

2016/17 REVENUE BUDGET AND LEVY

Presented by the Director of Finance & Resources

SUMMARY

The Executive Committee considered paper E/434/16, attached as Annex A to this report, at their meeting this morning, 21 January 2016, which sets out budget proposals to support the delivery of the Authority's ambitions and objectives over the coming years (as set out in its Business Plan to 2020).

A verbal update will be provided to Members at the Authority meeting regarding the recommendations/proposals put forward by the Executive Committee at their meeting.

RECOMMENDATIONS

- Members Approve:
- (1) a proposed levy for 2016/17;
 - (2) additional net income and savings as set out in Appendix C to paper E/434/16 including the proposed introduction of car parking charges covered in more detail in Appendix G to paper E/434/16;
 - (3) financing for the capital programme and revenue contribution to capital of £1.8m as set out in paragraph 22 of paper E/434/16;
 - (4) a net revenue budget of £10.837m as set out in paragraph 32 of paper E/434/16; and
 - (5) a minimum level of reserves of £4m be maintained as set out in paragraph 31 of paper E/434/16.

BACKGROUND

- 1 A Budget Workshop was held on 17 December 2015 to consider proposals for the 2016/17 budget and levy. The views of the Workshop were considered as

part of the paper (E/434/16) presented to Executive Committee this morning as set out in Annexe A to this report.

- 2 The views of the Workshop and recommendations from Executive Committee need to be considered by the full Authority.
- 3 The Authority is required to set a budget and levy annually by 24 January and notify contributing authorities by no later than 15 February in the year preceding that levy.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 6 These are dealt with in the body of Paper E/434/16, attached as Annex A to this report.

HUMAN RESOURCE IMPLICATIONS

- 7 These are dealt with in the body of Paper E/434/16, attached as Annex A to this report.

LEGAL IMPLICATIONS

- 8 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 that levy.

RISK MANAGEMENT IMPLICATIONS

- 9 These are dealt with in the body of Paper E/434/16, attached as Annex A to this report.

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PREVIOUS COMMITTEE REPORTS


Executive	E/434/16	2016/17 Revenue Budget & Levy	21 January 2016
Budget Workshop		Proposed Budget & Levy 2016/17	17 December 2015
Executive	E/430/15	Fees & Charges Review 2016/17	17 December 2015
Member Workshop		Proposed Fees & Charges 2016/17	26 November 2015

Executive	E/417/14	Proposed Capital Programme 2015/16 Revised to 2019/20	22 October 2015
Executive	E/418/15	2016/17 Budget Methodology, Assumptions, and Timetable	22 October 2015
Authority	A/4200/15	2015/16 Revenue Budget & Levy	22 January 2015

APPENDIX ATTACHED

Annexe A Paper E/434/16

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 <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>21 JANUARY 2016 AT 11:30</p>	<p>Agenda Item No:</p> <p>5</p> <p>Report No:</p> <p>E/434/16</p>
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2016/17 REVENUE BUDGET & LEVY

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

The Authority, like most public sector organisations, is facing a very challenging time with enormous pressures on public funding and the levy. The Authority is striving to be a community focused world class leisure destination, which is supported by a strong commercial base. It continues to increase value to the regional constituency, whilst reducing the cost of the Lee Valley Regional Park to the taxpayer.

The Authority has come through an exceptional period with the establishing of three Olympic legacy venues; the ongoing delivery of a range of business development/ investment projects; transferring the operation and management of venues and services to the Lee Valley Leisure Trust and reducing the significant business rates liability it faced as a result of inheriting the legacy venues on its land.

The current levy was reduced by 2% for 2015/16 and was the fifth consecutive year of reduction. The levy for 2016/17 onwards is yet to be determined, but will be subject to the significant challenges facing the Authority and those who contribute via the levy.

The actual levy for 2015/16 is £11.058m (which is 47.9% of the maximum chargeable). This equates to £0.98p per person in Herts, Essex and London. An £11.192m budget was set for 2015/16 (including £113,000 one-off budget for a Community Access Fund (CAF) funded by reserves). The budget included a net management fee of £3.6m (including carry forwards) to the Lee Valley Leisure Trust to fund the net cost of venues and support service costs.

The Authority is required to set a budget and levy for 2016/17 by 24 January 2016 and notify contributing authorities by 15 February 2016.

This report sets out budget proposals to support the delivery of the Authority's ambitions and objectives over the coming years (as set out in its Business Strategy for 2010-2020 and the revised Business Plan 2016-2019 – see Appendix A to this report).

The Budget Methodology & Assumptions paper (E/418/15) set out a 2% decrease in the levy for 2016/17 to continue the downward trajectory. The budget proposals set

out in this paper were considered by Members at a Budget Workshop on 17 December 2015. Two options were considered and voted on at that meeting. Both options deliver a balanced budget with option 1 producing a small surplus (circa £0.2m). The options put forward were:

1. to maintain the levy at its current level - £11.058m i.e. a 0% change;
2. to reduce the levy to £10.837m i.e. a 2% reduction.

Seven Members voted for option 1 and a 0% change with the resultant additional surplus (circa £0.2m) being added to reserves for specific initiatives and five Members voted for option 2 and a 2% reduction which would provide for a balanced budget.

Members at this Workshop also approved the net income and savings as set out in Appendix C and agreed that the future levy direction would be determined as part of the 2017/18 budget and levy process, following the conclusions/recommendations of the Ice Centre project and the land disposal and acquisition strategy which are underway.

RECOMMENDATIONS

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|--------------------------------|---|
| Members Recommend to Authority | <ol style="list-style-type: none"> (1) a proposed levy for 2016/17; (2) additional net income and savings as set out in Appendix C to this report, including the proposed introduction of car parking charges covered in more detail in Appendix G to this report; (3) financing for the capital programme and revenue contribution to capital of £1.8m as set out in paragraph 22 of this report; (4) a net revenue budget of £10.837m as set out in paragraph 32 of this report; and (5) a minimum level of reserves of £4m be maintained as set out in paragraph 31 of this report. |
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BACKGROUND

1 Remit

The Authority and its Members have a statutory duty to develop the 10,000 acre Park as a regional destination, but it is not required to deliver developments or activities directly itself. The Authority's vision for 2020 is that the Lee Valley Regional Park should be "A World Class Leisure Destination".

2 Business Strategy

The Authority is continuing to be "community focused and commercially driven" as it works to deliver its vision. It continues to increase value and to enhance the visitor offer for constituent boroughs, whilst reducing the cost of the Lee Valley Regional Park to the taxpayer. The initial aim of the Authority (2010) was to reduce the actual levy to 53% (from 63%) of the maximum chargeable. Following the 2% reduction agreed for 2013/14 this target was achieved (52.6%). **The reduction in 2015/16 means it now stands at 47.9% of the**

maximum chargeable. In setting a new target it was Member's view that the Authority should aspire to achieve a levy target of 99p per head of population, subject to resolving the financial uncertainties it was facing (particularly the business rates). The cost per head reduced to £0.98p in 2015/16. Future levy targets are considered within the revised Business Plan 2016/17-2018/19. The draft Business Plan 2016/17-2018/19 is going to the 21 January 2016 Authority meeting for approval and is attached as Appendix A to this report for information.

3 As set out in the Authority's Business Plan the aspiration is:

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

4 **Levy Policy**

In January 2011 (paper A/4110/11) the Authority revised its medium term levy policy. Members approved that the Authority's levy would be decreased by 2% per annum in 2011/12 and 2012/13, subject to inflation and other prevailing economic factors at that time. There was no levy policy beyond this point in time, but subsequently the levy was reduced by a further 2% in 2013/14, 2014/15 and 2015/16.

5 The current levy is £11.058m (which is 47.9% of the maximum chargeable in 2015/16) and equates to £0.98p per head of population (see Appendix H to this report).

6 **Funding Strategy**

The Authority recognises the importance of developing new income streams, making efficiency savings and maximising the return from its assets to enable it to reduce its reliance on the levy. Over the past five years the Authority has successfully applied a measured approach to reducing the levy by 2% per annum managed by realistic increases in income, some stretch targets and expenditure efficiencies, whilst incorporating major parts of the Olympic Legacy into its property portfolio and increasing the quality and value of its services.

7 The Authority is focusing on the following areas to reduce its reliance on the levy:

- developing break-even (excluding overheads) business plans for the legacy venues on Queen Elizabeth Olympic Park (Lee Valley VeloPark and Lee Valley Hockey & Tennis Centre) via the Lee Valley Leisure Trust (the Trust);
- securing sponsorship and naming rights for the Lee Valley VeloPark and Lee Valley White Water Centre (LVWWC);
- development of the next phases of the Dobbs Weir site and LVWWC;
- income generation schemes at the Lee Valley Athletics Centre (LVAC), working towards a break-even position (excluding overheads);
- developing long term proposals for the Waterworks site to enable a break-even position (excluding overheads) to be achieved;
- investment in Hayes Hill Farm and Stanstead Marina to generate further income; and
- identifying new business development opportunities, e.g. Ice Centre, Picketts Lock site, Broxbourne Riverside and Lea Bridge Road master

planning.

- 8 Work is underway on all of the above areas and detailed reports will be presented to the Executive Committee and/or Authority for consideration and approval in the coming months.
- 9 **Contributing Authorities – Funding**
On 25 November 2015 the Chancellor delivered the Autumn statement. The detail of the draft Local Government finance settlement for 2016/17 was published on 18 December 2015 and was unavailable for the Budget Workshop. Appendix I to this report sets out the four year settlement figures for contributing authorities and the percentage change over this period.
- 10 In terms of the contributing authorities, for 2016/17 there is a decrease in their funding settlement for 2016/17 ranging from -1.7% to -4.2% with the average being a reduction of -3.1%. Future years see smaller reductions with an increase being projected into 2019/20.
- 11 The Greater London Authority (GLA) reduced its precept on London Boroughs by 1% for 2013/14, a further 1.3% in 2014/15, i.e. Band D from £303 to £299, and agreed a further 1.3% reduction in 2015/16, i.e. Band D from £299 to £295 - which was in line with their ambitions to continue to strive to reduce the precept (agreed in 2012/13) by 10% by 2016/17. The GLA 2016/17 draft budget proposals are to reduce the Band D from £295 by £19 to £276 and thus fulfil the commitment to reduce the Council precept by 10%.

DEMANDS ON THE AUTHORITY

- 12 The demands on the organisation over the next few years are significant:
- successfully establishing the Trust as a sustainable business operating model;
 - successfully ensuring via the Trust the continued operation of three new major sports venues – Lee Valley VeloPark, Lee Valley Hockey & Tennis Centre and LVWWC;
 - generating additional income through a range of investment projects and sponsorship;
 - enhancing the Regional Park as a visitor destination through a number of developments; and marketing the Park to a regional audience and delivering greater value to the communities of London, Essex and Herts.
- 13 The Authority had to absorb the operating and maintenance costs of the legacy venues on its land – Lee Valley VeloPark, Lee Valley Hockey & Tennis Centre and LVWWC. No additional external funding was provided to the Authority for running these venues. The transfer of management for these and other venues to the Trust secured savings of £2m including business rate savings of £1.7m in 2015/16. The Trust is currently working to further reduce this cost through a mixture of income generation and cost savings to enable a break-even position (excluding central overheads) to be achieved by 2019/20. A target and principal set out in the Leisure Service Contract.

AUTHORITY'S FINANCIAL POSITION

- 14 The Authority has a strong financial base. This has been achieved through

prudent and efficient financial management with direct income (i.e., fees and charges/rents) now estimated to achieve 60% of the Authority's/Trust's gross expenditure compared to 35% in 2010/11.

- 15 The Medium Term Financial Plan (MTFP) has been developed to assist the delivery of the Authority's vision to 2020 and its new three year Business Plan to 2019. It provides a snapshot in time as it is difficult to predict with any level of certainty beyond a two/three year period. The figures beyond 2016/17 should only be used as a guide to determine the general direction of travel.
- 16 The MTFP is attached at Appendix B to this report. Options 1 and 2 for the 2016/17 budget and levy are set out in Table 1 below with future years (2017/18 and 2018/19) maintaining the downward trend in the levy which is in line with the budget methodology and assumptions paper (E/418/15). Members agreed that the future direction of the levy would be determined as part of the 2017/18 budget and levy process, following the conclusions/recommendations of the Ice Centre project and the land disposal and acquisition strategy which are underway.

Table 1: Summary Medium Term Financial Plan

		2016/17 £'000s Option 1	2016/17 £'000s Option 2	2017/18 £'000s	2018/19 £'000s
1.	Base budget 2015/16 Authority Trust	7,796 3,361	7,796 3,361	7,796 3,361	7,796 3,361
	Total Base Budget	11,157	11,157	11,157	11,157
2.	Authority Net In year inflation and base adjustments	(51)	(51)	57	320
3.	Trust Net In year inflation and base adjustments	1	1	(24)	(49)
4a	Levy 0%	(11,058)			
4b	Levy: 2% decrease		(10,837)	(10,620)	(10,408)
5.	Authority 2016/17 income/savings Naming/Sponsorship	(110) (50)	(110) (50)	(180) (170)	(280) (170)
6.	Trust 2016/17 income/savings	(110)	(110)	(546)	(761)
7.	Revised Budget Deficit/(Surplus)	(221)	(0)	(326)	(191)
8.	Base Budget 2016/17 Authority Trust	7,585 3,252	7,585 3,252	7,503 2,791	7,666 2,551
9.	Revised Total Budget	10,837	10,837	10,294	10,217

- 17 A Member Workshop was held on 26 November 2015 to discuss service plan proposals and fees and charges for the 14 sport and leisure venues managed by the Trust for 2016/17. The recommendations from that Workshop were considered by the Executive Committee on 17 December 2015 (paper E/430/15) and are expected to produce additional income of £217k alongside an increase

of £5k from Authority run facilities (average increase of 2.0% across all venues and sites, although individual charges may vary depending on market demand and other external economic factors).

18 Proposed savings/additional income for 2016/17, which will enable the delivery of the corporate priorities, are set out in detail in Appendix C to this report. A balanced budget will be delivered by achieving on-going savings/income of £270,000 in the 2016/17 proposed budget.

19 The **key risk areas** in relation to the current MTFP are set out below:

- **Operating costs - legacy venues** – business plans have been developed for these venues (Lee Valley VeloPark, Lee Valley Hockey & Tennis Centre and LVWWC) based on the first full year of legacy usage and subsequent transfer to the Trust. However, as these venues are unique (in terms of size and operation as they were built for the London 2012 Games) the true operational requirements and income potential will not be fully known until the venues have operated for a full regular year under the management of the Trust through to March 2016.
- **Inflation** - the re-costed base budget assumes pay increases at 1% for 2016/17 to 2019/20 in line with the public sector pay restraint. It covers employer national insurance adjustments (3.4%). A 5.0% increase has been assumed for insurances; a 4% increase for utilities; 1.25% for investment income; and 0% for contractual arrangements/supplies and services except grounds maintenance which has a contractual uplift built in equating to 2% per year. However, the economic climate is uncertain at present and inflation has previously peaked at 5.6% (September 2011). A 1% variance in inflation could impact on the base budget by up to an additional £110k. The Consumer Price Index (CPI) is currently running at around -0.1% and 0.7% for RPI (October). These figures will be monitored on a regular basis and any variation reported to Members through the quarterly revenue monitoring reports.
- **Contaminated Land** – the Regional Park contains a legacy created by a variety of uses, some of which have resulted in land contamination. The Authority, led by a Member task and finish group reporting to the Executive Committee, has developed a Contaminated Land Strategy and a Contaminated Land Policy Statement which have been approved by Authority. There are a small number of sites still under review by officers together with the task and finish group. This work should be completed by Spring next year. The Authority will then need to consider contamination on land when change of use or development proposals are considered. There is currently no budget for dealing with any land contamination issues that may arise.
- **Major International Events for the Legacy Venues** – major international events will be an important feature of the three Lee Valley legacy venues. Before the 2012 Games there was a drive from the national governing bodies, UK Sport, regional bodies, the Boroughs and the Authority, to secure major events post Games across all the legacy venues. Bids were submitted for a host of events including three at the Authority venues - 2016 Track Cycling World Championships, 2015 Canoe Slalom World Championships and 2015 European Hockey Championships. All three bids.

were successful and the Authority along with a range of partner agencies committed funding support for these major international events. The Authority, along with its funding partners, will be revisiting the business plans for all three events with the aim of reducing the financial commitment.

There is significant value to be gained for the Authority in hosting major international events. Extensive press and media coverage (including TV) will promote the venues and the Lee Valley Regional Park to a regional, national and international audience. Officers will work to translate this high level of exposure into increased business. Naming rights sponsors and category sponsors are attracted by venues which host major, high profile events, so having major events in the venues programme will assist in securing sponsors. Investment in major events will be subject to meeting specific criteria and subject to a business case with one-off funding met via reserves subject to Executive approval.

- **Budget uncertainties** – in addition to the above, there are a number of budget uncertainties. These include the level of sponsorship and naming rights income, grain and milk prices and income levels at venues as a result of the economic climate. Estimates for these areas have been included within the budget proposals based on previous experience/usage. However there may be some variation to these figures, which will be reported to Members through the quarterly revenue monitoring reports.
- **Income** - forms a major part (circa 60%) of the Authority/Trust's funding. Changes in demand, caused by weather, economic factors, terrorism, bad publicity, etc, could have a material effect in any given year on achieving a balanced budget. Both organisations carry business interruption insurance but this does not insure against risks like bad weather or bad publicity. The Authority mitigates some of this risk by maintaining reasonable levels of reserves; the Trust also needs to build its own level of reserves to mitigate this risk.
- **VAT savings** - for those venues transferring to the Trust is also an important factor to balancing the budget. Detailed modelling based on the 2014/15 budget was carried out by external consultants. The true level of VAT savings can only be established as the Trust continues its operations during its first full year and real increases in income accrue. In addition the Authority's VAT advisors have contested VAT charged on sporting activities which are deemed non-business. In the past this has provided for a "wind-fall" VAT reclaim in the region of £1m. The Authority sits behind specific test cases which are laid before HMRC – if successful the Authority could receive a "wind-fall" payment over the next few years, however the timing and amount of this is uncertain and cannot be treated within any degree of certainty when setting the levy.

- 20 Subject to the underlying assumptions and risks/uncertainties as set out above, a proposed balanced and surplus budget (Option 1 - 0% levy change) or balanced budget (Option 2 – 2% levy reduction) is set for 2016/17 with projected surpluses in future years. One-off items for expenditure in 2016/17 will be funded following a report to Executive Committee detailing the proposal and the business case that would support the release of this funding.

REVENUE CONTRIBUTION TO CAPITAL

- 21 The Authority is entering a new phase of capital development. Over the last couple of years there has been a shift from replacement and renewal to maintenance of assets and investment in existing assets/business development projects to increase income. The annual contribution has been reduced over recent years to reflect this shift and has been reduced from £2.9m in 2005/06 to £1.8m.

There are now some key sites where development will be considered, for example, redevelopment/relocation of the Ice Centre, the Picketts Lock site, Broxbourne Riverside and Lea Bridge Road master planning. These developments will continue to place pressure on the Authority's planned capital demands going forward.

- 22 **The annual revenue contribution is budgeted at £1.8m** and this will enable the delivery of the current capital programme and enable the current estate to be maintained. **Any requirements for new investments and the delivery of the Park Development Framework will be additional to the £1.8m.** The Authority could borrow to fund any potential developments. Given the current favourable borrowing rates, it may be beneficial for the Authority to undertake borrowing at this time if required. Any loan repayments would however need to be funded from the levy/additional income or savings. When considering funding new capital investment projects from reserves, the Authority intends that the cost of capital will be repaid by the projects to minimise the impact on the levy and "refund" the capital reserves to allow further development and projects to be developed.
- 23 The revised capital programme 2015/16 to 2019/20 was considered by the Executive Committee on 22 October 2015 (Paper E/417/15). Based on the proposed capital programme and financing, **the Capital Fund is projected to stand at an estimated £0.0m at the end of 2019/20.**

THE LEVY

- 24 The maximum levy is determined by law. The annual increase for the maximum levy is based on the Retail Price Index (RPI) as at September. The RPI for September 2015 was 0.8%. Therefore the maximum levy for 2016/17 is set at £23.3m (2015/16 was £23.1m).
- 25 A 1% movement in the levy equates to approximately £111k per annum for the Authority. Whilst a 1% movement in the levy impacts between £187 and £14,889 for the smallest and largest contributing authorities respectively. With the majority of contributing authorities falling between £1.4k and £3.9k per annum.
- 26 Over the last three to five years, the levy has been significantly below inflation with a real term decrease of nearly 30% and this is detailed further in Appendix D to this report:

	3 Year % Change	5 Year % Change
Levy decrease	-6.00%	-10.00%
RPI increase	8.10%	18.30%
	-14.10%	-28.30%

- 27 The draft funding settlement for contributing authorities following the spending review in November (as set out in paragraphs 9 and 10 above) is detailed in Appendix I to this report and for contributing authorities funding will decrease. Appendix E to this report sets out the cash and real term decrease in the levy experienced by contributing Authorities since 2010.
- 28 In terms of inflation indices used for the levy calculation and the budget, the Consumer Price Index (CPI) is running at -0.1% and the Retail Price Index (RPI) at 0.8% (September 2015).

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 £4.6m as at 1 April 2015. Members agreed to fund the budget deficit of £0.1m for 2015/16 from these reserves. The projected spend in 2015/16 is likely to maintain this balance at **£4.6m by 31 March 2016**.
- 30 **To use reserves to fund any on-going deficit is not recommended;** unless it is only for a temporary period, i.e. one year 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 approved the recommendation of the Director of Finance & Resources to set a **minimum general reserve of £4m**, based on the risk factors set out in the Budget Methodology and Assumptions paper (E/418/15) and those restated in this paper. It is again recommended that this minimum level of reserves is maintained.

FUNDING OPTIONS & PROPOSED LEVY

- 32 Subject to the underlying assumptions and risks/uncertainties as set out, the proposed **budget for 2016/17 is £10.837m** and is in line with a 2% reduction in the levy as assumed as part of the Budget Methodology and Assumptions paper (E/418/15). If Members decide not to reduce the levy and maintain it at its current level this will produce a surplus budget of £221K. Members of the Budget Workshop have indicated that this should be held in reserves to meet specific objectives (yet to be determined) in future years.
- 33 The Authority's aim has been to operate its venues (including legacy venues) at a break-even position (excluding central overheads). The MTFP sets out stretch targets which would work towards this objective by 2019/20.
- 34 Appendix C to this report also incorporates the stretch income targets to enable legacy venues to work towards a break-even position by 2020. Some of these stretch income targets commenced in 2015/16 and if achieved will enable the overall budget to be in balance.
- 35 Alternatively Members can chose to reduce the levy further and manage the potential deficit in a number of ways:
- use available general reserves above the £4m threshold;
 - identify new additional income above that set out in Appendix C to this

- report;
- additional budget cuts;
- identify new disposals;
- identify new business development/income generation opportunities.

If the levy and general reserves were to be used to fund any deficit, they would provide certainty whilst using the other options provide less certainty and may take time to deliver.

- 36 The 2016/17 Budget Methodology, Assumptions and Timetable (paper E/418/15) set out an assumed decrease in the levy of 2% in line with previous years reductions. If the Authority chose not to reduce the levy and retain it at its current level (£11.058m) this would result in an estimated surplus of £0.2m.
- 37 Appendix F to this report sets out the implications of a 1%, 2% and 5% variation in the levy for contributing authorities.

CONCLUSIONS

- 38 The Authority has significant demands in the coming years, including assisting the Trust to establish itself as a sustainable going concern, the operation of the legacy venues on its land; and the implementation of a number of income generation initiatives to reduce its reliance on the levy.
- 39 It continues to strive to increase value to the regional constituency, whilst reducing the cost of the Lee Valley Regional Park to the taxpayer. It will continue to work with partners, outsource/buy-in services and further investigate shared service provision, to push down on costs and to improve quality. Furthermore, it will continue to assist the Trust to use technology to further improve efficiency, e.g., online bookings.
- 40 In the 2014/15 budget paper (A/4161/14) Members were advised that to deliver the current plan the Authority must ensure it resolved the long term deficit. Members will be aware that they took major decisions in establishing the Trust to help bridge a large part of the funding gap. These decisions started to have an impact from April 2015 with annual savings of circa £2m bridging the previously identified deficit.
- 41 Increases or maintaining the levy at its current level (£11.058m) will have an impact on the contributing authorities who themselves are already under significant financial pressure to make reductions and savings, even a 2% reduction may not meet the expectations of contributing authorities due to the financial pressures they are under. This view needs to be balanced against the Authority's (and Members) own statutory remit as set out in the Park Act. A longer term levy policy may offer contributors more reassurance in this area.

NEXT STEPS

- 42 The Executive Committee is required to put forward recommendations for consideration at the full Authority at this afternoons meeting.
- 43 The Authority will then approve a budget and levy for 2016/17.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

- 46 Human Resource implications due to reductions in resourcing requirement have been fully considered by Executive Committee.

LEGAL IMPLICATIONS

- 47 The Authority is required to set a budget and levy annually by 24 January 2016 and notify contributing authorities by no later than 15 February 2016 in the year preceding that levy.

RISK MANAGEMENT IMPLICATIONS

- 48 Paragraph 19 sets out the main risks to the Authority in achieving the budget during 2016/17. Most significantly the economic climate remains extremely uncertain and could impact adversely on the assumptions made.

EQUALITY IMPLICATIONS

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

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BACKGROUND REPORTS

2016/17 Budget working papers file 17 December 2015

PREVIOUS COMMITTEE REPORTS

Executive	E/430/15	Fees & Charges Review 2016/17	17 December 2015
Member		Proposed Fees & Charges	26 November 2015
Workshop		2016/17	
Executive	E/417/15	Proposed Capital Programme	22 October 2015
		2015/16 Revised to 2019/20	
Executive	E/418/15	2015/16 Budget Methodology,	22 October 2015
		Assumptions, and Timetable	
Authority	A/4200/15	Proposed Budget & Levy 2015/16	22 January 2015

APPENDICES ATTACHED

Appendix A	New Business Plan 2016-19
Appendix B	Medium Term Financial Plan
Appendix C	Proposed Increased Income and savings 2016/17 onwards

Appendix D	Real Term Changes in the Levy
Appendix E	Cash & Real Term Savings - Contributing Authorities since 2010
Appendix F	1%, 2%, 5% change in levy for contributing authorities.
Appendix G	Proposed Authority Car Parking Charges
Appendix H	Levy Per Head of Population for Herts, Essex & London
Appendix I	Draft four year funding settlement for contributing Authorities

LIST OF ABBREVIATIONS

MTFP	Medium Term Financial Plan
RPI	Retail Price Index
CPI	Consumer Price Index
GLA	Greater London Authority
LVWWC	Lee Valley White Water Centre
LVAC	Lee Valley Athletics Centre
CAF	Community Access Fund
the Trust	Lee Valley Leisure Trust
Park Act	Lee Valley Regional Park Act 1966

2016/17-2018/19 Draft Business Plan

2020 Vision for the LVRP

Lee Valley Regional Park: a World Class Leisure Destination

The Authority's Mission

The LVRPA will lead the delivery of a world class leisure destination through a range of private and public sector partnerships whilst maximising value for money for the taxpayers of London, Essex and Herts.

The Authority's Values

- a) We strive for Excellence: setting the highest standards and being proud of the quality of our services.
- b) We value Creativity: encouraging new ideas, challenging the status quo and considering all options.
- c) We Deliver what we promise: set realistic targets and deliver on our commitments.
- d) We treat everyone Fairly: recognise the value of our visitors, stakeholders and staff.
- e) We are Business Minded: delivering the maximum value for money for the taxpayers of the region and all funders through a community focused and commercially driven approach.

2010-2020 Business Strategy - Strategic Objectives

- Visitors - A Park that is a high quality and regionally unique visitor destination building on the opportunity of the Olympic Games in 2012.
- Sport and Recreation: A Park that delivers a range of high quality opportunities for active sport and recreation.
- Biodiversity: A Park that delivers high quality biodiversity requirements as an internationally designated resource for the region.
- Social & Community: A Park that helps people improve their well-being.
- Landscape and Heritage: A park landscape that embraces the physical, cultural and social heritage of the area.
- Environmental Infrastructure: A Park where infrastructure contributes to the sustainability of the region.

2016/17-2018/19 Draft Business Plan

There are a number of themes which underpin the work programme for the Authority over the next 3 years

- a) Increase income from existing venues/sites through a range of investment opportunities both directly and with or via 3rd parties and pursue the generation of commercial income through Authority owned land and property assets.
- b) Improve the accessibility of the LVRP to its regional constituency through marketing and community engagement initiatives.
- c) Continue to develop new operational models for its services as the Authority moves to being more of an enabling organisation.
- d) Enhance the Park's environmental infrastructure.
- e) Provide a first rate visitor experience and grow the visitor figure to seven million by 2018/19.
- f) Continue to reduce the cost of LVRP to the taxpayers of London, Essex and Herts.

Business Objectives

- 1. Improve the visitor offer and increase income through investment partnerships involving private and public sector bodies**

Lea Bridge Road

A masterplan will seek to:

- Look at the Authority's assets and landholdings in the context of the bigger LBR masterplanning exercise being undertaken by Waltham Forest
- Identify the range of uses/developments across the Authority's estate on the LBR
- Identify the necessary infrastructure required to support any new development options

Broxbourne Riverside/Spitalbrook

- Assess the development potential for the 200 acre plus area working closely with Broxbourne BC
- Test the market interest through a marketing exercise
- Put in place an investment project with delivery programme

Pickets Lock

- In the context of the Ice Centre feasibility exercise develop an investment programme for the site
- Assess private sector investment interest through a market testing exercise

Ice Centre Project

- Complete the feasibility exercise for a new 'Twin Pad' ice centre
- Deliver a viable development option to replace or extend the existing ice centre

Stonebridge Lock

- Working with CRT, local agencies and community groups develop a vibrant and sustainable visitor hub

2. Market the LVRP as a 'must visit' destination working with partner agencies at a regional and national level

- Joint marketing with other sport and leisure providers and visitor accommodation in the LV
- Establish the LVRP as 'Centre for Outdoor Activity'
- Maximise Lee Valley outputs from memberships of tourism bodies including London and Partners and Visit Essex, plus relationships with LLDC and other key partners who we will work jointly with to promote the Lee Valley destination
- Use 50th anniversary to promote the LVRP destination to new audiences and in innovative ways
- Develop a programme of outdoor events in the Park to attract a regional audience
- Achieve a target of 7 million visits to LVRP per annum by 2018/19
- Tailor new products to attract non riparian visitors
- Improve the visibility of the LVRP in relation to the QEOP with trails, signage and information/interpretation

3. Enhance the biodiversity of the LV, working with other agencies and landowners

Revise the current LV BAP

- The existing Biodiversity Action Plan (BAP) was published in 2000 and is now due for review with a planned launch date of January 2017, coinciding with the 50th anniversary of the Authority.
- Linking into key themes within the Park Development Framework, the 10-year plan will provide an over-arching biodiversity vision for the Authority. The BAP will draw together key partners and communities across the valley to identify targeted action plans for key habitats and species.

Walthamstow Wetlands

- The Authority will work closely with London Wildlife Trust and Thames Water, to enable a successful opening of this important wetland site within the valley in 2017
- The Authority will pursue joint ventures around the area that will increase the sites sustainability in regards to travel and transport matters e.g., car parks, cycle paths and permissive walking routes

Bittern Information Point

- The Bittern Information Point and viewing area, is the Authority's flagship conservation facility as such its offer to visitors needs to be reviewed in light of facilities age and design
- The objectives are to:
 - Improve the current facilities, more weatherproof, warmer in winter and cooler in summer
 - Enhance the facilities around the area e.g. toilets and car parking. Improve the whole visitor experience and broaden the areas appeal

East India Dock Basin

- The EIDB is an important conservation site at the strategically important point where the Lee Navigation meets the River Thames which forms part of the proposed Lea River Park. There is the potential to greatly enhance this key site both as an important wildlife habitat and visitor destination and to improve connections with the Thames pathway.
 - Complete feasibility exercise and technical studies for the site
 - Work with the Heritage Lottery and other partners to develop an investment scheme for the EIDB site

4. Organisational and Service Development

- Review Authority services with the aim of achieving economies and greater effectiveness:
 - Parks Management
 - Community Outreach
 - Property
 - MH Gardens & Visitor Centre
 - Senior Management

- Work with neighbouring Boroughs and similar organisations such as CRT and EF (CoL) looking at further potential for shared services and partnership opportunities
- Review IT infrastructure along with office accommodation, with the aim of developing mobile technology for the workforce
- Establish a Learning & Development strategy which supports the development of a more business-like and flexible workforce

5. Increasing the value of the LVRP to its Regional Communities

- Initiatives and programmes designed to enable schools and community groups to access the range of sport and leisure offers in the Park
- Work with the Youth Hostel Association and other accommodation providers including the LV Leisure Trust
- Create new products which will appeal to visitors from further away – with offers strong enough to attract people from 90 minute travel time

6. Maximising the return on the Authority's Estate

This to be achieved through:

- a) A review of any land acquisition policies that the Authority has previously adopted.
All current land acquisition policies to be reviewed and considered against current relevance and needs with criterion to be developed

- b) Review the Authority's land and property portfolio and develop a plan

for how these assets can further support its business and statutory objectives (including sale)

- c) Develop a scheme to make use of the barns at Holyfield that are currently underutilised. Scheme to look at potential for holiday and staff accommodation plus ranger offices
- d) Develop a land and property acquisition and disposal strategy
- e) For land that has already been acquired develop plans for bringing into Park use

7. Leisure Services Contract

- Develop the optimum contract structure for the LSC ahead of going to the market
- Review LV venues and benchmark against similar venues in the UK

8. Stakeholder Engagement

- Increase overall perception of Lee Valley Regional Park from 59% to 70%
- Prioritise stakeholders who have most impact on the Authority in all communications, using major events, visits to the park, policy initiatives and contacts to maximise effectiveness
- Use 50th anniversary in 2017 to promote the value of the park to key stakeholders and to further raise the profile of the Authority

9. Continue to reduce the cost of the LVRP to the taxpayers of London Essex and Herts

- Continue to reduce the budget contribution from the levy from its current level of 48% of the maximum chargeable
- Maximise the external capital funding leverage for all Authority capital schemes
- Secure new commercial income through Authority owned and run assets
- Release value from the disposal of assets no longer required for Park purposes

AUTHORITY SUMMARY MEDIUM TERM FINANCIAL PLAN 21 JANUARY 2016

	Notes	2016/17		2017/18		2018/19		2019/20	
		Option 1 £'000	Option 2 £'000	£'000	£'000	£'000	£'000	£'000	£'000
1 Approved Base Budget 2015/16	a	7,796	7,796	7,796	7,796	7,796	7,796	7,796	7,796
2 Impact of Pay Award	b	42	42	84	84	126	126	168	168
3 Impact of Increments	c	50	50	100	100	100	100	100	100
4 Impact of Insurance Premiums	d	14	14	28	28	42	42	56	56
5 Non Salary Inflation (Net)	e	10	10	20	20	35	35	50	50
6 Income inflation	f	(5)	(5)	(10)	(10)	(15)	(15)	(20)	(20)
7 Increased Rent Review Income	g	(135)	(135)	(135)	(135)	(135)	(135)	(135)	(135)
8 Utilities	h	1	1	3	3	5	5	7	7
9 Pension Fund Adjustment	i	0	0	0	0	200	200	200	200
10 External Interest	j	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)
11 Increased Investment income	k	(5)	(5)	(10)	(10)	(15)	(15)	(20)	(20)
Net In year inflation and base adjustments		(51)	(51)	57	57	320	320	383	383
12 Leisure Services Contract Management Fee	l	3,252	3,252	2,791	2,791	2,551	2,551	2,231	2,231
13 Total Projected Budget 2016/17		10,997	10,997	10,644	10,644	10,667	10,667	10,410	10,410
14 Levy 0% and 2% 2016/17 Reduction as per Assumption:	m	(11,058)	(10,837)	(10,620)	(10,620)	(10,408)	(10,408)	(10,200)	(10,200)
15 Projected Budget (Surplus)/Deficit		(61)	160	24	24	259	259	210	210
16 2016/17 Savings/Income Authority	n	(110)	(110)	(180)	(180)	(280)	(280)	(390)	(390)
17 Naming Rights/Sponsorship Joint Target	o	(50)	(50)	(170)	(170)	(170)	(170)	(170)	(170)
18 Revised Budget (Surplus)/Deficit		(221)	0	(326)	(326)	(191)	(191)	(350)	(350)
General Reserves:									
19 Available General Reserves		(4,580)	(4,580)	(4,580)	(4,580)	(4,906)	(4,906)	(5,097)	(5,097)
20 Budget (Surplus) / +Deficit		(221)	0	(326)	(326)	(191)	(191)	(350)	(350)
21 Balance Carried Forward:	p	(4,801)	(4,580)	(4,906)	(4,906)	(5,097)	(5,097)	(5,447)	(5,447)

Notes & Assumptions

- a Removal of one-off items added to budget eg 2015/16 carry forwards and community access fund
- b Pay Assumed at 1% 2016/17 and thereafter based on public sector pay freeze.
- c Estimated annual increments for eligible staff based on existing scale points
- d Insurance premiums estimated at 5%
- e Non-salary inflation on contracts e.g Grounds Maintenance
- f Income Inflation at average 2%
- g Net increase in income from property rent following Three Mills rent review
- h Gas 0% (2016/17 only) and at 4% from (2017/18). Electricity at 4% 2016/17 onwards
- i Potential Estimated adjustments to pension fund following triennial valuation.
- j Reduction in External Interest and therefore Minimum Revenue Provision as Authority moves to debt free position
- k Assumed 0.25% better return on interest rates year on year. Assumes base rate rise and retaining capital receipt
- l Trust Contract with increased income fees and charges/stretch targets/savings to break even plus inflationary costs.
- m Levy -2% 2016/17 onwards trend is downwards subject to prevailing economic climate
- n Authority savings/increased income schedule - see separate sheet.
- o Joint Stretch Target for Trust/Authority to achieve
- p Minimum Reserve level of £4m maintained from 2016/17 onwards

General

Plan has been based on Authority's strategic direction to 2020 and Revised Business Plan 2016-2019

Does not include impact of Park Development Framework

Based upon Capital Programme December 2015 revised and approved by Members

Budget (Surplus) / +Deficit assuming all risk areas and stretch targets achieved

Inter Trust and Authority recharges to be determined through 15/16 final accounts - net nil impact on budget.

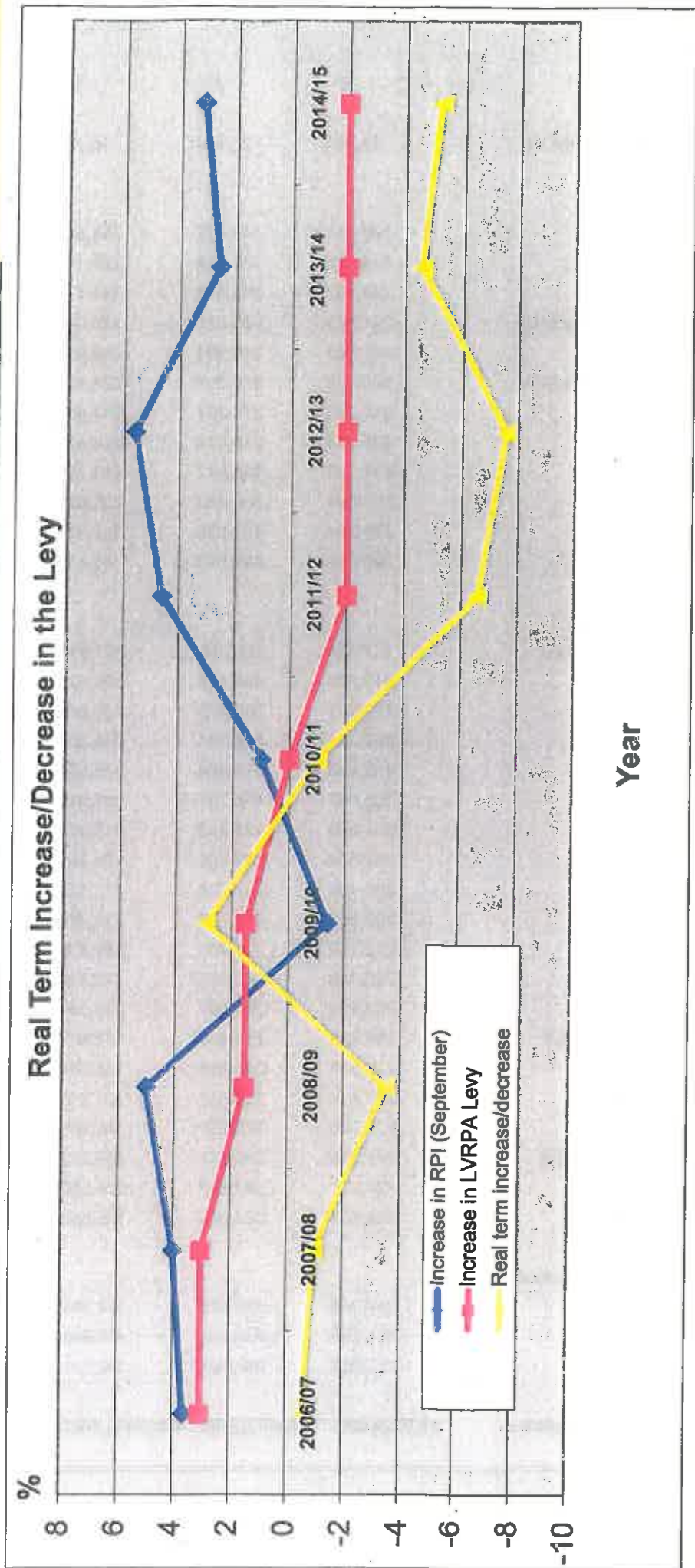
PRIORITY SAVINGS & INCOME SCHEDULE 2016/17 ONWARDS

Description	2016/17	2017/18	2018/19	2019/20	Notes/Justification
	£	£	£	£	
Authority Budget					
Review of resourcing requirements	(30,000)	(30,000)	(30,000)	(30,000)	DF Requires max 7 hours per week - seek out redeployment otherwise potential Redundancy
Senior Management Review (explore potential for Section 151 Role/Shared Service)	0	0	0	(70,000)	Section 151 role will be Budget/Lewy Setting; Signing -off annual accounts/Bank Account & Cash flow Management and IA programme. Annual accounts predominantly out-sourced but will require review. Leaves approximately £45,000 possibly 30-40 days circa £1K a day or appoint junior part time post. Key roles remaining up to March 2019 IT infrastructure review and re-let of Leisure Services Contract. Plus Secondment to Trust concluded. Potential Redundancy
Review of Security at PL site	(15,000)	(15,000)	(15,000)	(15,000)	Reduced Common Area Costs due to roving patrols and CCTV monitoring
Lease Out Abercrombie Lodge	0	0	(100,000)	(100,000)	Assumed a net lettable area of 4,750 sq ft, on an all inclusive basis so the existing overheads don't change. At £23 - £25 per sq ft, would give an income of £110,000 - £120,000. The legal arrangement would be short term so as to comply with the Park Act, say 3 years with no rights to renew.
Property (incl APMD) Review	0	0	0	(40,000)	Potential for outsourcing some work and/or shared service
Car Parking Charges - Phase 1	(40,000)	(40,000)	(40,000)	(40,000)	See Appendix G - separate report
Plant and Vegetable Sales	(3,000)	(3,000)	(3,000)	(3,000)	Increased income from sales at MH Gardens
Green Spaces Savings	0	(70,000)	(70,000)	(70,000)	Parklands and Open Spaces Reviewre outsourcing some work and/or shared service
Volunteer Days Increase in Income	(5,000)	(5,000)	(5,000)	(5,000)	Increase in Income from Volunteer Days sold to Corporates
Heritage Centre Casual staff	(17,000)	(17,000)	(17,000)	(17,000)	Saving identified as part of 2015/16 monitoring
Total Savings/Income Authority	(110,000)	(180,000)	(280,000)	(390,000)	

PRIORITY SAVINGS & INCOME SCHEDULE 2016/17 ONWARDS

Description	2016/17	2017/18	2018/19	2019/20	Notes/Justification
Trust Budget	£	£	£	£	
Velopark	(65,000)	(115,000)	(165,000)	(215,000)	Mountain Bike enhancements, Pump Track & Pedal up and temporary bar. Future years stretch target to break even. Break Even Target £650k - medium term financial strategy underway - to be completed Summer 2016
LV Hockey & Tennis Centre	(15,000)	(50,000)	(100,000)	(150,000)	Concession Space. Future years stretch target to break even. Break Even Target £300k - medium term financial strategy underway - to be completed Summer 2016
LVAC	(50,000)	(116,000)	(116,000)	(116,000)	Crossfit area plus other efficiencies. Future years stretch target. Break Even 2017/18
Dobbs Weir Income	(115,000)	(115,000)	(230,000)	(380,000)	Phase 2 Complete. Paper E/366/14 subject to phase 3 onwards approval by Members.
Dobbs Weir (Net) Caravan Sales	135,000	(100,000)	(100,000)	(100,000)	Phase 2 Complete. Paper E/366/14 subject to phase 3 onwards approval by Members for further static home sales
Venue Car-Parking Fees	0	(50,000)	(50,000)	(50,000)	Introduction to contracted out car-parking at Velo, LVHTC and Ice Centre. Year 1 contractor set up costs covered by income. Year 2 onwards profit share
Total Savings/Income Trust	(110,000)	(546,000)	(761,000)	(1,011,000)	
Naming Rights/Sponsorship	(50,000)	(170,000)	(170,000)	(170,000)	Authority and Trust Saving Joint Stretch target
Estimated Total Savings	(270,000)	(896,000)	(1,211,000)	(1,571,000)	

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	3 Yr	5Yr	10 Yr
Increase in RPI (September)	3.6	4.0	5.0	-1.4	1.0	4.6	5.6	2.6	3.2	2.3	8.10	18.30	30.50
Increase in LVRPA Levy	3.0	3.0	1.5	1.5	0.0	-2.0	-2.0	-2.0	-2.0	-2.0	-6.00	-10.00	-1.00
Real term increase/decrease	-0.6	-1.0	-3.5	2.9	-1.0	-6.6	-7.6	-4.6	-5.2	-4.3	-14.10	-28.30	-31.50



Year

	2010/11	2010/11 RPI Inflated	2015/16	Real Term Change in Levy	Cash/Actual Change in levy
	£	£	£	£	£
CORPORATION OF LONDON	18,101	21,414	18,727	(£2,687)	£625
Inner London Boroughs					
CAMDEN	290,471	343,627	255,620	(£88,007)	(£34,851)
GREENWICH	238,976	282,708	209,197	(£73,511)	(£29,778)
HACKNEY	224,407	265,474	191,771	(£73,703)	(£32,636)
HAMMERSMITH AND FULHAM	241,201	285,340	216,042	(£69,298)	(£25,158)
ISLINGTON	262,883	310,991	216,096	(£94,894)	(£46,787)
KENSINGTON AND CHELSEA	303,768	359,357	278,454	(£80,903)	(£25,314)
LAMBETH	316,383	374,281	293,467	(£80,814)	(£22,916)
LEWISHAM	266,974	315,830	226,676	(£89,154)	(£40,298)
SOUTHWARK	294,190	348,027	263,295	(£84,732)	(£30,895)
TOWER HAMLETS	257,344	304,438	236,622	(£67,816)	(£20,722)
WANDSWORTH	381,264	451,036	361,977	(£89,059)	(£19,287)
WESTMINSTER	395,345	467,693	365,830	(£101,863)	(£29,515)
Outer London Boroughs					
BARKING AND DAGENHAM	157,533	186,362	127,929	(£58,433)	(£29,604)
BARNET	419,370	496,115	396,624	(£99,491)	(£22,746)
BEXLEY	253,997	300,479	232,009	(£68,470)	(£21,988)
BRENT	294,306	348,164	248,504	(£99,660)	(£45,802)
BROMLEY	405,286	479,454	375,552	(£103,902)	(£29,734)
CROYDON	386,067	456,717	341,827	(£114,891)	(£44,240)
EALING	357,095	422,443	313,923	(£108,520)	(£43,172)
ENFIELD	334,569	395,796	275,261	(£120,535)	(£59,309)
HARINGEY	260,130	307,734	212,522	(£95,212)	(£47,608)
HARROW	263,505	311,726	239,488	(£72,238)	(£24,016)
HAVERING	272,109	321,905	249,438	(£72,467)	(£22,671)
HILLINGDON	298,868	353,560	273,718	(£79,842)	(£25,149)
HOUNSLOW	263,044	311,181	236,384	(£74,797)	(£26,660)
KINGSTON UPON THAMES	188,889	223,455	177,989	(£45,466)	(£10,900)
MERTON	226,549	268,008	209,004	(£59,004)	(£17,545)
NEWHAM	227,614	269,267	201,378	(£67,889)	(£26,236)
REDBRIDGE	275,740	326,200	241,814	(£84,386)	(£33,925)
RICHMOND UPON THAMES	271,235	320,871	257,203	(£63,668)	(£14,032)
SUTTON	224,871	266,022	209,260	(£56,762)	(£15,611)
WALTHAM FOREST	230,253	272,389	205,667	(£66,723)	(£24,586)
Hertfordshire and Essex Authorities					
HERTFORDSHIRE	1,359,909	1,608,772	1,267,942	(£340,830)	(£91,967)
ESSEX	1,614,250	1,909,658	1,488,946	(£420,712)	(£125,304)
THURROCK	157,303	186,089	142,141	(£43,948)	(£15,162)
Total Levy on Local Authorities	12,233,800	14,472,585	11,058,300	(£3,414,285)	(£1,175,500)

	0% Current Levy	1.00% Decrease 2016/17	2.00% Decrease 2016/17	5.00% Decrease 2016/17
	£	£	£	£
CORPORATION OF LONDON	18,727	18,540	18,352	17,790
Inner London Boroughs				
CAMDEN	255,620	253,064	250,508	242,839
GREENWICH	209,197	207,105	205,013	198,737
HACKNEY	191,771	189,853	187,935	182,182
HAMMERSMITH AND FULHAM	216,042	213,882	211,721	205,240
ISLINGTON	216,096	213,936	211,775	205,292
KENSINGTON AND CHELSEA	278,454	275,670	272,885	264,532
LAMBETH	293,467	290,532	287,597	278,793
LEWISHAM	226,676	224,409	222,143	215,342
SOUTHWARK	263,295	260,663	258,030	250,131
TOWER HAMLETS	236,622	234,256	231,890	224,791
WANDSWORTH	361,977	358,357	354,738	343,878
WESTMINSTER	365,830	362,172	358,514	347,539
Outer London Boroughs				
BARKING AND DAGENHAM	127,929	126,650	125,371	121,533
BARNET	396,624	392,658	388,692	376,793
BEXLEY	232,009	229,689	227,369	220,409
BRENT	248,504	246,019	243,534	236,079
BROMLEY	375,552	371,797	368,041	356,775
CROYDON	341,827	338,408	334,990	324,735
EALING	313,923	310,784	307,645	298,227
ENFIELD	275,261	272,508	269,756	261,498
HARINGEY	212,522	210,397	208,271	201,896
HARROW	239,488	237,094	234,699	227,514
HAVERING	249,438	246,943	244,449	236,966
HILLINGDON	273,718	270,981	268,244	260,032
HOUNSLOW	236,384	234,020	231,656	224,565
KINGSTON UPON THAMES	177,989	176,209	174,429	169,089
MERTON	209,004	206,914	204,824	198,554
NEWHAM	201,378	199,364	197,350	191,309
REDBRIDGE	241,814	239,396	236,978	229,724
RICHMOND UPON THAMES	257,203	254,631	252,059	244,342
SUTTON	209,260	207,167	205,075	198,797
WALTHAM FOREST	205,667	203,610	201,553	195,383
Hertfordshire and Essex Authorities				
HERTFORDSHIRE	1,267,942	1,255,263	1,242,583	1,204,545
ESSEX	1,488,946	1,474,056	1,459,167	1,414,499
THURROCK	142,141	140,720	139,298	135,034
Total Levy on Local Authorities	11,058,300	10,947,717	10,837,134	10,505,385
Decrease (-) Increase (+)	0	-110,583	-221,166	-552,915

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Review of Charging within Lee Valley Regional Park Authority Car Parks

Introduction

Under the Lee Valley Regional Park Act 1966 (the Park Act) the Authority is able to charge for its car parks and is also able to make arrangements or agreements with others to do so on its behalf.

The Authority currently has two car parks, Broxbourne Riverside and Myddelton House that charge for parking. Since 2011 the Authority has had an agreement with Broxbourne Borough Council who run and manage Broxbourne Riverside and who have used their local authority powers to obtain a Traffic Regulation Order which applies to that car park. The Authority currently receives net income in the region of £33k per annum. The car park at Myddelton House is managed in-house by the gardeners and this has provided net income of £20k per annum.

Review

Officers have carried out a review of car park charging to see if charges could be introduced at any of its other car parks.

The Authority has a further 29 public and 16 anglers only car parks. For this review these have been broken into various types depending on the service they are serving i.e., open spaces, venues or anglers.

Car park charging has been discussed with the Trust who are independently considering car park charging at the legacy venues and along Lea Bridge Road.

Due to their size and location, i.e., behind locked gates and the fact that the anglers are already charged via their permit or licence fee, officers propose therefore that we do not charge for car parks which are used by anglers.

It is also suggested that we do not include the car parks that support a 3rd party as these already deliver income via venue charges and/or licence fees.

Officers are also recommending the exclusion of remote and small car parks where the management and enforcement costs compared to the potential income taken would not make the business case viable.

Finally this briefing note has excluded car parks where the introduction of a charge may force our visitor's cars into close or adjacent car parks that are currently free or on to unrestricted streets where there is no (or limited) controlled parking.

Table 1 shows the excluded car parks for Authority. These car parks are shown pinpointed with a circle/square coloured yellow/green on the attached plan.

Reason	Car Park	Number
Car Parks servicing a 3rd Party	Boat Centre	
	Old Mill & Meadows	
	Dobbs Weir	
	Rye House Stadium	
	Tottenham Marshes	
	Pickett's Lock	6

Small Remote Car Parks	Stanstead Abbotts	
	Rye House	
	Rammey Marsh	
	Coppermill	
	Wharf Rd	5
Car Parks where alternatives are close by	Clayton Hill	
	Fishers Green x 2	
	Hooks Marsh	4

That leaves the car parks whose primary role is to service visitors to the open spaces and for this exercise it is again suggested that we only consider car parks that could provide an income and/or introducing a charge that could assist with its management for the benefit of the site visitors i.e., reducing commuter car parking.

Applying all of these considerations the Authority has 6 car parks that could be considered as part of this review: 5 are within River Lee Country Park (Turnford, Cheshunt, Pinder, Abbey Gardens and Cornmill) this amounts to 326 spaces and Gunpowder Park (52 spaces). These are shown pinpointed in red on the attached plan.

Operational Options

The Authority Directly Manages

This is the method used at Myddelton House and in this location is the most sensible option, due to the fact that the resources required are on site and no additional resources are required i.e. patrolling, cash collection and banking. In reality though no enforcement is carried out but this still works well and through current experience the majority of people do pay the car park charge.

If this method was chosen on the 5 car parks identified an Authority resource would be required. The Authority does not have powers to put in place a Traffic Regulation Order and would therefore be similar to a private landowner albeit implementing, managing and enforcing under the Park Act.

Private Company Manages

Some Authority resources would be required with this option, for the setting up of the contract and then managing. Profits would be less than an Authority led scheme (as above), but resource implications would be less.

Local Authority Manages

Broxbourne Riverside is managed by Broxbourne Borough Council. The additional car parks in the Broxbourne area would be Turnford, Cheshunt and Pinder. Therefore extending the scope of this contract would be straightforward and require minimal resources. Officers have already spoken to Broxbourne Borough Council to understand if they would be interested in this expansion. Another benefit of this scheme would be to review the current administration charge from Broxbourne Riverside (currently circa £30k). Broxbourne would be happy to take this forward on behalf of the Authority and have indicated that they could meet the 1st April 2016 commencement date.

Discussions are currently taking place with Epping Forest District Council in regard to the 2 car parks in their District (Cornmill and Waltham Abbey Gardens). Broxbourne would be willing to manage these also for us but Epping Forest District Council would need to apply for the Traffic Regulation Orders in their area and agree that Broxbourne Borough Council could act on their behalf. The alternative is for Epping to add our car parks into their existing car parking consortium if they are able to do so.

Broxbourne Borough Council would also be willing to pilot new methods of payment i.e., phone and card schemes to again reduce management costs and increase income for both parties and in the longer term this could be rolled out to Broxbourne Riverside.

All income generated would benefit all public bodies with an income sharing arrangement after costs are covered.

Broxbourne Borough Council's pricing structure would apply to the additional car parks in their area:

Up to 1 hour	50p
Up to 2 hours	£1.20
Up to 3 hours	£2.00
Up to 4 hours	£3.00
Over 4 hours	£4.00
Sundays, Bank & Public Holidays	Free
Vehicles displaying a valid Disabled Persons Badge	Free

Based on the number of spaces and our income from the two car parks we currently charge for it is estimated that income would be in the region of an additional net £40k. This is a stretch target of income based on the income currently received at Broxbourne Riverside and the usage levels there. This cannot be guaranteed and there is a risk for all car parks that the estimated figures may not be achieved. In addition it relies on the Authority being able to reach agreement with Broxbourne Borough Council and Epping Forest District Council.

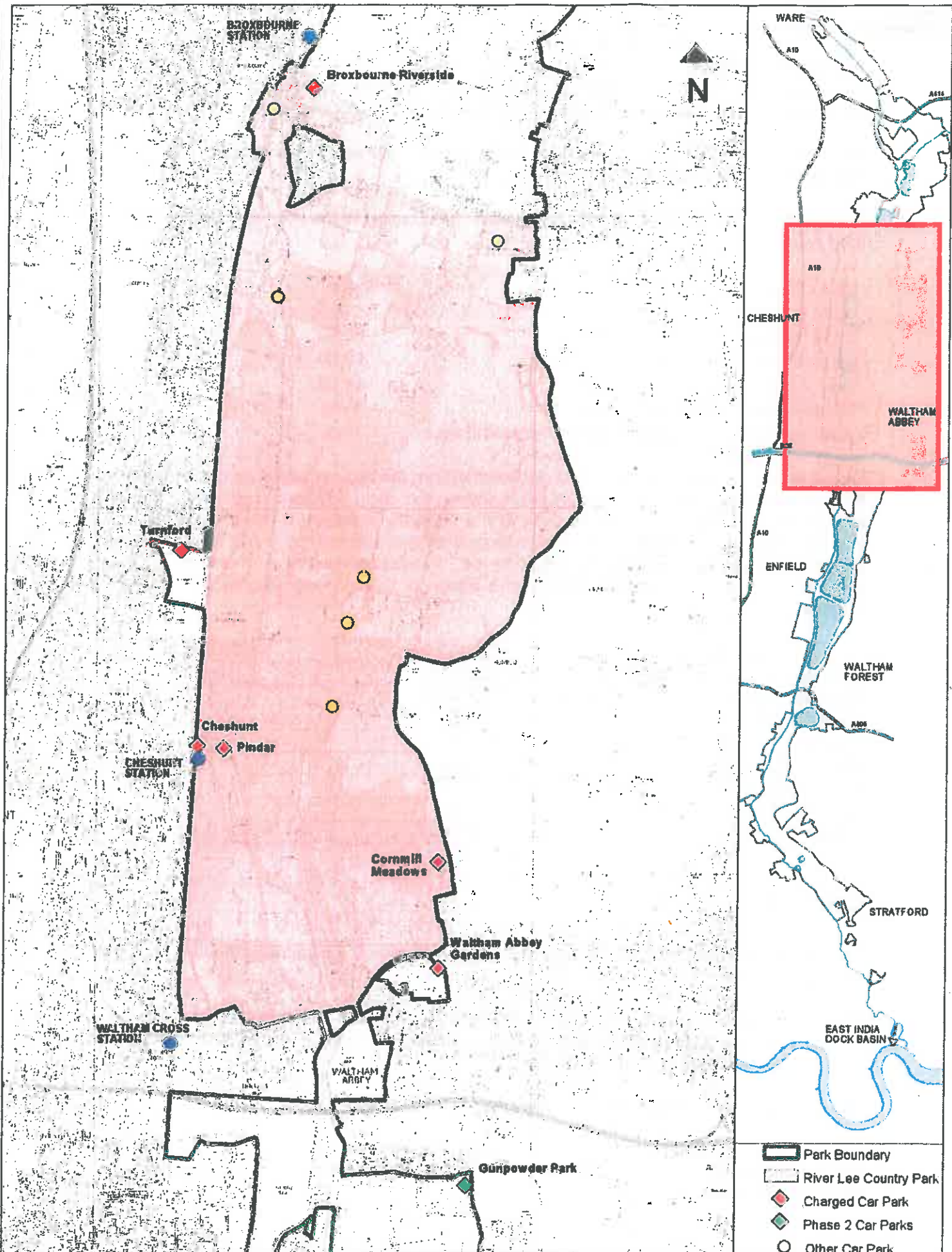
Car Park	2015/16	2016/17
Broxbourne Riverside (262)	£33,000	£40,000
Myddleton House	£20,000	£21,000
Turnford (60)	£0	£6,000
Cheshunt (15)	£0	£4,000
Pinder (50)	£0	£10,000
Waltham Abbey Gardens (100)	£0	£12,000
Cornmill (100)	£0	£8,000
Totals	£53,000	£101,000

Conclusion

This briefing note recommends the following, which if agreed, will be taken forward for formal Member approval:

- (1) the Authority engage Broxbourne Borough Council to manage the 5 car parks within River Lee Country Park subject to the consent of Epping Forest District Council for the two car parks in their area; and
- (2) further review the potential of charging at Gunpowder Park.

To be noted: The Trust arrange and manage the car parks in Queen Elizabeth Olympic Park and Lea Bridge Road as these are within their leased areas and bring forward proposals for Members consideration.



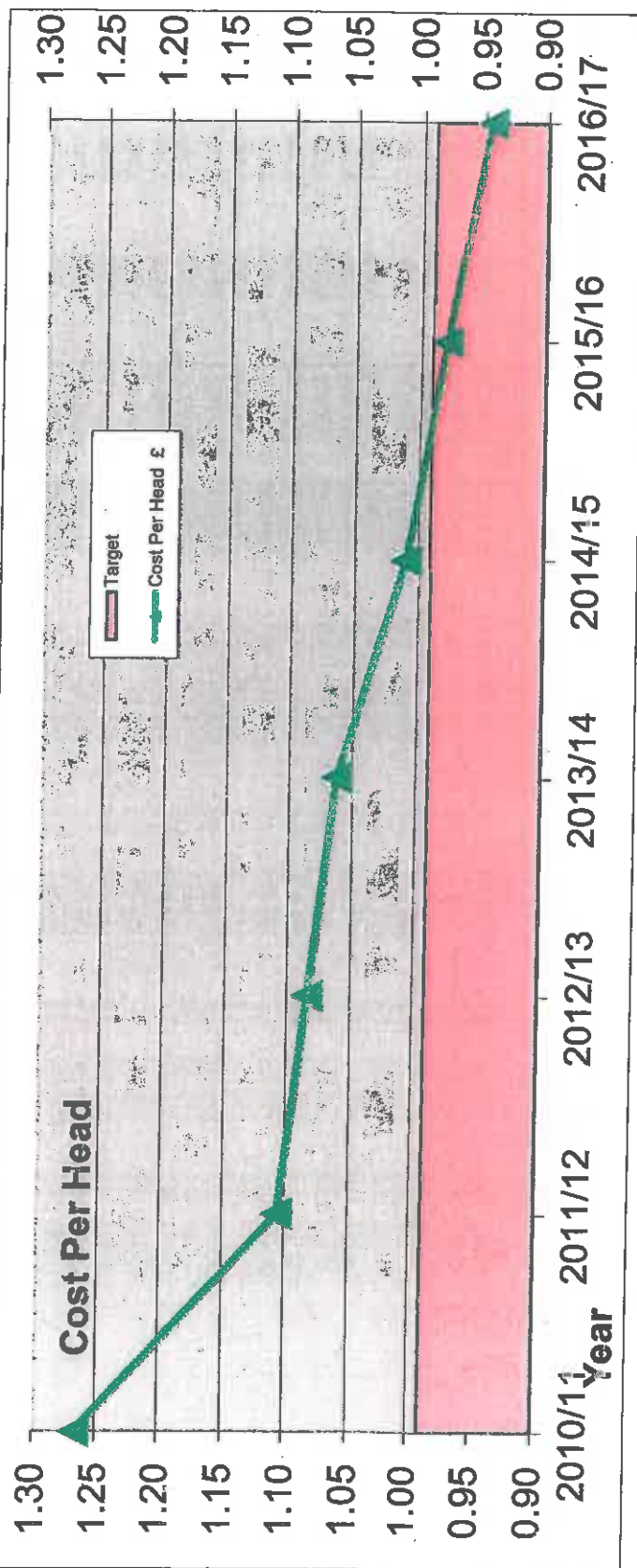
Proposed Car Park Charges - River Lee Country Park



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Year	Population	Levy £	Year	Target	Cost Per Head £	Source of Population Data
2008/09	9,660,031	12,053,000	2008/09	0.00	1.25	Census Population Office for national Statistics
2009/10	9,660,031	12,233,800	2009/10	0.00	1.27	Census Population Office for national Statistics
2010/11	9,660,031	12,233,800	2010/11	0.99	1.27	Census Population Office for national Statistics
2011/12	10,841,295	11,989,124	2011/12	0.99	1.11	Census Population Office for national Statistics
2012/13	10,841,295	11,749,300	2012/13	0.99	1.08	Census Population Office for national Statistics
2013/14	10,841,295	11,514,314	2013/14	0.99	1.06	Census Population Office for national Statistics
2014/15	11,178,353	11,284,028	2014/15	0.99	1.01	Mid 2012 Population Estimates, Office for National Statistics 08/08/13
2015/16	11,310,293	11,058,347	2015/16	0.99	0.98	Mid 2013 Population Estimates, Office for National Statistics June 2014
2016/17	11,466,609	10,837,180	2016/17	0.99	0.95	Mid 2014 Population Estimates, Office for National Statistics June 2015



Local Authority	Core Spending Power										Dwellings As At September 2015	Core Spending Power per Dwelling					
	Adjusted Core Spending Power					Core Spending Power						Adjusted Core Spending Power per Dwelling					
	£ millions		£ millions		£ millions		£ millions		£ millions			£		£		£	
	2015-16	%	2016-17	%	2017-18	%	2018-19	%	2019-20	2015-16		2016-17	2017-18	2018-19	2019-20		
1 Barking and Dagenham	146.958	-2.9	142.704	-1.7	140.290	1.0	141.706	2.4	145.061	73,988.0	1,986	1,929	1,896	1,915	1,961		
2 Barnet	263.243	-2.2	257.543	-0.8	255.433	0.9	257.644	3.1	265.517	144,884.0	1,817	1,778	1,763	1,778	1,833		
3 Bexley	157.780	-2.4	154.055	-0.8	152.797	2.0	155.802	3.3	160.966	96,832.0	1,629	1,591	1,578	1,609	1,662		
4 Brent	247.702	-2.3	241.976	-1.5	238.237	0.7	239.844	2.4	245.536	116,527.0	2,126	2,077	2,044	2,058	2,107		
5 Bromley	204.862	-3.0	198.764	-1.4	195.883	0.5	196.960	2.5	201.806	138,119.0	1,483	1,439	1,418	1,426	1,461		
6 Camden	251.391	-4.0	241.355	-2.4	235.466	0.0	235.515	1.4	238.758	106,730.0	2,355	2,261	2,206	2,207	2,237		
7 City of London	34.299	-3.9	32.954	-3.6	31.781	-3.3	30.727	-1.4	30.309	6,837.0	5,017	4,820	4,648	4,494	4,433		
8 Croydon	275.297	-2.6	268.254	-1.2	265.045	0.7	266.907	2.6	273.968	151,683.0	1,815	1,769	1,747	1,760	1,806		
9 Ealing	255.055	-3.5	246.145	-1.6	242.142	0.9	244.241	2.4	250.076	132,685.0	1,922	1,855	1,825	1,841	1,885		
10 Enfield	234.520	-3.5	226.247	-1.8	222.202	1.4	225.299	2.3	230.464	123,226.0	1,903	1,836	1,803	1,828	1,870		
11 Essex	880.855	-2.9	855.586	-0.9	848.197	3.0	873.802	3.6	905.394	620,590.0	1,419	1,379	1,367	1,408	1,459		
12 Greenwich	222.561	-3.3	215.302	-1.9	211.123	-0.2	210.796	1.9	214.876	109,646.0	2,030	1,964	1,925	1,923	1,960		
13 Hackney	266.261	-3.2	257.800	-1.8	253.053	-0.6	251.629	1.8	256.283	109,768.0	2,426	2,349	2,305	2,292	2,335		
14 Hammersmith and Fulham	163.936	-3.1	158.883	-2.0	155.750	0.2	156.107	1.9	159.107	85,410.0	1,919	1,860	1,824	1,828	1,863		
15 Haringey	230.847	-2.8	224.386	-0.8	222.659	2.0	227.102	3.3	234.569	107,054.0	2,156	2,096	2,080	2,121	2,191		
16 Harrow	171.702	-1.6	167.160	-1.3	164.951	1.1	166.748	2.7	171.168	89,022.0	1,929	1,878	1,853	1,873	1,923		
17 Havering	169.584	-1.7	166.623	-0.8	165.311	1.2	167.337	3.2	172.707	103,288.0	1,642	1,613	1,600	1,620	1,672		
18 Hertfordshire	725.229	-2.8	704.668	-1.1	697.206	1.6	708.403	2.9	729.081	480,423.0	1,510	1,467	1,451	1,475	1,518		
19 Hillingdon	194.506	-2.9	188.910	-1.4	186.321	0.4	187.042	2.5	191.694	108,975.0	1,785	1,734	1,710	1,716	1,759		
20 Islington	229.893	-3.9	221.001	-2.1	216.384	-0.7	214.868	1.7	218.450	105,596.0	2,177	2,093	2,049	2,035	2,069		
21 Kensington and Chelsea	166.246	-4.2	159.243	-2.7	154.892	0.5	155.598	1.2	157.541	88,218.0	1,884	1,805	1,756	1,764	1,786		
22 Lambeth	293.720	-2.6	286.080	-1.1	282.882	1.0	285.627	2.8	293.660	138,236.0	2,125	2,070	2,046	2,066	2,124		
23 Lewisham	250.797	-3.8	241.242	-2.2	235.985	0.3	236.650	1.7	240.645	122,984.0	2,039	1,962	1,919	1,924	1,957		
24 Merton	145.772	-3.0	141.395	-1.6	139.179	0.6	140.018	2.2	143.157	83,078.0	1,755	1,702	1,675	1,685	1,723		
25 Newham	264.872	-3.6	255.307	-1.2	252.130	1.0	254.718	2.8	261.734	110,143.0	2,405	2,318	2,289	2,313	2,376		
26 Redbridge	186.338	-3.7	179.391	-1.7	176.257	1.5	178.865	2.4	183.246	102,325.0	1,821	1,753	1,723	1,748	1,791		
27 Richmond upon Thames	157.783	-3.4	152.375	-1.6	149.873	0.2	150.222	1.1	151.921	83,214.0	1,896	1,831	1,801	1,805	1,826		
28 Southwark	291.387	-3.3	281.904	-1.8	276.692	0.0	276.563	1.9	281.948	133,479.0	2,183	2,112	2,073	2,072	2,112		
29 Thurrock	115.056	-3.1	111.498	-1.4	109.910	1.5	111.509	2.7	114.505	65,665.0	1,752	1,698	1,674	1,698	1,744		
30 Tower Hamlets	282.860	-2.7	275.327	-1.5	271.218	-1.6	266.892	2.1	272.394	120,645.0	2,345	2,282	2,248	2,212	2,258		
31 Waltham Forest	205.640	-2.4	200.627	-0.7	199.191	2.1	203.458	3.4	210.372	101,506.0	2,026	1,977	1,962	2,004	2,073		
32 Wandsworth	182.330	-2.8	177.304	-1.9	173.880	-0.1	173.779	2.1	177.487	139,811.0	1,304	1,268	1,244	1,243	1,269		
33 Westminster	210.943	-4.1	202.282	-2.6	196.984	-0.7	195.648	1.2	198.056	123,921.0	1,702	1,632	1,590	1,579	1,598		
Average		-3.1		-1.6		0.6		2.2									