.

Annex A to this report will be presented to the full Authority at its meeting later today and updates members on the progress of the project in relation to:

- the proposed borrowing programme to fund the redevelopment of the LVIC and seeks approval to borrow up to £30m for this specific purpose which will be subject to Secretary of State consent;
- the outcome of the temporary Ice facility feasibility exercise;
- the business continuity and support packages; and
- entering into agreement with the Canal and River Trust (CRT);

The funding and financing package for the Lee Valley Ice Centre redevelopment has now been fully developed in conjunction with advisors from the London Borough of Enfield and the Authority's section 151 officer.

This report is supported by a part 2 Executive paper, E/724/21 which deals with items deemed to be commercial and business sensitive. The proposals within both reports have been considered by Members of the Ice Centre Working Group and Executive Members are asked to consider the recommendations in Annex A of this report and recommend them for approval to full Authority.

RECOMMENDATIONS

Members recommend to Authority for Approval: (1) the recommendations set out in Annex A to this report.

BACKGROUND

- 1 At the LB Waltham Forest (LBWF) Planning Committee on the 6th October 2020, Members of LBWF planning committee voted in favour of granting planning permission for the proposed Lee Valley Ice Centre re development.

On the 16th November 2020, The Greater London Authority (GLA) in their strategic planning application stage 2 referral advised LBWF that the Mayor was content for the council to determine the case and did not direct refusal.

On 19th November 2020, Executive Members approved paper E/698/20 which gave approval for the Authority to enter into a section 106 agreement with LBWF and following this a decision notice was issued to the Authority on 20th November 2020.

- 2 On 25th March 2021, Executive Members approved the recommendations in paper E/719/21 to:

- construct the new facility in one phase; and
- and the preferred bidder to undertake the construction works following a compliant, open and transparent procurement process.

In parallel to the process of obtaining the required consents and approvals, officers have been working with its financial advisors at London Borough of Enfield (LBE) and the Authority's section 151 officer on the most optimal financing package for the project. This paper brings this work together and makes recommendations for Members to consider in regards to how the project is financed to cause minimal impact on its revenue position whilst obtaining the best overall position in regards to the borrowing required.

- 3 In addition, the final stages of required pre construction work has also been completed in relation to:

- a temporary Ice facility feasibility exercise;
- the support packages for clubs and coaches following specific feedback from Members; and
- and negotiations with CRT for the discharge of rain water and ice melt.

The two papers being considered today set out the progress in relation to external funding and the above areas in more detail and the associated considerations for Members in relation to moving the project forward in line with the overall programme.

- 4 Members are asked to consider the recommendations of this report from the detail set out in Annex A and recommend them for approval to full Authority.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 6 The financial implications arising directly from the recommendations in this report are dealt with in Annex A.

HUMAN RESOURCE IMPLICATIONS

- 7 The human resource implications arising directly from the recommendations in this report are dealt with in annex A.

LEGAL IMPLICATIONS

- 8 The legal implications arising directly from the recommendations in this report are dealt with in Annex A.

RISK MANAGEMENT IMPLICATIONS

- 9 The risk management implications arising directly from the recommendations in this report are dealt with in Annex A.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/203/12	Review of the Lee Valley Ice Centre	19 April 2012
Executive Committee	E/404/15	Ice Centre Feasibility Study – Phase 3	21 May 2015
Executive Committee	E/431/15	Ice Centre Feasibility Study – Phase 3 Part 1	17 December 2015
Authority	A/4228/16	Outcome of the Ice Centre Feasibility Exercise and Proposed Next Steps	16 June 2016
Executive Committee	E/502/17	Potential Ice Pad, Cooling System and Barrier repair	25 May 2017
Executive Committee	E/546/18	Lee Valley Ice Centre 2 Staged Twin Pad Option	22 February 2018
Executive Committee	E/571/18	Lee Valley Ice Centre Twin Pad Alternative Approach	26 July 2018
Executive Committee	E/618/19	Lee Valley Ice Centre:	25 April 2019

Executive Committee	E/698/20	Next Stage Detailed Design and Planning Application Lee Valley Ice Centre Redevelopment	19 November 2020
Executive Committee	E/719/21	– Section 106 Agreement Lee Valley Ice Centre Redevelopment	25 March 2021

ANNX ATTACHED

Annex A A/4300/21 Lee Valley Ice Centre Re Development

LIST OF ABBREVIATIONS

LVIC	Lee Valley Ice Centre
GLA	Greater London Authority
LBE	London Borough of Enfield
LBWF	London Borough of Waltham Forest
SOS	Secretary of State
HOT	Heads of Terms
LSC	Leisure Services Contract
MTFP	Medium Term Financial Plan
EIP	Equal Instalment of Principal



LEE VALLEY REGIONAL PARK AUTHORITY

AUTHORITY MEETING

29 04 2021 AT 14:00

Agenda Item No:

5

Report No:

A/4300/21

LEE VALLEY ICE CENTRE REDEVELOPMENT

Presented by the Corporate Director

SUMMARY

The Lee Valley Ice Centre (LVIC) redevelopment project has reached its final pre-construction decision making point after obtaining full planning consent on 20th November 2020 and Members approving:

- paper E/698/20 - entering into a section 106 agreement with the London Borough of Waltham Forest (LBWF);
- paper E/719/21 - the method of construction; and
- the preferred bidder to undertake the construction works following a fully compliant and open procurement process.

This report updates members on the progress of the project and seeks approval for:

- the proposed borrowing programme to fund the redevelopment of the LVIC and seeks approval to borrow up to £30m for this specific purpose which will be subject to Secretary of State consent;
- the outcome of the temporary Ice facility feasibility exercise;
- the business continuity and support packages; and
- entering into agreement with the Canal and River Trust (CRT);

The funding and financing package for the Lee Valley Ice Centre redevelopment has now been fully developed in conjunction with advisors from the London Borough of Enfield and the Authority's section 151 officer.

This report is supported by a part 2 full Authority paper, A/4301/21 to deal with items deemed commercial and business sensitive. The proposals within both reports have been considered by Members of the Executive Committee along with Members of the Ice Centre Working Group.

RECOMMENDATIONS

- Members Approve:**
- (1) the borrowing strategy as set out on paragraphs 4 to 14 of paper A/42300/21;
 - (2) subject to (1) above application to be made to the Secretary of State for consent to borrow up to £30m for redevelopment of the Lee Valley Ice Centre;
 - (3) the recommendations regarding the outcome of the temporary rink feasibility as set out in paragraph 31 of this report;
 - (4) the business continuity and support initiatives and budget as set out in paragraph 38 of Paper A/4300/21; and
 - (5) delegation to the Deputy Chief Executive to agree the terms of the agreement with the Canal & River Trust and entering into the agreement as set out in paragraph 40 and 41 of paper A/4300/21.

BACKGROUND

- 1 At the London Borough of Waltham Forest (LBWF) Planning Committee on the 6th October 2020, Members of LBWF planning committee voted in favour of granting planning permission for the proposed Lee Valley Ice Centre re development.

On the 16th November 2020, The Greater London Authority (GLA) in their strategic planning application stage 2 referral advised LBWF that the Mayor was content for the council to determine the case and did not direct refusal.

On 19th November 2020, Executive Members approved paper E/698/20 which gave approval for the Authority to enter into a section 106 agreement with LBWF and following this a decision notice was issued to the Authority on 20th November 2020.

- 2 On 25th March 2021, Executive Members approved the recommendations in paper E/719/21 to:

- construct the new facility in one phase; and
- the preferred bidder to undertake the construction works following a compliant, open and transparent procurement process.

In parallel to the process of obtaining the required consents and approvals, officers have been working with its financial advisors at London Borough of Enfield (LBE) and the Authority's section 151 officer on the most optimal financing package for the project. This paper brings this work together and makes recommendations for Members to consider in regards to how the project is financed to cause minimal impact on its revenue position whilst obtaining the

best overall position in regards to the borrowing required.

- 3 In addition, the final stages of required pre construction work has also been completed in relation to:
- a temporary Ice facility feasibility exercise
 - the support packages for clubs and coaches following specific feedback from Members; and
 - negotiations with CRT for the discharge of rain water and ice melt;

This paper sets out the progress in relation to external funding and the above areas in more detail and the associated considerations for Members in relation to moving the project forward in line with the overall programme.

PROJECT FUNDING & FINANCING

- 4 Under section 46(1) of the Lee Valley Park Act 1966 (the Act) provides that the Authority may with the consent of the Minister (SOS) borrow such sums as may be required for a number of purposes as set out in the Act. This includes borrowing for the construction of works or buildings and the Authority is therefore able to consider borrowing for the building of the new Ice Centre in connection with the provision of its duties under section 12 of the Act.
- 5 This report sets out the borrowing strategy required to finance the Ice Centre redevelopment project, and seeks approval of this strategy, along with the approval to make an application to the Secretary of State for the borrowing.
- 6 The borrowing strategy for has been developed to meet three broad objectives:
- cost;
 - affordability; and
 - and flexibility.

The strategy is to utilise short term borrowing during the construction phase of delivering the new Ice Centre and for the interest on this short debt to be rolled up and added to the long term financing when the facility becomes operational. The long term financing will by way of a number of EIP (Equal Instalment of Principal) loans obtained through the PWLB (Public Works Loan Board) with the loans being taken out for the full useful life of the asset of 40 years.

- 7 Short term debt is considerably less expensive than long term debt and will in all likelihood be via an inter authority borrowing, although short term borrowing through the PWLB is also possible. This has been modelled at 0.75% for planning purposes but could be significantly less than this in practice. Long term rates are currently in the order of 2.11% for a 40 year loan so it makes sense to hold off until the facility is operational to keep the interest payments down. Also whilst short term borrowing is being applied there will be no principal payments to make which will support the Authority's cashflow position. In the event that the long term borrowing was not put in place until October 2022 there would be no cash payments for principal in the 2022/23 financial year albeit it would be necessary to account for the Minimum Revenue Provision, equivalent to circa six months principal.
- 8 The total cost of borrowing is higher with the longer the term of the repayments

so the debt will be paid over the shortest term appropriate. For the purposes of affordability, in line with the business case and MTFP (Medium Term Financial Plan), this will be over 40 years. This is appropriate in that it matches the useful life of the asset. PWLB offer three different forms of long term financing. These are maturity, annuity and the preferred route of EIP. EIP has the lowest interest rate of the three options which is driven by the commitment to pay down the debt at the fastest rate, annuity being backloaded and maturity as the name suggests not until the end of the term.

- 9 Economic commentators are all forecasting interest rates to stay at their historic low rates for the foreseeable future. The same can be broadly be said for PWLB rates but these rates are linked to Gilts (being Gilts plus 0.8%) rather than the Bank of England Base Rate. Gilt rates are very much dependent on the supply and demand of these bonds in the market and are at this time driven by Bank of England policy to keep the economy buoyant. The Finance Team will be monitoring interest rates closely through the advice of external advisers (at LBE). In the event that there was any likelihood of these moving upwards it may be necessary to take the long term financing earlier than planned and during the construction phase ahead of the facility becoming operational.
- 10 Officers and Members will need to review the long term borrowing option at the relevant time, to decide if it would be prudent to finance any of the cost from the Authority's existing capital cash reserves, or fund the whole amount from borrowing. Included within the project cost is an increased contingency from £1.4 to £2m, with the interest cost of borrowing equivalent to approximately £214k for every £500k borrowed.
- 11 The preferred bidder has submitted their proposed spend profile in line with the contract price, which falls within the scheme budget of £30m. The anticipated contract start date is May 2021, but the construction contract will not be signed until the Authority has received Secretary of State approval for the borrowing.
- 12 The short-term loan strategy is set out to follow the spend profile, so as extra interest charges are not incurred. This will involve taking out a number of separate loans each month to cover the cashflow requirements to fund the construction phase. The short-term borrowing profile is set out in Appendix A. This is subject to variation based on the actual spend, but we have set out the cumulative amount we expect to have needed to borrow each month. Depending on availability, we need some flexibility on loan terms, as short term borrowing is usually available for a maximum of 12 months.
- 13 On completion of the construction phase, the Authority intend to restructure its borrowing with a number of long term loans, taken out from PWLB over the lifetime of the asset. The rationale behind this, rather than a single loan of up to £30m, is that it gives the Authority flexibility should it receive future capital receipts, that it could repay loans early without incurring significant penalties that would occur if it tried to restructure a single larger loan. There is no additional cost implication of taking six £5m loans, over a single £30m loan.
- 14 Members are asked to recommend the borrowing strategy of:
 - short-term loans to cover the construction phase of the project; and
 - with fixed long term loans, up to a combined value of £30m, taken out at completion, to full Authority.

The long term loan will be for a period of 40 years, to match the useful life of the asset.

REPAYMENT OF BORROWING

- 15 The Preferred Bidder for the new Leisure Services Contract (LSC) has submitted a revised schedule of operation for the new LVIC based on the October 2022 opening date, and no continuity of ice during the build process.
- 16 It was always anticipated that the return from the Preferred Bidder would not cover the repayment cost of the loan in the initial years, and this was factored into the Authority's Medium Term Financial Plan (MTFP) presented to Members alongside the 2021/22 Revenue Budget in January 2021. The Authority will be able to fund this short term cash flow pressure from its own reserves, and the MTFP has been revised to take this into account
- 17 Based on this revised LVIC business plan submitted by the LSC Preferred Bidder, as set out in paragraph 28 of this report the new 10 year LSC will deliver a net surplus to the Authority in relation to its Ice operation.

TEMPORARY ICE FACILITY FEASIBILITY

- 18 Following the evaluation of the construction tenders returns there was a significant price difference (c£4million) between the different approaches of a phased (includes Ice continuity) and single-staged solution. Despite the single stage build being the most cost-effective solution, building in a single-stage removes the guaranteed possibility of ice continuity without the construction of a temporary facility. Without ice continuity there would be an overall business impact during the build and during the early stages of operation along with a degree of displacement for the current users.
- 19 The Authority commissioned In Partnership With (IPW... business planning and Ice Specialists consultants) to undertake a temporary rink feasibility which included:
 - planning advice on potential development routes;
 - the development of temporary rink proposals, including a facilities specification, layout and cost;
 - business planning for the temporary rink, and an overall financial assessment of the impact of continuity of provision from the closure of the existing through to the mature operation of the new Twin pad;
 - a programme for delivery and identification of the key periods of ice down time; and
 - potential impacts the delivery of a temporary rink will have on the main contractors cost & programme for the delivery of the Twin Pad.

Linked to the business planning elements, the LSC Preferred Bidder was required to supply a new financial offer for the Ice Centre as their original bid included a business plan for a phased build only.

Planning

- 20 WSP (the Authority planning expert advisors) explored the planning routes of either a full, major planning application (as we did for the proposed new facility)

or the potential for the use of permitted development rights (PD) to deliver a temporary facility either on the:

- LVIC car park;
- the WaterWorks car park;
- or the development platform at Eton Manor.

All the above sites are Metropolitan Open Land (MOL). A full planning application for a temporary rink would take at least 6 months and cost c£200,000 as new reports on transport, lighting, noise, environmental impact etc would be required as it was for the application for the new permanent facility. This would result in the new LVIC construction either being delayed, not starting to at least January 2022 or the project starting in the summer of 2021 as planned but a gap in ice provision whilst planning was determined (which is not guaranteed for approval). For these reasons, a full application for any proposed Temporary Ice provision has been deemed not viable.

21 Leading Counsel's Opinion was sought on the PD matter and ascertained that:

- the PD route, in their legal opinion could be viable on or adjoining to the red line of the planning application. This ruled out the other Authority sites as detailed in paragraph 20 above as full applications would be required for these sites. The only adjoining site is Leyton Marsh and Authority officers immediately ruled this out as it is not believed to be a viable or appropriate option to consider.
- submitting a Certificate of Lawfulness for the proposed use of the site as a temporary ice facility is the best strategy for the site if utilising the PD route.

LBWF suggested that, if the PD route was possible a Certificate of Lawfulness would be required, and that it was likely that if this were submitted there would be an 8-week statutory review period for its approval. These timescales have been built into the proposed programme of works in paragraph 24 below. There is the potential for an additional period for referral to the Planning Committee which would add around two months onto the programme.

Temporary Facility Specification / Proposal

22 The proposed structure is expected to use a hard sided marquee with a PVC style roof as opposed to an Air Dome for the main ice rink structure due to cost and programme savings. This will be white in colour with Opaque linings to the rear to prevent light emissions. A low e-ceiling lining will be installed internally to reduce radiation and heat loads, which should also reduce light emissions. Appendix B to this report gives an overview of the facilities proposed and location.

23 The location of the proposed facility on the existing car park is not straight forward. There are significant utilities / services that run through the area which cannot be covered or built over as set out in Appendix B to this report. This location does then push the proposed facility up against Oxbow island and directly adjacent to Essex Wharf residents which will result in:

- an impact on vegetation from the shadowing of the facility;
- artificial lighting spilling into the tree, shrub land habitats and residential

- properties; and
- noise from the plant and users (particularly Ice Hockey) on the local residents and wildlife.

- 24 From the feasibility work undertaken, the team have developed three temporary rink options and the below table sets these out along with the associated costs of the build / removal:

	Option 1	Option 2	Option 3
Structure Size	60m x 25m	50m x 25m	45m x 25m
Ice Pad Size	56m x 22.5m	44m x 22m	40m x 20m
Projected Project Cost	£ 1,030,000	£ 990,000	£ 970,000

The costs above include all design and procurement fees as well as a 10% project contingency. Outside of the equipment being re used from the existing facility, the rest of the equipment will be rented as purchasing is cost prohibitive.

Programme

- 25 The below table outlines the proposed programme should the Authority consider a Temporary rink is a viable proposition via a PD route:

Date	Time Period	Action
29 th April 2021	2 weeks	Process & get approval for Certificate of Lawfulness
14 th May 2021	8 weeks	Planning submission Statutory review approval period (best case)
12 th July 2021		Approval of Certificate of Lawfulness, assuming no challenge
12 th July 2021	8-week lead time for manufacture	Place Order with Manufacturer for temporary Ice structure, and temporary accommodation structures.
July & August 2021	1.5 months	Building Contractor start on site. Foundations installed on site, and undertake all necessary prep work.
6 th September 2021		Delivery of structure, accommodation & ancillary facilities.
September – October 2021	1 week 2 weeks 2 weeks	Construction of Building on site Construction of temporary ice pad and barrier Formation of temporary Ice
11th October 2021 – Mid June 2022	8.75 months	Proposed Opening of Temporary Ice Rink, through to closure in mid-June 2022 for removal of items to be transferred into new Twin Pad Scheme (currently aligned to BGCL programme and best case)
October 2022		Full opening of Twin Pad

November / December 2022	Works to complete landscaping and car parking
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This programme is based on a best case scenario and it is highly likely that the planning and procurement stages would be longer (in particular planning if it's called in by the Planning Committee) and more complex which could delay the implementation even further. The Preferred Bidder for the construction of the new LVIC has not been fully consulted and it is likely that extra costs and programme time would be incurred due to logistic issues and build programme around the car park and adjoining external areas.

Even in a best case position (which has a lot of risk as detailed above) there would only be temporary Ice provision for less than nine months, October 2021 – June 2022.

Business Planning

- 26 During the LSC procurement process the bidders bid on the basis for Ice continuity and the Preferred Bidder was required recently to re submit their business proposal in a no ice continuity scenario. IPW... were asked as part of their commission to undertake a detailed business analysis of the temporary risks potential income generating performance and the impact of no ice continuity to benchmark with the LSC Preferred Bidders submission to ensure the Authority were robustly considering all the implications. IPW's business planning for the temporary rink shows it could potentially (in a best case scenario) make a surplus of £137,000 for the months of operation but this surplus does not include the build costs as set out in paragraph 24 of this report.
- 27 If Members approve the recommendations in paragraph 38 of this report, these business continuity and support proposals will help mitigate the impact on the overall business plan. Both the LSC Preferred Bidder and IPW... believe that the Gym numbers will be as was bid originally and that public skating will only be marginally effected in the first 18 months. Both also agree and this a view shared by the Authority's operational team that it is courses, coaching sessions and clubs will be the biggest income areas hit following a period of no Ice time being available.
- 28 It is the Authority officers' business assessment, taking into account the work undertaken as set out in paragraph 27 of this report, that the net initial adverse business plan impact of no Ice continuity is c£700,000. However, the early delivery of the new facility, means that over the 10 years of the LSC contract a significantly improved financial position for the Authority will be achieved.

Conclusion

- 29 Ice continuity has been at the centre of the Authority planning throughout the project but the COVID-19 pandemic has changed the dynamics significantly. The market feedback following the procurement of a main building contractor was clear around the risks with a phased build and the c£4m difference between the winning bids for a phased and non phased option:
- 30 Planning is a challenge. The LBWF made it clear that they would need to take further legal advice if the Authority wanted to progress a PD route and any

application would probably lead to objections and potential challenge from local residents and interested groups. The proposals raise concerns from an ecological perspective and the Authority would need to undertake more studies to ascertain the true potential impact of this proposal which at this current time are deemed unacceptable.

- 31 It is the officers' recommendation that a project to deliver a temporary rink is not taken forward and that the Authority focus should be on minimising the lack of ice continuity impact on current ice centre users.

Officers will work with LBWF to look into the possibility of pop up ice rinks in high footfall areas within the locality (outside of the Authority's land ownership) with partners as an opportunity to promote ice in the build up to the new facility opening.

BUSINESS CONTINUITY AND SUPPORT

- 32 If Members approve the recommendations within this report, there will be no ice continuity for c15 months. To mitigate the business impact, especially in the first 18 months of the reopening officers (following Members specific feedback) have developed a range of support packages, totaling £100,000 for ice centre coaches and resident clubs. The packages bridge the gap between the existing ice centre closing and the opening of the new facility, and aims to offer regular self-employed ice coaches and clubs with financial and developmental support to mitigate the impact of the closed period.

- 33 The period of no ice will impact on the resident clubs in a number of ways. Officers will support clubs to help them find alternative venues to train at on a temporary basis, as was the case during the 2017 refurbishment until the new facility opens. Officers are proposing that a transition fund of is created which clubs can apply for funding through an Authority grant application process, administered through the Active Communities Department. The transition fund has been developed to support in the following ways:

- aid the transition of clubs to temporary venues. Funding can be used to support any potential increases in venue hire fees experienced by the clubs accessing other venues, or indeed cover potential loss of income through reductions in membership levels. In addition to the funding, officers will support directly with other venues to help source ice time elsewhere, utilising the strong relationship officers have within the industry;
- the Authority will provide opportunities for club coaches to enhance their personal development pathways and upskill through grant aided coach education courses. Authority Officers will also look at the potential of finding additional paid coaching opportunities at other Lee Valley venues to develop a more diverse range of skills; and
- the cost of skating equipment has always been highlighted by the clubs as a potential barrier to participation by many local young people. To support this, officers recommend that the funding is also used to bridge the gap in equipment shortfalls and help clubs return to the new facility in a much stronger position that supports diverse membership growth.

- 34 In addition to the transition fund detailed above, it is proposed that an

additional fund is created to support the clubs when relocating back to the new facility. Funding will be offered to the four resident clubs that have no other ice time at other venues currently:

- Lee Valley Lions Junior Club
- Lee Valley Lions Senior Club
- All Stars
- and Lee Valley Ice Skating Club

This funding is designed to encourage the clubs to return, with a 50% capped subsidy off fees for the first 6 months after opening only.

Officers recognise that potentially membership numbers may drop during this closed period, and this funding support from the Authority will help provide a level of stability, until membership numbers increase. The funding process will again be managed via the Authority's Active Communities team.

- 35 During the build period, the Authority's Active Communities team will use this time to work with the clubs identified in paragraph 34 of this report and support them on the creation of specific club development plans.
- 36 As with the clubs, it is proposed that the Authority will support self-employed coaches as it did during the 2017 refurbishment to obtain ice time and rates at other rinks during the build period. To specifically support all returning self-employed coaches to the new facility, it is proposed that they are provided with 50% capped subsidy off their monthly rental fee for the first 6 months only after reopening. Officers envisage that coaches will lose a number of their skaters during the closed period, especially if the coaches cannot fully replicate their ice time elsewhere.
- 37 Marketing initiatives during the build up to opening will be vital and in the main this will be the responsibility of the proposed LSC Preferred Bidder. To support this, it is proposed that funding is also set aside for:
- raising awareness raising of the new facility and what it offers during the build (this would tie into any sales messaging / promotion that the LSC Preferred Bidder would do closer to the launch); and
 - launch event. This will be very important for the Authority and we need a strong powerful stakeholder, political, media, sport and community launch.

Officers will continue to assess the specifics of what's required over the build period working with partners to ensure the budget proposed is utilised in the most impactful way.

- 38 To conclude, officers are proposing a £100,000 of business support for clubs and coaches and for marketing pre opening. This is budgeted for within the overall project budget. The specifics of each area will be developed with the clubs, coaches and marketing teams over the coming months.

THE CANAL & RIVER TRUST

- 39 As part of the building design an innovative solution to re using the ice melt has been developed which is a critical contribution the required points to meet the suitability targets set by the LBWF and the GLA. The ice that's taken off

the Ice and the rain water collected from the roof is filtered through the building and then through two external reed beds before being discharged into the Oxbow Lake, Appendix C of this report is a Map of Oxbow island.

- 40 The Oxbow lake is owned by the Canal & River Trust (CRT) and a discharge agreement will be required. The Authority has been in negotiations with CRT for a number of months and a Heads of Terms (HOT) has been developed to cover the following:
- a licence to discharge surface water and melt from the Ice Centre into the Oxbow Lake for an initial 40 year period and thereafter ongoing unless either party serves a 24 months prior notice in writing to terminate it;
 - the permitted use is surface water discharge from impermeable areas totaling 8,000 sq m within the Ice Centre site together with the discharge of treated ice melt up to a maximum of 15m³ per day (engineers have calculated capacity here to ensure the Authority does not go over its limit);
 - the Authority cannot alter the surface water discharge area, ice melt discharge, discharge volumes or outfall without the prior consent;
 - the licence fee is £10,400 plus VAT per annum to be reviewed on the first anniversary of the licence and annually thereafter;
 - any increase in the site area, impermeable area, volume of surface water discharge or treated ice melt discharge will be subject to an increase in the licence fee, to be confirmed by the Trust at the time of the increase; and
 - the Authority will cover CRT's set up costs of £7,000 which includes legal and surveying costs and disbursements in relation to the negotiation and completion of the Agreement. Such costs are to be paid at or prior to legal completion and factored into the overall budget.
- 41 Members are asked to approve the entering into the HOT's with CRT on the basis of the key clauses in paragraph 40 of this report delegation is given to the Deputy Chief Executive to finalise the agreement with CRT. If any material changes are considered, officers will return to Members for further consideration.

COMMUNICATIONS

- 42 Should Members approve the recommendations of this paper it is important that the Authority communicates the required information out promptly and accurately. It is anticipated that this will be done on the day that the decision is taken but informal conversations have taken place with interested parties as to the Authority's plans. The plan is to use email bulletins with the offer of a face to face or virtual briefing, our social channels, website and database.

The Authority will lead on the communications of the contract award and issues around continuity of ice. This period will create significant PR opportunities for the project and statements, materials and Q and As have been prepared in advance.

- 43 The key groups are:

- **Political stakeholders**
 - ward councillors, local MP and candidates (due to GLA elections) for the North East London Assembly seat
 - **Ice users**
 - Key ice centre users such as coaches, teams and clubs are to be spoken to as part of our implementation of the proposed support packages. We will undertake this by emailing all of them along with to our ice centre database and people who have registered that they are interested in the scheme.
 - Ice National Governing Bodies
 - **Close neighbours**
 - Email to residents associations, followed up by a door drop to the nearest properties
 - **Local interest groups**
 - **Our staff**
 - **Media**
- 44 There are further significant PR opportunities for the Authority, should Members approve the recommendations within this report. Further communications throughout the pre and construction phase will involve support from the project's communications agency, Grayling. This will include a start of works milestone – the format of which will be partly dictated by COVID-19 restrictions in place at the time. Grayling will begin work if Members approve the recommendations in this paper, and officers will then provide members details of the communications planned throughout the construction phase.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 46 The main financial implications are included in the body of the report.
- 47 Whilst the short term borrowing is being applied there will be no principal payments to make which will support the Authority's cash-flow position. Subsequent interest payment will be rolled-up into the short-term borrowing, and then financed from the long term loan. The interest costs of the short term borrowing are calculated at £315k at 0.75% interest rate.
- 48 In the event that the long term borrowing was not put in place until October 2022 there would be no cash payments for principal in the 2022/23 financial year albeit it would be necessary to account for the Minimum Revenue Provision, equivalent to circa six months principal.
- 49 The total build cost plus contingency for the Ice Centre Development is budgeted at £30m and over the 40 years lifetime of the loan will cost £42.8m including principal and interest payments based on current assumptions of PWLB interest rate of 2.11%. This represents an annual repayment of £1.38m in year 1 of the loan, reducing to £1.27m in year 10. The cost of borrowing over a 40 year term is approximately £1.43 for every £1 borrowed.

- 50 The MTFP already included a provision of £1.34m for loan repayment in year 1, as well as the repayment of the short-term interest costs. Officers and Members will need to consider at the point of long-term borrowing, whether it is more prudent to fund some or all of the short term interest, and any contingency used, from its own cash reserves.

HUMAN RESOURCE IMPLICATIONS

- 51 The human resource implications arising directly from the recommendations in this report are dealt with in the full Authority, part 2 paper A/4301/22.

LEGAL IMPLICATIONS

- 52 The details and implications for consideration regarding the proposed agreement CRT are all laid out within the main body of the report.
- 53 Under section 46(1) of the Lee Valley Park Act 1966 (the Act) provides that the Authority may with the consent of the Minister (SOS) borrow such sums as may be required for a number of purposes as set out in the Act. This includes borrowing for the construction of works or buildings and the Authority is therefore able to consider borrowing for the building of the new Ice Centre in connection with the provision of its duties under section 12 of the Act. Some provisions within section 46 have been amended over time by subsequent legislation and section 46(3) has been largely replaced by the Local Government Act 2003. The Authority for these purposes falls within the definition of "Local Authority" due to the fact it is specified under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as a levying body for the purposes of section 23(1)(o) and therefore falling within the meaning of section 74 of the Local Government Finance Act 1988.

RISK MANAGEMENT IMPLICATIONS

- 54 There are planning, financial and reputational management implications arising directly from the recommendations in this report. Below is a summary;

Planning;

There is nothing within the Decision Notice or Section 106 that commits the Authority to providing ice continuity throughout the construction period. The Decision Notice and Section 106 Agreement are the only formal planning documents that control the permission, so the absence of a requirement in either of these means that the Authority can proceed with any construction process that they choose, as the planning permission does not commit the Authority to a specific phasing programme. What the Authority must ensure is that all the conditions are met and the Authority has set out key pre and ongoing obligations for the Preferred Bidder (to construct the venue) to meet and a set process for doing so with LBWF. The Authority has stipulated that WSP (the Authority's Planning expert advisors) must be used for all planning related matters.

Procurement Risk;

The Authority has demonstrated to the market (and the bidders within the process) that the process is fair, transparent and objective. The 10 day standstill period finished on 7th April, with no objections to the process, just some further clarification and positive comments about the process, the project and the

Authority.

Financial Risk;

The Financial risk falls within three distinct categories – those related to the build of the project, those of the borrowing itself, and those of the future financing of the loan.

Build

A certain level of price uncertainty exists within any construction of this nature, but within the contract certain safeguards around price variation, and the responsibilities attached to these have been built in. To mitigate the direct impact on the Authority, a contingency of £2m (equivalent to 7.2% of the contract price) has been included within the project cost.

Borrowing

Whilst economic commentators are all currently forecasting interest rates to stay low for the foreseeable future, PWLB rates are linked to Gilts rather than the Bank of England base rates. As gilt rates fluctuate based on supply and demand, officers, along with external advisers, will monitor any movement in rates upwards that may require the long term borrowing to be taken earlier than planned.

Under section 46(1) of the Act, any borrowing needs approval by Secretary of State. The proposed borrowing schedule represents both short-term and long term borrowing options, and these may need to be approved separately. Whilst the likelihood of not getting consent for the borrowing is small, members need to be aware of the risk that the model may require further clarification before the Minister is able to grant consent. It is therefore taking a decision on its borrowing approach up to a maximum figure with flexibility to consider both short-term borrowing and long-term borrowing.

Financing

The financing of the long term borrowing is from revenue, and will therefore have a direct impact on the levy. The LSC Preferred Bidders bid broadly see the income generated from the operation of the Ice Centre giving a return to the Authority in excess of the annual loan repayments from the third full year of operation. Any change in this may require the Authority to look at an increase in the Levy to cover any shortfall.

- 55 The Ice Centre project is a specific item (SR9.1) of the Corporate Risk Register. Its defined currently as a moderate risk with the outstanding elements of, funding, Ice continuity and agreements to be resolved, as detailed within this paper.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive Committee	E/203/12	Review of the Lee Valley Ice Centre	19 April 2012
Executive Committee	E/404/15	Ice Centre Feasibility Study – Phase 3	21 May 2015
Executive Committee	E/431/15	Ice Centre Feasibility Study – Phase 3 Part 1	17 December 2015
Authority	A/4228/16	Outcome of the Ice Centre Feasibility Exercise and Proposed Next Steps	16 June 2016
Executive Committee	E/502/17	Potential Ice Pad, Cooling System and Barrier repair	25 May 2017
Executive Committee	E/546/18	Lee Valley Ice Centre 2 Staged Twin Pad Option	22 February 2018
Executive Committee	E/571/18	Lee Valley Ice Centre Twin Pad Alternative Approach	26 July 2018
Executive Committee	E/618/19	Lee Valley Ice Centre: Next Stage Detailed Design and Planning Application	25 April 2019
Executive Committee	E/698/20	Lee Valley Ice Centre Redevelopment – Section 106 Agreement	19 November 2020
Executive Committee	E/719/21	Lee Valley Ice Centre Redevelopment	25 March 2021

APPENDICES ATTACHED

Appendix A	Short Term Borrowing Profile
Appendix B	Temporary Rink Layout Proposals
Appendix C	Ox Bow Lake Map

LIST OF ABBREVIATIONS

LVIC	Lee Valley Ice Centre
GLA	Greater London Authority
LBE	London Borough of Enfield
LBWF	London Borough of Waltham Forest
CRT	Canal and Rivers Trust
PWLB	Public Works Loan Board
SOS	Secretary of State
HOT	Heads of Terms
LSC	Leisure Services Contract
IPW...	In Partnership With...
PD	Permitted Development
MTFP	Medium Term Financial Plan
EIP	Equal Instalment of Principal
MOL	Metropolitan Open Land
PD	Permitted Development

Short term Borrowing Profile

Borrow Date	Borrow Amount	Cumulative Borrowing
01/06/2021	750,000	750,000
01/07/2021	650,000	1,400,000
01/08/2021	1,100,000	2,500,000
01/09/2021	1,500,000	4,000,000
01/10/2021	1,750,000	5,750,000
01/11/2021	1,750,000	7,500,000
01/12/2021	2,000,000	9,500,000
01/01/2022	2,250,000	11,750,000
01/02/2022	2,150,000	13,900,000
01/03/2022	2,100,000	16,000,000
01/04/2022	3,300,000	19,300,000
01/05/2022	1,700,000	21,000,000
01/06/2022	2,500,000	23,500,000
01/07/2022	2,000,000	25,500,000
01/08/2022	2,250,000	27,750,000
01/09/2022	1,250,000	29,000,000
01/10/2022	1,000,000	30,000,000

Long term Borrowing Repayment Profile

Total Loan	30,000,000
Interest Rate	2.11%
Total Interest	12,818,250

Year	Year	Principal	Interest	Total
1	2023/24	750,000	629,044	1,379,044
2	2024/25	750,000	613,219	1,363,219
3	2025/26	750,000	597,394	1,347,394
4	2026/27	750,000	581,569	1,331,569
5	2027/28	750,000	565,744	1,315,744
6	2028/29	750,000	549,919	1,299,919
7	2029/30	750,000	534,094	1,284,094
8	2030/31	750,000	518,269	1,268,269
9	2031/32	750,000	502,444	1,252,444
10	2032/33	750,000	486,619	1,236,619

Temporary Rink Layout Proposal



Appendix C to Paper A/4300/21

Oxbow Lake Map

