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).**

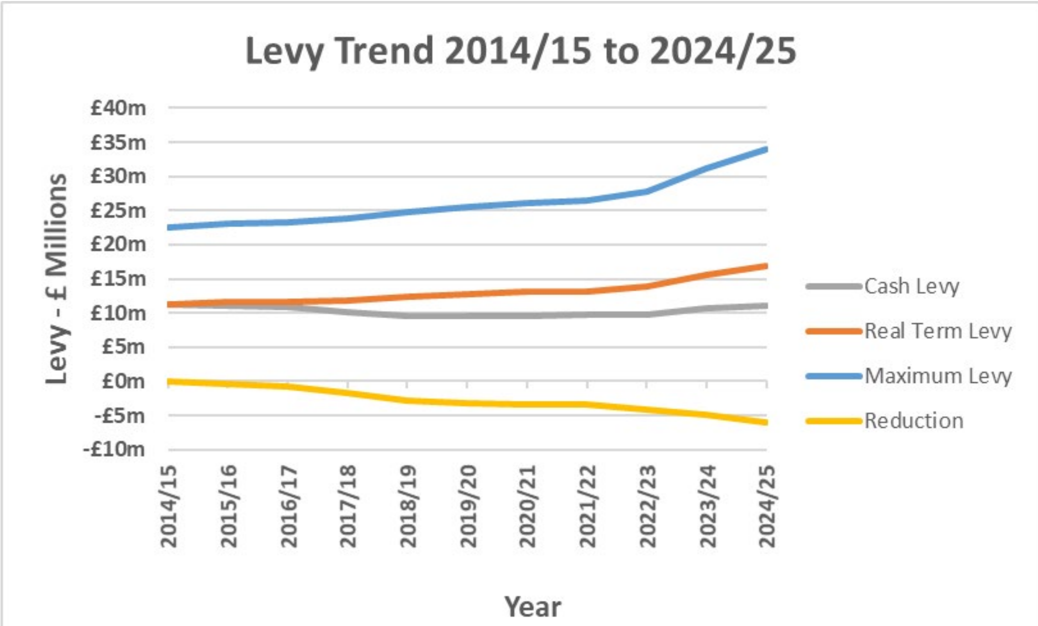
26 A **1%** movement in the Levy equates to approximately **£110k** per annum for the Authority. Whilst a **1%** movement in the Levy impacts between **£200** and **£14,400** for the smallest (Corporation of London) and the largest contributing authority (Essex) respectively, with the majority of contributing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

LEE VALLEY REGIONAL PARK AUTHORITY **APPENDIX B**

Analysis of Usable & Unusable Reserves **E/874/25**

	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