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To: Paul Osborn (Chairman)
David Andrews (Vice Chairman)
Susan Barker
Ross Houston
Heather Johnson
Chris Kennedy
Graham McAndrew
Gordon Nicholson

A meeting of the **EXECUTIVE COMMITTEE** (Quorum – 4) will be held at **Lee Valley White Water Centre**, Station Road, Waltham Cross, Herts, EN9 1AB on:

THURSDAY, 23 JANUARY 2025 AT 10:30

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 19 December 2024 (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 2025/26 REVENUE BUDGET AND LEVY Paper E/874/25

Presented by Shaun Dawson, Chief Executive,
and Keith Kellard, Head of Finance

6 CAPITAL STRATEGY 2024/25 TO 2028/29 Paper E/875/25

Presented by Keith Kellard, Head of Finance

7 PROPOSED CAPITAL PROGRAMME 2024/25 (REVISED) TO 2028/29 Paper E/876/25

Presented by Keith Kellard, Head of Finance

8 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.

9 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)

10 PROPOSED LEASE OF CORNMILL MEADOWS CAR PARK TO NATIONAL GRID Paper E/877/25

Presented by Marigold Wilberforce, Head of Property

Not for publication following the principles of the Local Government Act 1972, Schedule 12A, Part I, Section 3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

15 January 2025

Shaun Dawson
Chief Executive

LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE
19 DECEMBER 2024

Members Present:	Paul Osborn (Chairman)	Chris Kennedy
	Susan Barker	Graham McAndrew
	Ross Houston	Gordon Nicholson
	Heather Johnson	Richard Thake (Deputy for David Andrews)

Apologies Received From: David Andrews

In Attendance: John Bevan, David Gardner

Officers Present:	Shaun Dawson	- Chief Executive
	Beryl Foster	- Deputy Chief Executive
	Dan Buck	- Corporate Director
	Jon Carney	- Corporate Director
	Keith Kellard	- Head of Finance
	Michael Sterry	- Senior Accountant
	Victoria Yates	- Head of Human Resources
	Sandra Bertschin	- Committee & Members' Services Manager

Also Present: Kevin Bartle – S151 Officer (London Borough of Enfield)

Part I

364 DECLARATIONS OF INTEREST

There were no declarations of interest.

365 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 21 November 2024 be approved and signed.

366 PUBLIC SPEAKING

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

367 Q2 REVENUE BUDGET MONITORING 2024/25 Paper E/869/24

The report was introduced by the Head of Finance highlighting that the projected year end surplus arose from various one-off factors.

(1) the report; and

(2) the loss of income payment of £8,834 for the Lee Valley VeloPark barrier remedial works to be paid to Greenwich Leisure Limited as detailed in paragraph 17 of Paper E/869/24 was noted.

368 Q2 CAPITAL PROGRAMME BUDGET MONITORING 2024/25 Paper E/872/24

The report was introduced by the Head of Finance including that the two loans of £5million for the Lee Valley Ice Centre redevelopment had been refinanced.

Ross Houston arrived.

A Member congratulated all concerned for delivering the Lee Valley Ice Centre redevelopment project within budget.

Following a visit to Middlesex Filter Beds a Member commended the rewetting project which had enhanced biodiversity in the area.

(1) the report was noted.

369 FEES & CHARGES REVIEW 2025/26 Paper E/873/24

The report was introduced by the Corporate Director.

In response to a Member it was advised that categories eligible for concessionary charges had been updated in line with the Leisure Services Contract with Greenwich Leisure Limited.

Heather Johnson arrived.

(1) the Authority's proposed 2025/26 Fees and Charges as summarised in paragraphs 7-15 and set out in detail in Appendix A to Paper E/873/24 was approved.

370 FLEXIBLE WORKING POLICY Paper E/871/24

The report was introduced by the Head of Human Resources.

(1) the Flexible Working Policy attached at Appendix A to Paper E/871/24 be recommended to Authority was approved.

371 UPDATED SAFEGUARDING POLICY & DISCLOSURE AND BARRING SERVICE POLICY Paper E/870/24

The report was introduced by the Head of Human Resources.

In response to a Member it was advised that an incident log of all safeguarding issues was kept and most were small issues. Regular meetings were held with the Greenwich Leisure Limited Safeguarding Officer and their policy was required to be the same or better than the Authority's.

(1) the Safeguarding Policy attached at Appendix A to Paper E/870/24; and

(2) the Disclosure and Barring Service (DBS) Policy attached at Appendix B to Paper E/870/24 be recommended to Authority was approved.

____
Chairman

____
Date

The meeting started at 10.35am and ended at 10.50am

LEE VALLEY REGIONAL PARK AUTHORITY EXECUTIVE COMMITTEE 23 JANUARY 2025 AT 10:30	Agenda Item No: 5 Report No: E/874/25

2025/26 REVENUE BUDGET AND LEVY

Presented by Chief Executive and Head of Finance

EXECUTIVE SUMMARY

The context for setting the 2025/26 budget is creating stability within the operational aspects of the Authority's business and ensuring sufficient resource is in place to deliver our aspirational Business Plan, as well as recognising the need to maintain and invest in Park assets and infrastructure.

The Authority's Business Plan for 2024-2027 includes a range of business development/investment projects in the medium term, 2 to 4 years. It is expected that these projects will both enhance the Park and deliver additional income streams.

In the Budget Methodology paper (Paper E/868/24) a number of core assumptions were set out with regards to the 2025/26 budget, along with other factors and uncertainties that needed to be taken into account. The budget process commenced in September with the Fees and Charges review, progressing into individual budget reviews. Officers met with the Authority Chairman and Vice Chairman in October to discuss initial budget estimates and Levy direction which was followed up with the Budget Workshop on 19 December 2024. This paper brings together the proposal for the 2025/26 budget and Levy.

The current Levy for 2024/25 is **£10.966mill** (which is **32.3%** of the maximum legally chargeable). This equates to **£0.92p per person** in Herts, Essex and London. Members approved an increase of **3%** on the Levy for 2024/25 in response to the significant impact that resulted from the high inflation and energy costs. Whilst we have seen some financial stability, there has also been a continual need to make efficiencies due to a number of contractual growth areas. We did also benefit from a one off VAT refund from HMRC of **£1.811mill** from a long running local authority sporting income claim. This all helped to increase the General Fund balance to £4.9mill at March 2024, and a forecast improvement to **£5.3mill** at March 2025.

The Authority is required to set a budget and Levy for 2025/26 by 24 January 2025 and notify contributing authorities by 15 February 2025.

This paper sets out a budget and Levy proposal to support delivery of the Authority's ambitions and objectives over the coming years as part of the Business Plan (2024-2027).

Appendices attached detail the Medium Term Financial Forecast (Appendix A), Analysis of Reserves (Appendix B), and an indication of a **2.7%** change to each contributing authority's Levy (Appendix C).

RECOMMENDATION

Members Recommend to Authority:	(1)	a proposed Levy for 2025/26.
Members Note:	(2)	as set out in paragraphs 16 & 18, the need to review any surplus occurring in 2024/25 with a view to possibly allocating funding to the addition of two Open Space roles, and/or additional contributions to Asset Maintenance.

BACKGROUND

1 **Business Strategy**
The Authority is continuing to be "community focused and commercially driven" as it works to deliver its vision as a 'World Class Leisure Destination'. It continues to increase value and to enhance the visitor offer for constituent boroughs across the region.

2 As set out in the Authority's current Business Plan key principles are:

- to establish a strong commercial base;
- to increase regional relevance and value; and
- to have an enhanced reputation and stronger political position.

3 **Funding Strategy**
The Authority has focused on the following areas to reduce its reliance on the Levy:

- implementing the retendered Leisure Services Contract (LSC) for the six sporting venues;
- investing in and developing the non-sporting venues;
- investing in new business development, e.g. Lee Valley Ice Centre;
- developing new opportunities e.g. Picketts Lock site, Lee Valley White Water Centre, Broxbourne Riverside and Eton Manor.

4 The LSC with Greenwich Leisure Limited (GLL) which commenced on 1 April 2022 has contributed to removing the financial risk of exposure to changes in both expenditure and income at the Sports Venues in the long term. The current Leisure Operators Base Trading Account (LOBTA) which determines the Management Fee payable, shows a net payment to the Authority over the life of the LSC of **£5.5mill.** Year 4, 2025/26, will see a payment flow is back to the Authority of **£691,700**, increasing to **£1.440mill** by Year 10 (2031/32). This includes additional income share payments from investments at Lee Valley Athletics Centre, Lee Valley Riding Centre and Lee Valley VeloPark.

However, the risk share agreement regarding utilities is being extended for the duration of the LSC to help address the continuation of higher prices and the uncertainty around future energy prices. This will put the consumption risk with GLL, whereas the price risk is with the Authority. An annual benchmarking exercise will revise the annual targets, reflect both changes in energy prices and consumption change from investments and efficiencies. Investment in LED lighting and improving energy management has seen energy consumption fall **by 25% over the past 18 months.**

DEMANDS ON THE AUTHORITY

5 There are a number of budget related challenges facing the Authority over the next few years:

- needing to build a greater resilience against potential impact from future ‘shock’ events;
- ensuring the continued successful operation and commercial success of the non-sporting venues through investment and effective management;
- generating additional income through a range of investment projects across the Venues and the Park’s open spaces;
- investing in the maintaining of the standing and relevance of major sports venues which, aside from the new Lee Valley Ice Centre, are now 12-18 years old; and
- significantly increasing the asset management budget to adequately meet the demands of the 10-year programme across the Authority’s 4,500 acre estate. The programme and budget required will be determined by the outcome of condition surveys (to be completed in 2025).

AUTHORITY’S CURRENT FINANCIAL POSITION

6 The Authority approaches the 2025/26 budget with a cautious but also positive approach. Current projections are for a surplus of **£0.4mill** in the current year, albeit one that has occurred for a number of one-off reasons, and which will take our general reserves to **£5.2mill**. The approved budget, including a number of carry forwards, was for a deficit of **£0.16mill**, so this represents a **£0.56mill** improvement.

However, a significant area which is currently financially challenging, is around maintenance and investment in our assets, be that built venues, open spaces, or infrastructure. As discussed later, reserves relating to Asset Maintenance (AM) and Capital Investments are near **£NIL**, which, coupled with the potential requirements over the coming year, may present a funding issue for these areas.

7 The Medium Term Financial Plan (MTFP) has been updated to assist the budget and Levy setting process. It provides a snapshot in time as it is difficult to predict with any level of certainty beyond the next financial year. The figures beyond 2025/26 should only be used as a guide to determine the general direction of travel. Assumptions made, that have been incorporated into the MTFP, are listed below.

8 The key risk areas in relation to the 2025/26 budget are set out below.

- **Inflation** – current CPI inflation is **2.6%,** and RPI **3.6%** as at November 2024. There is an expectation that inflation will rise slightly over the early part of 2025, with CPI forecast up to 2.8%, before settling back down again to its **2%** target into 2026 (Bank of England Monetary Policy Committee Report, November 2024). In addition there is a risk that the recently announced National Insurance increases will lead to above inflation price increases across contracts and services.

- The **MTFP** includes an assumption around employee pay rise of **4%** for 2025/26, following the award in 2024/25. The national pay review for 2024/25 added **£1,290** to every scale point on the NJC grade, and Members additionally approved a **2.5%** rise for those employees above this. This represented an average pay rise for Authority employees of **3.40%.** An increase of **1%** will add approximately **£95,000** to the budget.

- **Energy costs** - our current agreement with Laser (public bodies energy procurement consortium) for the period October 2024 to September 2025, saw energy prices reduce; however, they are still significantly higher than historically. GLL has been able to secure prices similar to ours. The forward estimates are for prices to remain at similar levels for the foreseeable future. These prices represent around a **25%** saving against those estimated this time last year. We have costed the increase from October 2025 at an estimated mid-range price that takes into account Laser's forecast for that time. It's worth noting that energy prices are still at historically high levels, with both electricity and gas around 50% higher than at the beginning of 2020. Energy prices peaked in early 2023 and have been slowly falling but are currently predicted to remain at a similar level in the short to medium-term.

- **Income** - the current economic climate will continue to be a challenge to income budgets. We have seen stability across established income streams, with also newer offers now starting to deliver expected returns. A focus will be on continuing income growth in these new areas, as well as building on income generating operations at the Marinas and Campsites over the next year. Whilst our overall risk exposure to income has fallen significantly with GLL running the major Sporting Venues, a **5%** fall would still see a reduction in income of around **£270,000** to our variable non LSC (i.e. non-rental) income.

- **Management Fee for the Leisure Services Contract** - currently the base fee set for 2025/26 is a payment to the Authority of **£0.69mill**. However, as part of the shared risk position for utilities at the LSC venues, the Authority takes the risk for tariff and GLL takes the risk for utility consumption. This arrangement was due to end after the first two contract years, however both parties are discussing an amendment to the contract to agree the most beneficial risk profile. Continuation of this arrangement will benefit the Authority as otherwise we would need to make assumptions around utility consumption and price for the remainder of the LSC, which would be very difficult, and mean that we would be unlikely to benefit from any fall in utility prices; i.e. the contract cost and savings would remain with GLL. Having this mechanism in place allows both parties to revisit utility benchmarking each year. We have costed, based on GLL and our current assumptions, and this is included in the MTFP, and would see a payment back to GLL in 2025/26 of c. **£0.85mill**. Future years should see a further fall, but this will be dependent on the wider energy situation each year.

- Members should also be mindful that there is an outstanding retention fee of around **£0.8mill** due to Buckingham Group for the construction of Lee Valley Ice Centre. With Buckingham now in administration, the Authority is having to fund outstanding snagging works on the venue. Whilst we are confident that our costs can be offset against the retention, until there is a final settlement we may be subject to payment of the retention to the Administrator.

INCOME

9 Other than directly from the Levy, and through the LSC Management Fee, the Authority generates around **£7.8mill** from its operations and rental income. This can be further split down into generally four categories.

Category	Description	Income £million
Fees/Charges Fixed	Marina Moorings, Caravan Park Statics and Storage	2.3
Fees/Charges Variable	Campsite Touring, Golf, Rechargeable Works, Car Parking, Events, Learning & Engagement, Livestock, Commission on boat and caravan sales, fuel, gas, and electricity resale	2.8
Rental	Commercial Rental and Residential Accommodation	2.0
Retail	Campsite & Golf Course Shops, Myddelton House Tea Room	0.7

10 Fees & Charges are reviewed every year and proposed changes are presented to Members for approval. Members approved the Fees & Charges for 2025/26 in December (Paper E/873/24) with an increase of approximately 3.8%, or £139,000. Some variable income falls outside the Fees & Charges process, such as events, livestock, commission, and utilities, where prices are more market driven and less able to be pre-set.

MAIN PROPOSAL

11 Whilst there is only very little specific growth outside of the standard movements for inflation, and reassessing annual investment and borrowing interests, there are a number of items to note.

12 **Changes relating to the Leisure Services Contract (LSC)**

- The base LSC Management Fee for 2025/26 is for a payment from GLL to the Authority of **£691,700**, a net improvement on the base 2024/25 fee of £115,300.
- The reduction to energy prices, along with investment in LED lighting at all LSC venues, and improvements to consumption management is forecast to result in a reduction to the Utility Risk share payment of **£100,000.** This is based on the assumptions included within Schedule 14 of the LSC without any further adjustment as a result of the extension to the risk share agreement. That will result in an annual re-benchmarking of utility consumption targets and could move the risk share position in either direction.

13 **Budget Growth/Income Reduction**

- **Asset Management Employee Resource (£70,000)** - As discussed earlier in this paper, the increased pressure on asset management means that the current team is unable to deliver all the requirements, of not only our managed open spaces and venues, but also the requirements of the LSC venues. We are looking to increase the Asset Management section by one further employee to provide additional capacity.

- **Event Income (£100,000)** - Due to the North London Reinforcement Project (NLRP) taking place over the summer of 2025, and especially those at the Showground site, the Festival organiser has taken the difficult decision to cancel the event next year due to uncertainties around the site being available.

14 **Budget Efficiencies and Additional Income**

- **Easements (£100,000)** – Whilst the NLRP works have resulted in a reduction to event income, we are expecting to receive approximately **£100,000** in easement payments relating to granting access over our land to carry out the works.

15 **Other Growth and Savings**

- **Marina's Staffing Restructure** - Members were updated in October around the proposed restructure of Marina operations. The headline indication was that additional costs would be around **£300,000** per annum. However, following a review as requested by Members, further efficiencies have been identified which has resulted in a reduction to **£160,000** which takes into account the revised operational structure and expected additional income streams. Officers will continue to look for further income development areas once the Marinas are fully staffed to further bring this cost down in the medium term. It should however be noted that the Marinas currently are forecast to generate over **£400,000** net income in 2025/26.

OTHER POTENTIAL GROWTH AREAS

16 There are a number of additional growth areas that officers have identified that have not been incorporated into the budget for 2025/26 around management of Landscapes and Open Spaces.

Two new roles have been identified:

- **Arboriculture Officer**: the Authority has a significant number of trees throughout the Park, yet no dedicated officer to manage these. Whilst some of the work is picked up between the Ranger sections and Grounds Maintenance contractor teams, there is no coordinated approach to arboriculture management. This post would therefore serve that purpose; and

- **Assistant Conservation Officer**: the requirements of Biodiversity Net Gain, and the inclusion of a significant number of additional survey works requirements in all new projects, means that the current Biodiversity team is unable to fully respond and manage these. This post would be an assistant post, but be able to manage in certain areas.

Both of these posts would initially be for a fixed term, and consideration to funding could be considered from any surplus in the 2024/25 financial year. This would effectively allow a balance to be released from the General Fund each year to cover the costs of these two roles.

Should these subsequently be approved, then consideration would be required as to whether there would be any financial implication on the revenue account that would not be funded from reserves, such as increased grounds maintenance, or survey costs.

REVENUE CONTRIBUTION ASSET MANAGEMENT RESERVES AND CAPITAL

17 The Authority makes an annual base contribution to Earmarked Reserves for Asset Maintenance (AM) of **£1.25mill**, although we reduced the annual contributions in 2023/24 and 2024/25 to fund savings required in those years. There had always been an anticipation that this would be increased from 2025/26 by a further **£250,000** to rebuild the reserve, and fund programme expenditure**.** This is to fund any asset management or equipment replacement projects that have been identified, along with some contingency for unexpected events.

18 The value of this reserve is anticipated to fall to near **£0** at 31 March 2025 due to the expected required expenditure in the current year. In order to help with the budget deficit in 2023/24 and 2024/25, contributions were reduced by a combined **£750,000**. However, with the balance now so low, and any further reduction is not possible, and with a programme in excess of **£1.7mill** over 2025/26 across a 4,500 acre estate, priority should be given to building this back up. In addition, condition survey works are currently ongoing to review and identify maintenance requirements at all the Authority's built assets, as well as this we are reviewing the state of bridges. However, a full open spaces review is not currently included and will be conducted over the next year.

It is likely that these will reveal, due to our aging built portfolio, some significant areas of investment requirements to keep them in good operational condition.

Consideration should be given to potentially making an additional contribution to the AM reserves, either utilising some of the surplus arising out of 2024/25, or from the VAT refund monies currently held within the General Fund. This can be fully discussed at the end of 2024/25.

Appendix B to this report includes a summary forecast for the Asset Maintenance Reserve over the MTFP period.

19 It should also be noted that the Authority does not currently make any contribution from Revenue to directly fund its Capital Programme, outside of the statutory requirement to fund past capital expenditure financed by borrowing. Current capital is funded from existing and new capital receipts and external borrowing.

A longer term aspiration should be to finance, at least in part, the capital programme directly in year from revenue contributions rather than rely on future receipts, which may not be forthcoming, and inflation and rates risks associated with borrowing, and the long term implications of those.

20 Members have previously suggested the establishment of an Olympic Venues Sinking Fund, to help finance any future maintenance requirements. Whilst this should be considered as a good idea, it is suggested that this should not have restriction placed on sole use for the major venues. Over allocation to the Asset Maintenance Reserve would serve the same purpose and ensure that there is coverage in future years.

It should be noted that in 2011/12, the Authority held a Capital Fund of £**5.7mill** and an Asset Maintenance Reserve of **£7.7mill**. At 2024/25, these will have reduced to **£NIL**, due to the level of investment and maintenance, along with a reduction in annual contributions.

OTHER EARMARKED RESERVES

21 The Authority has a number of other earmarked reserves, held for specific purposes:

- **Renewals Fund**: use for renewal/replacement of plant, vehicles, and equipment;
- **Repairs Fund**: utilised for small local repairs that fall outside the main **Asset Maintenance** programme;
- **Insurance Fund**: for payment of any claims excesses, or uninsured losses;
- **IT Renewals**: update and replacement of IT equipment, hardware and software; and
- **Biodiversity Reserve:** for spend on Biodiversity projects and surveys.

22 All of these funds receive an annual contribution from revenue which covers the expected expenditure in the year. Having separate funds allows for annual fluctuations to be managed. Officers are currently reviewing the requirements for equipment renewals over the coming years to ensure funding is appropriate, as well as identifying where efficiencies with repairs and asset maintenance can be found.

The annual contribution to the Repairs and Renewals funds was reduced by **£100,000** in 2024/25 and the recommendation is to keep them at that level for 2025/26, pending outcome of the reviews. In addition, both of these funds have been depleted following the end of the Lee Valley Leisure Trust contract management, and the need to invest in venues before handover of management to GLL in April 2022.

THE LEVY

23 **Levy Background**

Section 48 of the Lee Valley Regional Park Act 1966 sets out that the Authority must “(1) **submit…an estimate of their income and expenditure during the period to…31st March… before 24 January preceding the financial year commencing 1st April.**” It must also “(4)…**raise by way of levy…the sum estimated as aforesaid to be required by the Authority to meet expenditure for defraying which provision is not otherwise made.**”

In summary, the Authority should only levy for what it requires to balance its budget (as per Local Government Finance Act 1992), and is therefore its annual cash requirement above what it will generate from its own income sources, and is not related to either the total population, nor the Council Tax base, of the contributing authorities.

The Levying Bodies (General) Regulations 1992 set out both the calculation method for the maximum chargeable levy, as well as, if there is more than one contributing authority, how it should be apportioned. It's only here, in the levy apportionment, where the apportionment is based on the contributing authorities Council Tax Band D figure rather than in the amount the Authority can levy for.

24 **Levy Strategy**

Between 2010/11 and 2020/21 Members approved a strategy of reduction in the Levy as a part of an overall decision to become more commercial and to generate resources from existing assets and so reduce the financial burden on the regional tax payer. The need to respond to, initially the Covid-19 pandemic, and then the cost of living crisis, led to an increase in three of the past four years. However, there has been an overall **2.82% reduction in actual cash Levy since 2014/15, which represents a real term reduction of 54.57%.**

Year	Levy Movement	Cash Reduction	Real Term Reduction	Levy as a proportion of the Maximum Chargeable
	%	£000s	£000s	%
2014/15	- 2%	-230	£0	49.9%
2015/16	- 2%	-226	-481	47.9%
2016/17	- 2%	-221	-792	46.6%
2017/18	- 6%	-650	-1,679	42.9%
2018/19	- 6%	-611	-2,748	38.8%
2019/20	0%	0	-3,151	37.6%
2020/21	0%	0	-3,460	36.7%
2021/22	+ 2%	+192	-3,415	37.0%
2022/23	0%	0	-4,056	35.3%
2023/24	+ 9%	+879	-4,924	34.1%
2024/25	+ 3%	+319	-5,984	32.3%

25 The maximum Levy is determined by law. The annual increase for the maximum Levy in the year ahead is based on the Retail Price Index (RPI) as at the preceding September. The RPI for September 2024 was **2.70%.** Therefore the maximum Levy for 2024/25 is set at **£34.9mill (2024/25 was £33.9mill).**

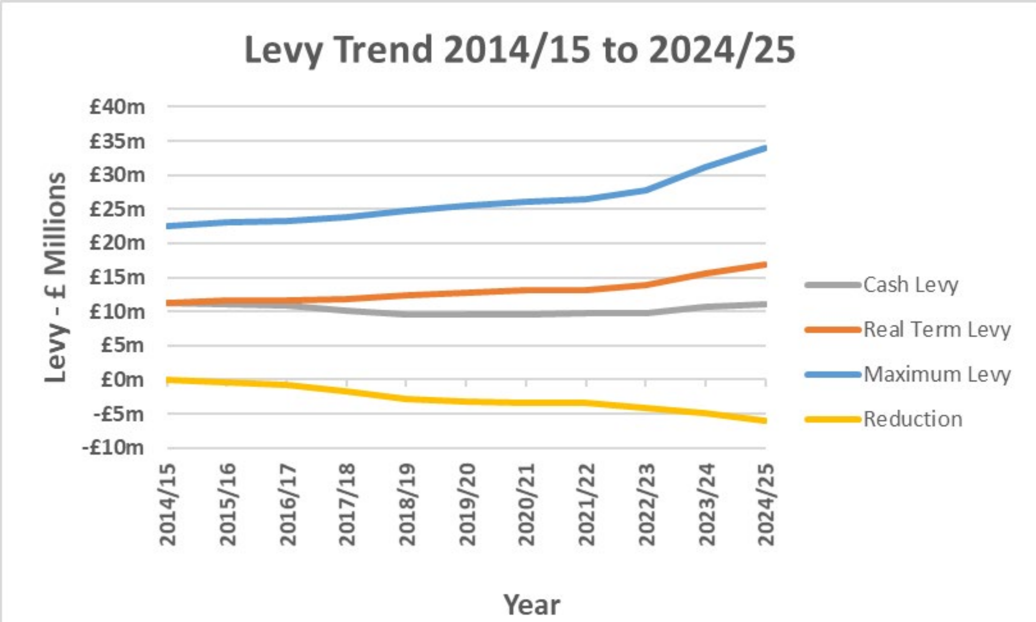
26 A **1%** movement in the Levy equates to approximately **£110k** per annum for the Authority. Whilst a **1%** movement in the Levy impacts between **£200** and **£14,400** for the smallest (Corporation of London) and the largest contributing authority (Essex) respectively, with the majority of contributing authorities falling **between £1,400 and £4,000 per annum**.

27 Over the last 10 years changes in the Levy have been significantly below inflation (RPI) with a real term decrease of around **46%** over the last ten years.

	Actual Cash Levy £m	Real Term Levy (if had increased with inflation) £m	Maximum Levy £m
2014/15	£11.284	£11.284	£22.596
2024/25	£10.966	£16.950	£33.943

Levy Decrease	- 2.82%
RPI Increase	+ 50.22%

The current Levy of **£10.966mill** represents an overall reduction against the real term inflated Levy of **£16.950mill** of **54.57% (-£5.984mill).**



28 The Levy is apportioned to contributing authorities, based on proportion of each authorities Council Tax Band D figure, against a combined figure for all contributing authorities. **Appendix C** to this report sets out how the 2024/25 Levy was apportioned to the contributing authorities.

RESERVES

29 Any decision taken by Members that does not provide for a balanced budget will have a downward impact on reserves. The unallocated General Fund reserve was **£4.9mill** as at 1 April 2024. The projected outturn for 2024/25 is expected to increase this to around **£5.3mill** by 31 March 2025.

The General Reserve currently includes the allocation of the **£1.8mill** refund of VAT from HMRC that the Authority received in September 2023. Members agreed in October 2023 (Paper E/821/23) that rather than try to allocate this sum to specific areas or schemes, that it should be held in the General Fund.

The current general reserves policy is for general reserves of between £3mill - £4mill. Members approved in January 2024 as part of the 2024/25 Budget &

Levy process that the current minimum level reserves policy should be maintained at £3mill, with a recommended level at, or above, £4mill, which would allow for any short term annual fluctuations that may arise.

The recommendation remains that this sum is held within the General Fund, with a view that reserves should be kept within the policy limits, and any excess could be made available for potential capital investment.

30 **To use reserves to fund any ongoing deficit is not recommended**; unless it is a sum that doesn't leave the reserves at too low a level and only for a temporary period, i.e. one/two years and that it can be demonstrated there is a clear plan to address the ongoing deficit. The external auditor has previously highlighted the unsustainability of relying on general reserves to fund budget deficits.

31 Members annually review the existing policy on revenue reserves ensuring minimum levels of cash reserves are maintained to deal with unforeseen circumstances.

The LSC has transferred the risk for income at the major sporting venues away from the Authority to the contractor and minimises the need to consider shortfalls in income at these venues as an ongoing risk.

When considering reserve levels financial risks should be assessed and these include:

- further impact of energy price increases;
- assumptions around inflation and interest rates;
- estimates and timing of capital receipts and expenditure;
- the treatment of demand led pressures;
- the treatment of planned efficiency savings;
- the availability of existing reserves; and
- the general economic climate.

Based on the risk factors set out in this paper, it is recommended that the current minimum level reserves policy could be maintained at **£3mill**, allowing for short term annual fluctuations that may materialise.

Whilst there is no statutory calculation of reserve levels, and each authority is required to set its own prudent level, based on the proposed budget for 2025/26, and using a level of **20%** of gross expenditure, this gives a reserve figure of **£3.86mill.**

32 There are a number of factors which are outside of the Authority's direct control – utility price increases, pay negotiations - which in themselves do show the need to hold sufficient reserves to respond to such events. Therefore it is proposed that the current General Fund reserve policy is maintained.

PROPOSED LEVY FOR 2025/26

33 Subject to the underlying assumptions and risks/uncertainties as set out, the proposed budget for 2025/26 is **£11.262mill**, and represents a **2.7%** increase to the current Levy. Whilst this would set a small deficit, officers would look to achieve budget efficiencies and income growth to make up the difference.

At the Budget Workshop Members considered a number of different scenarios for the Levy in 2025/26 which included a static Levy at the same cash value as 2024/25, as well as RPI, Local Government provisional settlement rate, and full budget coverage.

The conclusion from the Budget Workshop was that the 2.7% increase, along with identifying additional income and/or savings would be appropriate, taking into account both the Authority's requirements, and financial pressure of contributing authorities.

34 **Table 1: Draft 2025/26 Budget Summary**

	2024/25 £000s	2025/26 £000s
Base Budget Authority	8,853.0	9,346.6
Base Adjustments	155.0	0.0
LSC Management Fee	(548.9)	(691.7)
LSC Utilities Risk Share	950.0	850.0
Borrowing Costs (Lee Valley Ice Centre)	1,700.0	1,736.6
Contingency	0.0	50.0
Current Levy for 2024/25	(10,966.1)	(10,966.1)
Total Base Budget	**143.0**	**325.4**
Outturn Against Budget 2024/25	(547.8)	0.0
Net Growth & Savings	0.0	70.0
Efficiencies/Savings	-	(99.3)
Levy Increase 2.7%	**-**	(296.1)
Deficit/(Surplus) before savings	**(404.8)**	**0.0**

Appendix A to this report sets out the MTFP in more detail, extending to 2028/29 as well as setting out how this increase affects the Revenue Budget and Reserves position over the next five years of the MTFP, assuming no future change to the cash Levy.

35 **Appendix C** to this report sets out the Levy for contributing authorities based upon the 2024/25 Council Tax Band D calculations submitted, with an indicative position on what a **2.7%** rise would be. These apportionments usually change between years based on each contributing authorities Council Tax base, and therefore will affect the actual sum charged in 2025/26.

36 As we have a requirement to produce a balanced budget, and 2.7% would still leave us with a deficit of just under £100,000, we would look for additional income or expenditure efficiencies in order to mitigate the deficit.

Suggested areas include:

- Open Spaces – this would include additional small rental areas and exploring income streams relating to filming opportunities;
- Events – with the Showground summer event not progressing this year, it will free up the Events team to explore different event opportunities;
- Review of Grounds Maintenance requirement and budgets;
- Reduction of contingency – whilst it is prudent to include a small

contingency within the budget to allow for unexpected events throughout the year, it may not be where the budget is being set with a deficit. Therefore, this should be removed and any subsequent deficit be managed out of general reserves.

Of course, this should not limit us with looking for other income and saving opportunities, as well as exploring any income generating investments with GLL in line with requirement in the LSC.

MEDIUM TERM PROJECTS AND INVESTMENTS

37 Officers are continuing to work on a number of projects and initiatives designed to provide additional income, and/or efficiencies and savings in the next 3-5 years.

Two of these are included in the budget proposal for 2025/26:

- Capital Investment at Sewardstone Campsite; and
- Continual review of Marina operations.

38 In addition, officers are looking at a variety of additional income generating projects, which will help to further facilitate investment across the Park. These include:

- development of Area 4 at Lee Valley White Water Centre;
- potential visitor accommodation at Water Works Centre;
- Picketts Lock Centre;
- Eton Manor;
- Spitalbrook; and
- EV charging points across the Park.

GLL is expected to present a number of further proposals for capital investment at the LSC venues. These will all be income generating, and will benefit the Authority by an increase in the annual payment from GLL to the Authority.

39 In addition, in light of the changes to office accommodation requirements and the high cost of managing the Myddelton House site, officers will be exploring alternative office accommodation options.

40 Members also approved entering into a Memorandum of Understanding with the London Borough of Enfield (Paper E/818/23) for the potential disposal of land west of Rammey Marsh. Site studies have been jointly commissioned looking at transport, ground conditions and ecology. This is the first step in preparing for market testing the site.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

42 The financial implications are fully considered within the body of the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

44 The Authority is required to set a budget and Levy annually by 24 January and notify contributing authorities by no later than the 15 February in the year preceding the Levy.

RISK MANAGEMENT IMPLICATIONS

45 Paragraph 8 sets out the main risks and uncertainties the Authority faces in achieving the budget during 2025/26. Most significantly the economic climate remains extremely uncertain, particularly against the back-drop of the inflationary pressures and increases to energy costs and could impact significantly on any of the assumptions made.

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APPENDICES ATTACHED

Appendix A	Medium Term Financial Plan Summary
Appendix B	Reserves Analysis and Asset Maintenance Programme
Appendix C	Levy Apportionment 2024/25 and Indicative 2025/26

PREVIOUS COMMITTEE REPORTS

Executive	E/873/24	Authority Fees & Charges Review 2025/26	19 December 2024
Executive	E/868/24	2025/26 Revenue Budget – Methodology, Assumptions and Timetable	24 October 2024
Authority	A/4324/22	Fees and Charges Policy	20 October 2022

LIST OF ABBREVIATIONS

MTFP	Medium Term Financial Plan
RPI	Retail Price Index
CPI	Consumer Price Index
GLA	Greater London Authority
LSC	Leisure Services Contract
Park Act	Lee Valley Regional Park Act 1966
GLL	Greenwich Leisure Ltd
F&C	Fees and Charges
NLRP	North London Reinforcement Project
AM	Asset Maintenance
LOBTA	Leisure Operators Base Trading Account

	2024/25 BUDGET £000s	2024/25 OUTTURN £000s	2025/26 MTFP £000s	2026/27 MTFP £000s	2027/28 MTFP £000s	2028/29 MTFP £000s
Authority Base	*8,853.0*	8,853.0	**9,346.6**	9,346.6	9,346.6	9,346.6
Base Adjustments	*155.0*	155.0	**0.0**	(23.5)	(6.5)	1.1
Inflation Adjustments			**0.0**	328.9	739.1	1,159.4
Outturn		(547.8)				
Updated Authority Base	***9,008.0***	**9,008.0**	***9,346.6***	***9,652.0***	***10,079.2***	***10,507.1***
Ice Loan Repayments	*1,722.0*	1,700.0	**1,736.6**	1,681.2	1,652.2	1,622.2
LSC Management Fee	*(576.4)*	(548.9)	**(691.7)**	(1,082.9)	(1,343.5)	(1,433.6)
LSC Utilities	*950.0*	950.0	**850.0**	800.0	800.0	800.0
Levies	*(10,966.1)*	(10,966.1)	**(10,966.1)**	(10,966.1)	(10,966.1)	(10,966.1)
	137.5	**(404.8)**	**275.4**	**84.2**	**221.8**	**529.6**
General Contingency	*25.0*		**50.0**	50.0	50.0	50.0
Growth & Savings			**70.0**	170.0	70.0	(30.0)
Further Growth & Savings			**(99.3)**	0.0	0.0	0.0
Levy Increase 2.7% 2025/26			**(296.1)**	**(296.1)**	**(296.1)**	**(296.1)**
NET BUDGET	***162.5***	**(404.8)**	***(0.0)***	***8.1***	***45.7***	***253.5***
Opening General Fund	*(4,991.2)*	(4,991.2)	(5,266.0)	(5,266.0)	(5,257.9)	(5,212.2)
Movement on General Fund	*162.5*	*(404.8)*	*(0.0)*	*8.1*	*45.7*	*253.5*
Other Movement	*0.0*	*130.0*	*0.0*	*0.0*	*0.0*	*0.0*
Closing General Fund Balance	***(4,828.7)***	***(5,266.0)***	***(5,266.0)***	***(5,257.9)***	***(5,212.2)***	***(4,958.7)***

	Closing Balance Forecasts					
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
General Fund	(4,991.2)	(5,266.0)	(5,266.0)	(5,257.9)	(5,212.2)	(4,958.7)
Other Earmarked Reserves	(1,698.9)	(1,437.3)	(1,422.3)	(1,475.0)	(1,527.7)	(1,580.4)
Donations Reserve		(268.4)	0.0	0.0	0.0	0.0
Asset Maintenance Reserve	(119.9)	37.1	302.1	323.1	157.1	(221.9)
Usable Capital Receipts	(9,964.0)	(7,257.8)	(7,238.5)	(7,238.5)	(7,238.5)	(7,238.5)
Total Usable Reserves	(16,774.0)	(14,192.4)	(13,624.7)	(13,648.3)	(13,821.3)	(13,999.5)
Capital Financing Requirement	32,846.0	32,611.6	31,714.6	30,728.3	29,754.6	28,793.0
External Borrowing	(25,000.0)	(23,000.0)	(23,000.0)	(21,840.0)	(21,250.0)	(20,660.0)
Net Internal Borrowing	**7,846.0**	**9,611.6**	**8,714.6**	**8,888.3**	**8,504.6**	**8,133.0**
Creditors/Debtors - General Liabilities	(6,235.9)	(3,273.7)	(2,871.2)	(2,668.5)	(2,465.6)	(2,262.3)
Net Closing Cash Balance	(15,163.9)	(7,854.5)	(7,781.3)	(7,428.5)	(7,782.3)	(8,128.8)

	Asset Maintenance Programme					
Current Programme Forecast	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
Excludes Condition Survey Works	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Opening Reserve Balance		**(119.9)**	**37.1**	**302.1**	**323.1**	**157.1**
Annual Contribution		(1,250.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
AM Base Programme		1,081.0	865.0	321.0	634.0	371.0
Marinas Asbestos Roof Replacement			500.0	500.0		
LSC Venues Pathway maintenance		200.0	200.0	500.0	500.0	500.0
Bridges, Footpaths		126.0	200.0	200.0	200.0	250.0
Closing Balance		**37.1**	**302.1**	**323.1**	**157.1**	**(221.9)**

Authority	Levy 2024/25	Indicative Levy Increase 2025/26 2.7%	Increase	1%
Corporation of London	22,148	22,746	598	221
London Borough of Camden	236,853	243,248	6,395	2,369
London Borough of Greenwich	223,850	229,894	6,044	2,239
London Borough of Hackney	200,920	206,344	5,424	2,009
London Borough of Hammersmith & Fulham	222,483	228,490	6,007	2,225
London Borough of Islington	210,732	216,421	5,689	2,107
Royal Borough of Kensington & Chelsea	255,462	262,359	6,897	2,555
London Borough of Lambeth	295,782	303,769	7,987	2,958
London Borough of Lewisham	233,595	239,902	6,307	2,336
London Borough of Southwark	289,794	297,618	7,824	2,898
London Borough of Tower Hamlets	296,462	304,466	8,004	2,965
London Borough of Wandsworth	370,782	380,793	10,011	3,708
City of Westminster	354,719	364,296	9,577	3,547
London Borough of Barking & Dagenham	141,883	145,714	3,831	1,419
London Borough of Barnet	402,602	413,472	10,870	4,026
London Borough of Bexley	217,003	222,862	5,859	2,170
London Borough of Brent	267,603	274,828	7,225	2,676
London Borough of Bromley	349,563	359,001	9,438	3,496
London Borough of Croydon	354,060	363,619	9,559	3,541
London Borough of Ealing	318,067	326,655	8,588	3,181
London Borough of Enfield	265,993	273,175	7,182	2,660
London Borough of Haringey	211,533	217,245	5,712	2,115
London Borough of Harrow	230,910	237,145	6,235	2,309
London Borough of Havering	235,109	241,457	6,348	2,351
London Borough of Hillingdon	270,422	277,723	7,301	2,704
London Borough of Hounslow	234,336	240,663	6,327	2,343
Royal Borough of Kingston upon Thames	169,228	173,797	4,569	1,692
London Borough of Merton	202,188	207,647	5,459	2,022
London Borough of Newham	227,443	233,584	6,141	2,274
London Borough of Redbridge	235,817	242,184	6,367	2,358
London Borough of Richmond upon Thames	231,696	237,952	6,256	2,317
London Borough of Sutton	192,862	198,069	5,207	1,929
London Borough of Waltham Forest	210,130	215,804	5,674	2,101
	8,182,030	8,402,942	220,914	81,821
Hertfordshire County Council	1,206,839	1,239,424	32,585	12,068
Essex County Council	1,439,469	1,478,335	38,866	14,395
Thurrock Council	137,763	141,483	3,720	1,378
	10,966,101	11,262,184	296,084	109,662

NB: Levy apportionment is based on individual authorities Council Tax Band D base, as a percentage of the Total, so final figures will be slightly different to those shown above

Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **EXECUTIVE COMMITTEE** **23 JANUARY 2025 AT 10:30**	**Agenda Item No:** 6 **Report No:** **E/875/25**

CAPITAL STRATEGY 2024/25 TO 2028/29

Presented by the Head of Finance

EXECUTIVE SUMMARY

This paper sets out a capital strategy that gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. This strategy integrates the Capital Programme, the Annual Investment Strategy, Treasury Management Strategy and the Minimum Revenue Provision Statement.

It also includes the prudential indicators to be approved by the Authority.

RECOMMENDATIONS

Executive Committee Recommend to Authority:	(1)	the Capital Strategy as an overarching strategy document within the body of the report, and Appendices B to D of this report; and
	(2)	the Prudential Indicators for 2024/25 to 2028/29 as set out in Appendix A of this report.

BACKGROUND

1 The Capital Strategy is an overarching document with a simple guide on the capital programme, borrowing, investments, and sets out the prudential indicators that the Authority defines as parameters to work within when setting a prudent and sustainable approach to its investment to meet service needs.

2 The Capital Programme report provides more details on capital expenditure and financing from the information provided in the Capital Strategy.

3 The Chartered Institute for Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2021 and Treasury Management Code 2021 sets out the reporting requirements around investment within local authorities. The Authority has traditionally adhered to these requirements.

4 The Prudential Code requires a range of Prudential Indicators which provide assurance that the Authority's capital expenditure plans are affordable and

proportionate.

5 There are five Prudential Indicators which are defined and quantified within this strategy.

The Prudential Indicators are:

- Estimates of Capital Expenditure;
- Estimates of Capital Financing Requirement;
- Gross Debt and the Capital Financing Requirement;
- Authorised Limit and Operational Boundary for Borrowing; and
- Proportion of Financing Costs to Net Revenue Stream.

CORE PRINCIPLES THAT UNDERPIN THE CAPITAL PROGRAMME

6 The key principles for the capital programme are summarised below:

- capital investment decisions reflect the aspirations and priorities included within the Authority's Business Plan and supporting strategies;
- schemes to be added to the capital programme will be subject to Member approval, and prioritised according to availability of resources and any specific funding, business needs of the Authority, and with reference to the longer-term impact on the Authority's financial position; and
- the cost of financing capital schemes, net of any revenue benefits that they may provide, are profiled over the lifetime of each scheme and incorporated, where applicable, into the budget.

CAPITAL EXPENDITURE AND FINANCING

7 The current projected capital and asset management programme, and its financing is shown elsewhere on this agenda (Paper E/876/25) and is summarised below. It includes current estimates for capital expenditure for 2024/25 and beyond. Expenditure from 2025/26 is represented by asset maintenance programme spend and any profiled spend from already approved projects, but no new schemes. This means that there are no projects that have been worked up to a stage to include within the programme yet, but allows the Authority capacity to review its future investment requirements.

8

	2024/25 Estimate £0m	**2025/26 Estimate £0m**	**2026/27 Estimate £0m**	**2027/28 Estimate £0m**	**2028/29 Estimate £0m**
Capital Expenditure	**5.499**	**2.605**	**1.521**	**1.334**	**1.121**
Financed By					
- Capital Receipts	2.722	0.019	-	-	-
- Revenue Contributions	0.071	0.521	-	-	-
- External Grants	0.600	0.200	-	-	-
- Asset Maintenance Reserves	1.407	1.765	1.521	1.334	1.121
- Debt	0.699	0.100	-	-	-
Total Financed	**5.499**	**2.605**	**1.521**	**1.334**	**1.121**

9 The Authority is able to finance capital expenditure from a number of different sources, described below.

Capital Receipts – monies received by the Authority in respect of the disposal of an interest in a capital asset. This can only be used to finance capital expenditure, or paying off debt, and cannot be used to fund revenue expenditure.

Revenue Contributions – the Authority is able to make contributions from its revenue budget to fund in-year capital expenditure. Currently the Authority makes a contribution to capital in relation to prior year investments relating to the Lee Valley Riding Centre and Lee Valley Athletics Centre, and is expected to finance the investment at Sewardstone Campsite via revenue contributions from caravan sales income.

Asset Maintenance Contributions – the Authority does make contributions to its Asset Management Reserve, to fund its Asset Maintenance programme. Generally this work is classified as repairs, rather than enhancement, but major works may be of a capital nature.

Short-term borrowing – under the Local Government Act 2003, the Authority, as a specified Levying Body, is able to borrow monies to fund its capital programme, either in short, or long-term. To date, the Authority has only entered into short-term borrowing; loans of up to two years to fund the Lee Valley Ice Centre redevelopment project. The initial Lee Valley Ice Centre funding strategy was to replace the short-term borrowing during the construction stage with long term (40 years) borrowing on completion. However, Members took a decision in April 2022 (Paper A/4319/22), due to increasing interest rates, to allow officers a more flexible borrowing strategy which allowed short-term borrowing to continue until the market returns to a more favourable position, and/or part or all borrowing can be repaid with capital receipts.

10 Appendix A to this report sets out the Capital Expenditure and Financing Prudential Indicators that require approval. Appendix E to this report sets out a summary of what should be included as capital expenditure, and what is revenue.

MINIMUM REVENUE PROVISION

11 Each year the General Fund sets aside sums known as the Minimum Revenue Provision (MRP) to reduce its borrowing liabilities. The policy for MRP is set out in Appendix B to this report and complies with the latest guidance issued by the Ministry of Housing, Communities & Local Government (MHCLG.)

12 Government guidance on the MRP requires that the General Fund set aside prudent sums to reduce debt and any other long term liabilities arising from capital spend and that the Authority produces a statement on its MRP policy. MRP costs fall on revenue budgets and runs on for many years into the future, usually over the period to which the capital item provides an economic benefit.

TREASURY MANAGEMENT

13 Treasury Management is concerned with keeping sufficient cash available to meet the Authority’s spending needs, while managing the risks involved. Surplus

cash is invested until required, while a shortage of resources can be met by prudential borrowing.

14 The Authority's Treasury Management Policy was approved in April 2021 (Paper A/4297/21) and no amendments to that Policy are currently proposed.

ANNUAL INVESTMENT STRATEGY

15 The Local Government Act 2003 requires local authorities to have regard for the latest guidance on local authority investments, the latest update being 2018.

16 Central to the guidance is an Annual Investment Strategy that each authority must approve. Key to that strategy should be the principal for security, liquidity, and then yield.

17 The Annual Investment Strategy sets out the general policy objective for investments, the procedures for determining which investments in the specified and non-specified categories the Authority will use in the forthcoming financial year, and the maximum periods for which funds may be committed in each asset class.

18 Attached at Appendix C to this report is the Annual Investment Strategy for 2025/26 for Members consideration and approval. Definitions for specified and non-specified investments are also set out in Appendix A to this report.

BORROWING STRATEGY

19 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

20 Appendix D to this report sets out the Authority's borrowing strategy 2025/26, in line with its current Treasury Management Policy.

KNOWLEDGE AND SKILLS

21 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

22 Where Authority staff do not have the knowledge and skills required, or where further support is needed, use is made of external advisors and consultants that are specialists in their field. The Authority currently employs Tullet Prebon as treasury management advisors.

23 The Authority also has a service level agreement (SLA) with the London Borough of Enfield for provision of Section 151 services, and is able to utilise this knowledge and experience to assist with its own decisions.

The SLA provides for the statutory function as set out in the Local Government Act 1972, as well as the strategic oversight of the Authority's financial management arrangements.

It extends to include not only an overview of the development of the Authority's budgets and policies, but to share knowledge and expertise that can be accessed from the large finance team in Enfield. Specific areas include capital financing, corporate budget monitoring, treasury management and advice, governance, and an opportunity for employees from either organisation to gain experience in areas that may be appropriate to their role.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

25 These are dealt with within the body of the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

28 There are no risk management implications arising directly from the recommendations in this report. However future capital expenditure and its phasing may require additional support from borrowing as the level of cash receipts is dependent on future land sales that are yet to be fully determined in both terms of value and timing.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Executive	E/855/24	Annual Report on Treasury Management Activity 2023/24	23 May 2024
Authority	A/4348/24	Proposed Capital Programme 2023/24 (Revised) to 2027/28	18 January 2024
Authority	A/4347/24	Capital Strategy 2023/24 to 2027/28	18 January 2024
Authority	A/4297/21	Treasury Management Policy	29 April 2021

APPENDICES ATTACHED

Appendix A	Prudential Indicators 2025/25 to 2028/29
Appendix B	Annual Minimum Revenue Provision Statement 2025/26
Appendix C	Annual Investment Strategy 2025/26
Appendix D	Borrowing Strategy 2025/26
Appendix E	Capital Expenditure

LIST OF ABBREVIATIONS

CFR	Capital Financing Requirement
PWLB	Public Works Loans Board
MRP	Minimum Revenue Provision
CIPFA	Chartered Institute for Public Finance and Accountancy
MHCLG	Ministry of Housing, Communities & Local Government
SLA	Service Level Agreement

Capital Expenditure and Financing - Prudential Indicators 2024-25 – 2028-29

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.

To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure and Asset Maintenance

Capital expenditure is the money the Authority spends on assets, such as equipment, property and vehicles, which will be used for more than one year. The Authority's capital development programme is geared to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Regional Park. The capital programme reflects the Authority's key role as a development and enabling organisation and includes a number of projects which are crucial in achieving the objectives set out in the Strategic Business Plan.

The Authority's planned capital expenditure and financing may be summarised as follows.

	2024/25 Estimate £0m	**2025/26 Estimate £0m**	**2026/27 Estimate £0m**	**2027/28 Estimate £0m**	**2028/29 Estimate £0m**
Capital Expenditure	**5.499**	**2.605**	**1.521**	**1.334**	**1.121**
Financed By					
- Capital Receipts	2.722	0.019	-	-	-
- External Grants	0.600	0.200	-	-	-
- Revenue Contributions	0.071	0.521	-	-	-
- Asset Maintenance Reserve	1.407	1.765	1.521	1.334	1.121
- Debt	0.699	0.100	-	-	-
Total Financed	**5.482**	**2.705**	**1.521**	**1.334**	**1.121**

Table 1 : Estimates of Capital Expenditure

Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) is a measure of the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It measures the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally. The Authority has been able to make prudent use of cash that it has already invested for long-term purposes. In doing so, the level of funds we hold for longer-term investment does not reduce but we have been able to adopt an efficient and effective treasury management strategy. This practice, is known as 'internal borrowing', and is common in local authorities and means there is no immediate link between the need to borrow to pay for capital spending and the level of external borrowing.

The CFR increases with new debt-financed capital expenditure and reduces with Minimum Revenue Position (MRP), contributions from revenue, and any capital receipts used to replace debt. The CFR has increased in 2024/25 with some debt-financed expenditure relating to the Lee Valley Ice Centre and the Lee Valley VeloPark Gym investment, with some final Lee Valley Ice Centre expenditure forecast for 2025/26.

The Authority's estimated CFR balances are as follows.

	2024/25 Estimate £0m	2025/26 Estimate £0m	2026/27 Estimate £0m	2027/28 Estimate £0m	2028/29 Estimate £0m
Opening CFR	**32.846**	**32.612**	**31.715**	**30.726**	**29.755**
Debt Financed Expenditure	1.299	0.300	-	-	-
Minimum Revenue Provision	(0.933)	(0.997)	(0.986)	(0.974)	(0.962)
Revenue and Grant Financing	(0.600)	(0.200)	-	-	-
Closing CFR	**32.612**	**31.715**	**30.729**	**29.755**	**28.793**

Table 2 : Estimates of Capital Financing Requirement

And an analysis of the different elements of the closing CFR are shown below.

Capital Financing Requirement	**2024/25 Estimate £0m**	**2025/26 Estimate £0m**	**2026/27 Estimate £0m**	**2027/28 Estimate £0m**	**2028/29 Estimate £0m**
Pre-2007	8.434	8.097	7.773	7.462	7.164
Lee Valley Ice Centre	22.800	22.315	21.728	21.141	20.554
Lee Valley VeloPark	0.508	0.435	0.363	0.290	0.218
Long Term Debtors	0.870	0.867	0.865	0.862	0.858
Closing CFR	**32.612**	**31.715**	**30.729**	**29.755**	**28.793**

Table 3 : Analysis of closing Capital Financing Requirement

Affordable Borrowing Limit

Irrespective of plans to borrow or not, the Authority is required to set an affordable borrowing limit (also known the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. There are currently plans for external borrowing only to fund the Ice Centre Development, and the limits are set to include the current budgeted amount.

In addition, the Authority should set its limit to include provision for additional borrowing that may be required to deliver the operational strategy as well as for capital development.

The limit reflects the possible need to borrow, subject to timing of capital receipts, to finance the future capital programme. It also includes coverage of the internal borrowing level the Authority has adopted to fund past capital programme. It does not mean that the Authority will actually borrow, rather that it is authorised, subject to further Member approval, to borrow up to that limit.

	2024/25 Estimate £0m	**2025/26 Estimate £0m**	**2026/27 Estimate £0m**	**2027/28 Estimate £0m**	**2028/29 Estimate £0m**
Operational Boundary	24.0	24.0	23.0	22.0	22.0
Authorised Limit	33.0	32.0	31.0	30.0	29.0

Table 4 : Authorised Limit and Operational Boundary for Borrowing

Ratio of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, the MRP, and if applicable, interest payable on loans are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount of revenue budget to be met from the Levy. For the purposes of this table, the Levy is assumed to increase to the level as set out in the Budget and Levy Paper (A/xxxx/25) and to then remain at the 2025/26 cash level.

	2024/25 Estimate £0m	**2025/26 Estimate £0m**	**2026/27 Estimate £0m**	**2027/28 Estimate £0m**	**2028/29 Estimate £0m**
Interest Payable	1.130	1.152	1.094	1.065	1.035
Interest Receivable	(0.300)	(0.200)	(0.180)	(0.150)	(0.130)
Minimum Revenue Provision	0.933	0.997	0.986	0.973	0.961
Total Financing Costs	**1.763**	**1.949**	**1.900**	**1.888**	**1.866**
Net Revenue Stream (Levy)	10.966	11.362	11.362	11.362	11.362
Proportions of net revenue cost %	**16.08%**	**17.15%**	**16.72%**	**16.62%**	**16.42%**

Table 5 : Ratio of Financing Costs to Net Revenue Stream

Adoption of the CIPFA Treasury Management Code

The Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition. It fully complies with the Code's recommendations.

Annual Minimum Revenue Provision Statement 2025/26

The Minimum Revenue Provision (MRP) is a statutory requirement to make a charge against the Authority's General Fund to make provision for the repayment of the Authority's past capital debt. The Local Government Act 2003 requires local authorities to have regard to statutory guidance on Minimum Revenue Provision. The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is commensurate with that over which the capital expenditure provides benefits.

The Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP.

A prudent level of MRP on any significant asset or expenditure may be assessed on its own merits or in relation to its financing characteristics in the interest of affordability or financial flexibility.

Capital Expenditure incurred before 1 April 2008

In relation to any capital expenditure incurred before 1 April 2008, the MRP shall be calculated at an amount equal to 4% of Capital Financing Requirement (CFR) at the end of the preceding financial year.

If the Authority refinanced existing internal borrowing with external loans, MRP should be commensurate with the term of the borrowing, and MRP charged appropriate to the principal loan repayment amount.

Capital Expenditure from 1 April 2008

Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset, and calculated on a straight line basis and should be linked to when the asset is brought into operational use. The maximum allowable asset life to be used in calculating MRP is 50 years.

Where an asset is financed by long-term borrowing, the useful life of the asset should ideally be commensurate with the term of the borrowing, and MRP charged appropriate to the principal loan repayment amount. Where there is not a direct relationship between financing and borrowing, the MRP should be calculated with reference to the asset life, rather than the borrowing term.

Minimum Revenue Provision

Based on the Authority’s estimated CFR for the following years, the estimated MRP chargeable each year is as follows:

Minimum Revenue Provision	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s	2027/28 Estimate £000s	2028/29 Estimate £000s
Pre-2007	351.4	337.4	323.9	310.9	298.5
Lee Valley Ice Centre	579.7	584.6	587.2	587.2	587.2
Lee Valley VeloPark Gym	0.0	72.6	72.6	72.6	72.6
Long Term Debtors	2.3	2.5	2.7	2.9	3.3
Total MRP	**933.4**	**997.1**	**986.4**	**973.6**	**961.6**

Annual Investment Strategy 2025/26

This Authority has regard to the DLUHC's Guidance on Local Government Investments and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sector Guidance Notes.

This Annual Investment Strategy states which investments the Authority may use for the prudent management of its treasury balances during the financial year. In short these will only be specified investments.

This strategy sets out this Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Investment Objectives

All investments will be in sterling. The general objective, as set out in the Treasury Management Policy for this Authority, is the prudent investment of its treasury balances. The Authority's investment priorities are the security of capital and liquidity of its investments. The Authority will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

The Authority holds cash in the normal course of its business and any cash not immediately required for settling Authority liabilities should be invested until needed. Investments should be managed prudently and fall within two categories: specified investments and non-specified investments, as set out in government guidance. Specified investments are investments up to one year, as detailed below, with high liquidity and credit quality. Non-specified investments, as set out below, are investments that exceed one year and are potentially more responsive to liquidity, credit and market factors.

The DLUHC maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Specified Investments

The idea of specified investments is to identify investments offering high security and high liquidity. These investments can be made with minimal procedural formalities. All these investments should be in sterling and normally with a maturity of no more than one year.

Non – Specified Investments

The aim is to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which do not have a "high" credit rating. Such investments are not proposed for this Authority for 2025/26 and where such investments were to be made they would require the prior approval of Members.

Based upon its cash flow forecasts, the Authority anticipates its investment balances in 2025/26 to range between **£2m and £5m** at any one institute. This is in line with the current Treasury Management Policy. A prime consideration in the investment of fund balances is liquidity and the Authority's forecast cash flow. Any in-house investment of more than one month needs the approval of the Chief Executive or Deputy Chief Executive.

Provisions for Credit – related losses

If any of the Authority's investments appeared at risk of loss due to default the Authority will make revenue provision of an appropriate amount.

End of year Investment Report

At the end of the financial year, the Head of Finance will prepare a report on the Authority's investment activity as part of its treasury management activity report and report this to Executive Committee by the end of June. The Annual Investment Strategy will need approval by Executive Committee.

Borrowing Strategy 2025/26

The Authority's debt management strategy has been, where capital expenditure is not fully financed when it occurs, to pursue a policy of internal borrowing, which is the use of existing reserves and balances to fund capital expenditure rather than the use of external borrowing.

The use of internal borrowing allows the Authority to minimise unnecessary external borrowing costs by only borrowing when needed for liquidity to fund the major redevelopment of the Lee Valley Ice Centre. Borrowing in advance of need from a cashflow perspective would create a 'cost of carry' which is the difference between the short term investment income earned through holding cash balances compared against longer term external debt financing costs of repayments.

The Authority currently only has short-term external borrowing, loans of up to 2 years, used to cash-flow finance the Lee Valley Ice Centre redevelopment. It has been free from long-term external debt since March 2016. When the Authority is in the position where it needs to borrow long-term, its main objectives would be to achieve low but a certain cost of finance, whilst retaining flexibility should plans change. These objectives are often conflicting, and the Authority would seek to strike a balance between short-term loans and long-term fixed rate loans where the future cost is known but higher.

Officers will monitor current and forecast interest rates to determine the benefits of internal/short-term borrowing against the potential for incurring additional costs by taking longer-term borrowing early, due to the current uncertainly of interest rates in the medium term.

The Authority would look to borrow in the short-term from other local authorities, or the Public Works Loans Board (PWLB), with the focus on obtaining the most favourable rates for the period of borrowing.

Longer term borrowing will likely be from the PWLB at fixed rates and interest.

Capital Expenditure

Under standard accounting practices local authorities are required to account for revenue expenditure and capital expenditure differently. Capital expenditure is defined in the Local Government 2003 Act as expenditure which, in accordance with proper accounting practices, falls to be capitalised. Proper accounting practice is currently accepted to be the CIPFA/ LASAAC Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (known as the SORP).

Capital expenditure essentially relates to the provision and improvement of significant fixed assets including land, buildings and equipment which will be of use or benefit in providing services for more than one financial year.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation, enhancement or laying out of land;
- Acquisition, construction, preparation, enhancement or replacement of buildings and other structures;
- Acquisition, installation or replacement of plant, machinery and vehicles;
- Replacement of a component of a non-current asset that has been treated separately for depreciation purposes and depreciated over its individual useful life.

In this context, enhancement means the carrying out of works that are intended to:

- Lengthen substantially the useful life of the asset; or
- Increase substantially the open market value of the asset;
- Increase substantially the extent to which the asset can or will be used for the purposes of the Authority.

The Authority can also capitalise Project Management costs where this is directly linked to the delivery of a major project included within the Capital Programme.

Revenue expenditure is expenditure incurred for the purpose of the organisation’s daily activity, services or to maintain fixed assets. For example, employees’ pay, travel expenses and IT consumables are all deemed to be revenue expenditure.

However, it is often quite difficult to easily distinguish between capital and revenue expenditure so consideration needs to be given to the nature of the expenditure in order to identify what should be classed as capital and what is revenue.

Capital and Revenue Examples

There is no definitive list of items which are revenue and which are capital. All decisions on capitalisation must be made with due regard to legislation, guidance and the individual circumstances of a capital project.

Below is a list of examples for expenditure that falls into each category. This is not intended to be an exhaustive list but should for a guide.

Capital Items

- Land Purchases
- Construction Payments
- Professional fees related to capital projects
- Development costs
- Vehicles
- Major items of Equipment
- Feasibility costs that relate to successful schemes

Revenue Items

- Repair and Maintenance
- General Tools / Equipment
- Stock
- Security Costs
- Rental Costs
- Employee costs, unless directly involved in construction of delivery of projects
- Travel Expenses
- Training
- Abortive feasibility costs
- Costs of Disposal - up to 4% of the proceeds may be netted off the capital receipt;

Expenditure from the Asset Maintenance programme will normally be classed as revenue, as it usually forms repairs or maintenance expenditure. For example, expenditure that simply ensures an asset remains in a condition suitable for its current use would still be classed as revenue. However, some items of asset maintenance expenditure may fall more correctly as expenditure that can be capitalised, and large expenditure items should be reviewed.

De-minimus

Capital expenditure is subject to a de-minimis level of £20,000. Expenditure below this level should usually be classed as revenue. However the limit may be used flexibly as it may be appropriate to add items such as vehicles or equipment of a lower value to the asset register.

In the cases where groups of similar assets are acquired at the same time, which individually would fall under the de-minimus level, can be grouped together to form a collective asset. An example of this would be IT equipment.

<table>
<tr><td>Lee Valley Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

23 JANUARY 2025 AT 10:30</td><td>**Agenda Item No:**

7

Report No:

E/876/25</td></tr>
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PROPOSED CAPITAL PROGRAMME 2024/25 (REVISED) TO 2028/29

Presented by the Head of Finance

EXECUTIVE SUMMARY

The last full review of the capital programme was undertaken in January 2024 and the current programme was approved at the Authority meeting on 18 January 2024 (Paper A/4348/24). This report brings together revisions and refinements to that programme and the latest information on the estimated total cost and timing of projects through to 2028/29.

The Authority's capital development programme is geared to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Regional Park. The capital programme incorporates the major development scheme at Lee Valley Ice Centre, and significant investment in Sports Venues, but beyond this period is yet to be fully determined with major investment schemes and this will impact the future direction of the capital programme and its financing requirements.

In terms of overall financial provision, the proposed capital and asset management programme provides for total investment by the Authority of up to £12.2 million to 31 March 2029, as set out in Appendix B of this report. This is spread across open spaces and venues investment, along with general asset maintenance.

RECOMMENDATIONS

Executive Committee Recommend to Authority:	(1)	the revised capital programme for 2024/25 (revised) to 2028/29 as set out in Appendix A to this report; and
	(2)	the proposed capital funding to meet the planned capital programme as set out in Appendix B to this report.

BACKGROUND

1 A significant programme of capital development and investment is an important part of the Authority's statutory remit, whether funded directly by the Authority or with other partners. The capital programme reflects the Authority's key role as a developer and enabling organisation and includes a number of projects which are

crucial in achieving the objectives set out in the Strategic Business Plan. Continuous investment in major and minor capital projects is key to ensuring that the Regional Park achieves and maintains its status as a world class destination and plays its full part in response to the climate change agenda.

2 Reductions to self-contributions towards investments, the hangover from the Covid-19 pandemic, and inflationary pressures of recent years have all impacted on the potential development of the capital programme over the past few years. Projects such as third party investment at Picketts Lock, Lee Valley White Water Centre, and Eton Manor, have been delayed. More minor but important projects at Leisure Services Contract (LSC) venues have recently been approved and implemented (Lee Valley Athletics Centre Gym, Lee Valley Riding Centre Equine Simulator, Lee Valley White Water Slalom Ramp, Lee Valley VeloPark Gym, LED investment at all venues), and further schemes are being developed. Open spaces schemes, such as Middlesex Filter Beds, St Pauls Field, and East India Dock Basin are also completed or underway. A further investment scheme at Sewardstone Campsite for additional hard standing pitches is progressing, subject to planning consent being given.

3 This report brings together the results of known approved changes and the latest information on estimated costs and timing of existing individual projects. It proposes a revised capital programme for the period 2024/25 (revised) to 2028/29 for Members' consideration. This is summarised in paragraph 18 in this report and further detailed in Appendices A and B to this report.

4 The key recent project in the capital programme was the development of Lee Valley Ice Centre, with a £30million budget for the project. Whilst the venue has been operational since July 2023, we are still in the defect and snagging stage, which was impacted by the contractor, Buckingham Group Contracting Ltd, entering administration in August 2023. The final account won't be fully known until later in 2025/26 when the administration process is concluded. The remaining estimated spend is included in the programme. However, even with this additional defect/snagging works, and including the initial fit out of the venue after construction stage, as well as some additional finalisation works, we are still forecasting that we will deliver the venue at a cost under the £30million budget.

Another key aspect is the asset maintenance and management programme for the Authority's estate. A major condition survey of the Authority's venues and major infrastructure assets is currently being undertaken with an aim to provide clarity on the investment sums required by the Authority and Greenwich Leisure Ltd (GLL) to maintain this part of the estate. This is in addition to an already established and ongoing program of maintenance of Authority venues, infrastructure, and open spaces. Estimated Authority expenditure has been incorporated into the revised capital programme attached at Appendix A to this report. GLL has a contractual requirement to manage and maintain the assets they currently manage, and there is a significant asset management programme included in the LSC. The combined asset maintenance programme is set out in Appendix D to this report.

Aside from these, the capital programme beyond the current year, 2024/25, just includes profiled spend of already approved projects, but no new schemes. This just means that currently there are no projects that have been worked up to a stage to include within the programme, but this gives the Authority capacity to review its future investment requirements.

The Authority has adopted a Land and Property Strategy for the consideration of land acquisition and disposal. Officers guided by Members have reviewed the

Authority's estate in its widest sense, with the aim of maximising the return, in terms of how the land is used, new land purchase opportunities, and disposals where potentially marginal land can be identified as no longer required for Park purposes.

This approach provides a more strategic overview to the capital programme of which land disposal/acquisition is a key aspect and potential disposals can provide for funding further developments in the programme in the longer term.

STATUS OF THE CAPITAL PROGRAMME

5 **The capital programme is principally a planning document.** It matches the Authority's investment plans to its estimated projected capital resources over the medium term and enables officers to undertake planning and feasibility work for projects which often have long lead times.

6 **Inclusion of a project in the capital programme does not, in itself, commit the Authority or constitute approval to incur expenditure.** For all major projects a full business case based on the Prudential Code including detailed briefs, scheme designs, project costs, funding arrangements and ongoing revenue costs (including the cost of capital) will be the subject of specific reports for Member approval.

Likewise, any land identified for potential disposal **does not, in itself, commit the Authority to dispose of any areas of land.** For all decisions concerning potential disposal a full appraisal must be carried out covering a strategic evaluation of the disposal which must in the first instance be identified as no longer required for Park purposes. Each area of land considered for disposal will be the subject of a specific report for Member approval which will include the financial, legal, planning and risk implications of doing so.

7 In some cases inclusion of financial provision in the programme reflects an identified or expected need for investment. Although the exact nature and scope of any project may yet need to be determined. In these cases, both the level and timing of expenditure are clearly subject to change.

8 The Authority's capital development programme is geared to the management and development of its existing assets, legacy venues on its land and business development schemes to generate further income for the Park. The capital programme beyond this period is yet to be determined with major investment schemes identified at particular sites. Future investments will require separate business cases and funding plans to be in place before committing to the project, but indicative figures are included in the plan.

PROJECTED AVAILABLE CAPITAL FUNDING

9 Initial indications are that existing capital reserves together with projected borrowing and major repairs revenue contributions will provide funds of £19.64million to 31 March 2029.

10 A key feature of the Business Plan is recognition of the need to work in partnership with other organisations and sectors in order to deliver the Authority's vision for the Park. One strand of this approach has been to look for opportunities for external funding, using the Authority's resources to attract contributions from partners and funding bodies.

In recent years the ability to attract external grant funding to support the capital programme has become very limited. The Authority has therefore shifted its strategic approach to realising more of its funding from utilising its own asset base. This has identified potential new capital resources to support the funding of the programme as well as key strategic sites for investment. Any income that is generated can be used to develop the Park further through the capital programme.

11 **Partnership Funding**

Currently forward projections for partnership funding against major schemes are not included, although officers are working closely with partners to seek external funding for major projects, for example, at Lee Valley White Water Centre, Picketts Lock, Eton Manor, and East India Dock Basin.

12 The proposed revised capital programme is detailed at Appendix A to this report; the financial provision shown represents the Authority's own capital investment alongside any anticipated borrowing. The total net funding requirements of the revised capital and asset maintenance programme proposals are **£12.18 million** to 31 March 2029.

13 Appendix A to this report does not include the potential impact from any new work undertaken through the Park Development Framework (PDF), works resulting due to contaminated land, nor the outcome of the condition surveys. Further investment across the themed categories of the PDF and decontamination works may be needed in the longer term and where this occurs officers will need to identify resources required through the normal capital programming process.

14 **Revenue Contribution to Capital**

The proposed revenue contribution to support the capital and asset maintenance programme in 2025/26 has been included at £1.5million, an increase of £0.250million from that in 2024/25, and is in line with the current Medium Term Financial Plan. This contribution will support the Asset Maintenance programme, and represents 13.7% of the current 2024/25 levy (£10.966million). Remaining capital resources will come from existing capital receipts and borrowing.

15 The estimated and proposed capital resources available to fund the capital programme proposals are set out in Appendix B to this report and summarised below. This shows the annual accounting balances, movements into the funds, and expenditure from them

16 Table 1 summarises the capital financing, and shows that at the end of the five year period to 31 March 2029 capital reserves would be £7.460million. Caution should be taken here though as, as explained below, this does not mean we have direct access to this to finance future capital expenditure, and reference needs to be made to our cash availability.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/98 £m
Opening Resources	10.084	7.221	6.936	6.915	7.081
Annual Contributions/ Borrowing/Financing	2.636	2.421	1.500	1.500	1.500
Capital Expenditure & Asset Maintenance	(5.499)	(2.705)	(1.521)	(1.334)	(1.121)
Surplus Capital Resources	**7.221**	**6.936**	**6.915**	**7.081**	**7.460**

Table 1: Summary of Capital Expenditure and Financing

17 The Capital Strategy report (Paper E/875/25) sets out more details on the financing of capital expenditure, but ultimately capital can be financed in two ways – direct up-front financing, or by debt (either internal or external).

Up front financing involves the application of capital grants, contributions, capital receipts, or a direct charge to revenue, whereas debt financing is by external borrowing, or use of own cash reserves. Capital financed by debt will subsequently place a burden on future year's revenue budget, and thus the Levy.

18 However, actual availability of funds to finance the capital programme should be looked at only with reference to all other reserves and liabilities, and the actual cash holdings. This therefore provides a link between both the Capital Strategy (Paper E/875/25), and Levy & Budget (Paper E/874/25) papers, and the capital budget.

Appendix C to this report sets out the available reserves, both capital and revenue, against the capital debt financing and cash flow liabilities. It shows the expected cash balance at year end.

At 31 March 2025, we expect to hold £14.2m of available reserves, of which, as per table 1 above, £7.2m are classed as capital reserves. However, due to our underlying net borrowing requirement of £9.6m, which is principally made up of the historic internal borrowing, we do not have the cash capacity to cover all reserves. With the necessity to cash back general reserves, as well as the cash-flow need to cover short-term liabilities, this means that the majority of capital resources are not directly cash backed.

The implication of this is that with the exception of low value, or short-term, quick return of investment, projects, we would only be able to fund a capital programme with one of external borrowing, external grant funding, or new capital receipts.

THIRD PART INVESTMENTS

19 Whilst not directly funded by the Authority, there are a number of major income generating investments being looked at by us along with third party partners, which Members will be aware of:

- development of Area 4 at Lee Valley White Water Centre;
- potential visitor accommodation at Water Works Centre;

- Picketts Lock Centre; and
- Eton Manor.

In addition, the Authority is also looking at Spitalbrook in Broxbourne with a view to potentially opening this up to wider public use.

ENVIRONMENTAL IMPLICATIONS

20 There are no environmental implications arising directly from the recommendations in the report. However, the schemes contained in the programme clearly have significant environmental implications. These will be considered as part of the detailed development of each scheme/sale and will feature in the individual reports to Members on each proposal.

FINANCIAL IMPLICATIONS

21 As part of the budget process over the last couple of years, Members have reviewed the annual revenue contribution to capital and asset maintenance, with the proposal to increase it to a minimum of £1.5million from 2025/26. Whilst realising some level of capital receipts from the Authority's estate to enable re-investment may identify potential new capital resources to support funding of the programme going forward, there is no certainty of this being achieved. Nor is the prospect of securing direct funding from third parties. Members should therefore consider that an increase in direct capital support from revenue may be required in future years, either in the form of contributions, or internal and external borrowing.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

24 There are no risk management implications arising directly from the recommendations in this report. The assumptions for future investment and funding rely partly on contributions from the disposal of some marginal sites to enable re-investment in development and/or improvement in other areas of the Regional Park and therefore to deliver the corporate priorities going forward. If the Authority does not achieve some land disposals then it may mean major investment projects are either pared back to match available resources, deferred until new resources become available, or funded by borrowing (which would have a direct impact on the Levy). Failure to invest in major repairs may also lead to a deterioration of the existing asset base.

EQUALITY IMPLICATIONS

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

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PREVIOUS COMMITTEE REPORTS

Authority	A/4348/24	Proposed Capital Programme 2023/24 Revised To 2027/28	18 January 2024

APPENDICES ATTACHED

Appendix A	Capital Development Programme Revised 2024/25 to 2028/29
Appendix B	Capital Programme Financing Forecast 2024/25 to 2028/29
Appendix C	Analysis of Current Reserves
Appendix D	Combined Asset Maintenance Programme

LIST OF ABBREVIATIONS

PDF	Park Development Framework
LSC	Leisure Services Contract
GLL	Greenwich Leisure Ltd
PDF	Park Development Framework

LEE VALLEY REGIONAL PARK AUTHORITY **APPENDIX A**
CAPITAL PROGRAMME 2024/25 to 2028/29 **E/876/25**

	TOTAL BUDGET £000s	Prior Year Spend £000s	Forecast 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Total Spend £000s
Asset Management	**n/a**	n/a	1,407	1,765	1,521	1,334	1,121	**7,148**
PROJECT SPECIFIC BUDGETS								
Lee Valley Ice Centre Redevelopment	**30,000**	28,832	791	300	-	-	-	**29,923**
Olympic Park Hostile Vehicle Mitigation	**495**	22	365	90	-	-	-	**477**
White Water Pumps Replacement	**1,040**	1,034	14	-	-	-	-	**1,048**
Holyfieldhall Farm Operational Change	**155**	59	96	-	-	-	-	**155**
Landscape, Open Space & Investment Projects								
East India Dock Basin - Feasibility	**125**	94	32	-	-	-	-	**126**
East India Dock Basin - De-silting works (Provisional)	**500**	tbc	tbc	tbc	tbc	tbc	tbc	**-**
Middlesex Filter Beds Sluice	**240**	0	240	-	-	-	-	**240**
St Pauls Field	**450**	75	360	-	-	-	-	**435**
North Wall Road	**60**	47	8	-	-	-	-	**55**
Non-Sports Venues Investment Projects								
Workshop Extension (Springfield)	**100**	0	0	tbc	tbc	tbc	tbc	**-**
Scout Hut Refurb (Springfield)	**50**	0	0	tbc	tbc	tbc	tbc	**-**
Sewardstone - Development *	**450**	0	0	450	-	-	-	**450**
Sports Venues Investment Projects								
White Water - Offices, Meeting Rooms	**500**	519	13	-	-	-	-	**532**
White Water - Slalom Ramp	**340**	371	9	-	-	-	-	**380**
LSC LED Lighting *	**1,522**	0	1,366	-	-	-	-	**1,366**
Velopark Spectator Barrier	**300**	9	290	-	-	-	-	**299**
Velopark Health & Fitness Offer	**508**	0	508	-	-	-	-	**508**
NET PROGRAMME		**31,062**	**5,499**	**2,605**	**1,521**	**1,334**	**1,121**	**43,142**
Financing								
External Borrowing			(191)	(100)	0	0	0	
Internal Borrowing			(508)	0	0	0	0	
Asset Maintenance Reserve			(1,407)	(1,765)	(1,521)	(1,334)	(1,121)	
External Grant Funding			(600)	(200)	0	0	0	
Revenue Contributions			(71)	(521)	0	0	0	
Capital Receipts			(2,722)	(19)	0	0	0	
NET FINANCING			**(5,499)**	**(2,605)**	**(1,521)**	**(1,334)**	**(1,121)**	

Capital Resources	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	TOTAL £000s
Opening Balance		**(10,083.9)**	**(7,220.7)**	**(6,936.4)**	**(6,915.4)**	**(7,081.4)**	
Movement in Resources							
Capital Receipts	*(9,964.0)*	(16.0)	0.0	0.0	0.0	0.0	(9,980.0)
Financing of Ice Centre Expenditure from Receipts	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0
Asset Maintenance Reserve Contributions	*(119.9)*	(1,250.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(7,369.9)
External Grants	*0.0*	(600.0)	(200.0)	0.0	0.0	0.0	(800.0)
Debt Financing of Capital	*0.0*	(699.0)	(100.0)	0.0	0.0	0.0	(799.0)
Revenue Financing of Capital	*0.0*	(70.8)	(520.7)	0.0	0.0	0.0	(591.5)
		(2,635.8)	(2,320.7)	(1,500.0)	(1,500.0)	(1,500.0)	(19,540.4)
Total Available Resources	***(10,083.9)***	**(12,719.7)**	**(9,541.4)**	**(8,436.4)**	**(8,415.4)**	**(8,581.4)**	**(19,540.4)**
Capital & Asset Management Expenditure							
Lee Valley Ice Centre Redevelopment		791.0	300.0	0.0	0.0	0.0	1,091.0
Olympic Park Hostile Vehicle Mitigation		0.0	0.0	0.0	0.0	0.0	0.0
Landscape, Open Space & Investment Projects		2,793.0	540.0	0.0	0.0	0.0	3,333.0
Non-Sports Venues Investment Projects		0.0	0.0	0.0	0.0	0.0	0.0
Sports Venues Investment Projects		0.0	0.0	0.0	0.0	0.0	0.0
Velopark Health & Fitness Offer		508.0	0.0	0.0	0.0	0.0	508.0
Asset & Infrastructure Management		1,407.0	1,765.0	1,521.0	1,334.0	1,121.0	7,148.0
Total Capital/AM Expenditure		**5,499.0**	**2,605.0**	**1,521.0**	**1,334.0**	**1,121.0**	**12,080.0**
Closing Balance		**(7,220.7)**	**(6,936.4)**	**(6,915.4)**	**(7,081.4)**	**(7,460.4)**	**(7,460.4)**
Capital Related Fund Balances							
Usable Capital Receipts Reserve	(9,964.0)	(7,257.8)	(7,238.5)	(7,238.5)	(7,238.5)	(7,238.5)	
Asset Maintenance (Major Repairs) Reserve	(119.9)	37.1	302.1	323.1	157.1	(221.9)	
	(10,083.9)	**(7,220.7)**	**(6,936.4)**	**(6,915.4)**	**(7,081.4)**	**(7,460.4)**	

Proposed Capital Programme 2024/25 (Revised) To 2028/29 **APPENDIX C**

Analysis of Usable & Unusable Reserves **E/876/25**

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
USABLE RESERVES					
Revenue Reserves					
General Fund	(5,266.0)	(5,266.0)	(5,257.9)	(5,212.2)	(4,958.7)
Other Earmarked Reserves	(1,437.3)	(1,422.3)	(1,475.0)	(1,527.7)	(1,580.4)
Donations Reserve	(268.4)	0.0	0.0	0.0	0.0
Sub Total Revenue Reserves	**(6,971.7)**	**(6,688.3)**	**(6,732.9)**	**(6,739.9)**	**(6,539.1)**
Capital and Asset Based Reserves					
Asset Maintenance Reserve	37.1	302.1	323.1	157.1	(221.9)
Usable Capital Receipts	(7,257.8)	(7,238.5)	(7,238.5)	(7,238.5)	(7,238.5)
Sub Total Capital Reserves	**(7,220.7)**	**(6,936.4)**	**(6,915.4)**	**(7,081.4)**	**(7,460.4)**
Total Usable Reserves	**(14,192.4)**	**(13,624.7)**	**(13,648.3)**	**(13,821.3)**	**(13,999.5)**
Capital Financing & Borrowing					
CFR (pre-2007)	8,434.1	8,096.7	7,772.8	7,461.9	7,163.4
CFR (Ice Centre)	22,799.8	22,315.2	21,728.0	21,140.7	20,553.5
CFR (Velopark)	508.0	435.4	362.9	290.3	217.7
CFR (Long Term Debtors)	869.7	867.3	864.6	861.6	858.3
External Borrowing	(23,000.0)	(23,000.0)	(21,840.0)	(21,250.0)	(20,660.0)
Net Internal Borrowing	**9,611.6**	**8,714.6**	**8,888.3**	**8,504.5**	**8,132.9**
Cash Flow - General Liabilities	(3,273.7)	(2,871.2)	(2,668.5)	(2,465.6)	(2,262.3)
Net Closing Cash Balance	**(7,854.5)**	**(7,781.3)**	**(7,428.5)**	**(7,782.4)**	**(8,128.9)**

	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	*2028-29* £000s
Authority AM Programme					
Waterworks Visitor Centre	8	20	0	0	0
Lee Valley Ice Centre	0	0	0	210	0
Lee Valley Marina (Springfield)	30	0	535	0	0
Lee Valley Athletics Centre	30	0	0	0	0
Lee Valley Campsite (Sewardstone)	0	15	0	0	20
Myddelton House	26	50	0	15	0
Myddelton House Gardens	35	28	0	5	13
Broxbourne Riverside	5	0	0	0	0
Old Mill Meadows - Broxbourne	0	60	0	0	0
Lee Valley Marina (Stanstead Abbotts)	0	500	0	0	50
River Lee Country Park	7	0	0	0	0
Lee Valley Park Farm (Holyfield Hall)	0	0	35	0	0
Rye House Gatehouse	10	0	0	0	0
Lee Valley White Water Centre	282	99	0	120	0
Lee Valley Velopark	320	430	500	555	500
Lee Valley Hockey & Tennis Centre	107	53	16	11	71
Wildlife Discovery Centre	5	25	0	0	7
Open Spaces General Provision	143	130	130	130	180
Abbey Gardens	34	30	30	30	30
Gunpowder Park	0	0	25	8	0
East India Dock Basin	115	75	0	0	0
Footpaths and Access Routes General Provision	250	250	250	250	250
Sub Total Authority AM Programme	**1,407**	**1,765**	**1,521**	**1,334**	**1,121**
GLL Buildings and Equipment Lifecycle costs (As per LSC LOBTA)					
Lee Valley Velopark	184	504	391	113	171
Lee Valley Hockey & Tennis Centre	63	22	42	235	185
Lee Valley White Water Centre	73	179	244	277	168
Lee Valley Athletics Centre	262	38	63	68	138
Lee Valley Riding Centre	78	30	94	57	34
Lee Valley Ice Centre	25	30	35	40	45
Sub Total LSC Lifecycle Costs	**685**	**803**	**869**	**790**	**741**
Miscellaneous Repairs & Renewals	100	100	100	100	150
Total Building And Equipment Maintainance	**2,192**	**2,668**	**2,490**	**2,224**	**2,012**