

2023/24 REVENUE BUDGET AND LEVY

Presented by the Chief Executive and Head of Finance

SUMMARY

The Executive Committee considered the attached paper (Annex A, Paper E/795/23) at their meeting this morning (19 January 2023) which sets out budget proposals to support delivery of the Authority's ambitions and objectives over the coming years as part of the new Business Plan (2022-2027).

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) the proposed Levy for 2023/24 as recommended by Executive Committee; and
 - (2) review the medium term general reserves policy to allow a short term movement in the minimum level of reserves to below £3m.

BACKGROUND

- 1 A Budget Workshop was held on 15 December 2022 to consider proposals for the 2023/24 budget and levy. The views of the Workshop were considered as part of the paper presented to Executive Committee this morning as set out in Annex A to this report (Paper E/795/23).
- 2 The views of the Workshop and recommendations from Executive Committee need to be considered and approved 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 the report attached as Annex A to this report (Paper E/795/23).

HUMAN RESOURCE IMPLICATIONS

- 7 There are no human resource implications arising directly from the recommendations in 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 15 February in the year preceding that levy.

RISK MANAGEMENT IMPLICATIONS

- 9 These are dealt with in the body of the report attached as Annex A to this report (Paper E/795/23).

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ANNEX ATTACHED

Annex A Paper E/795/23

PREVIOUS COMMITTEE REPORTS

Executive	E/795/23	2023/24 Revenue Budget & Levy	19 January 2023
Executive	E/791/22	Authority Fees & Charges Review 2023/24	15 December 2022
Executive	E/792/22	Pension Contribution Rate 2023	15 December 2022
Authority	A/4312/22	Proposed Budget & Levy 2022/23	20 January 2022
Authority	A/4313/22	Proposed Capital Programme 2021/22 (Revised) to 2026/27	20 January 2022

 <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>19 JANUARY 2023 AT 10:30</p>	<p><u>Agenda Item No:</u></p> <p><u>Report No:</u></p> <p>E/795/23</p>
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2023/24 REVENUE BUDGET AND LEVY

Presented by Chief Executive and Head of Finance

EXECUTIVE SUMMARY

The context for setting the 2023/24 budget is responding to the energy price increases (electricity 150% and gas 450%) and general inflation of over 11% which have hit the Authority as it continues its recovery from the impact of the Covid-19 pandemic. The Authority's overall cash reserves have been depleted by circa £5million over the past three years. In the short term the focus needs to be on addressing the significant budget costs increase in 2023/24 of £2.6mill (27% of the current net budget) of which £1.6mill is down to energy price increases.

The Authority is going through an exciting period with the planning and delivery of 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.

The current levy for 2022/23 is **£9.767million** (which is 35.3% of the maximum chargeable). This equated to £0.81p per person in Herts, Essex and London.

The Authority is required to set a budget and levy for 2023/24 by 24 January 2023 and notify contributing authorities by 15 February 2023.

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 new Business Plan (2022-2027).

Appendices attached detail the Medium Term Financial Forecast (Appendix A), Earmarked Reserves balances (Appendix B), Levy change options (Appendix C), and an indication of a 1% change to each contributing authority's levy (Appendix D).

RECOMMENDATIONS

- | | |
|--------------------------------|--|
| Members Recommend to Authority | (1) a proposed levy for 2023/24; and |
| | (2) review the medium term general reserves policy to allow a short term movement in the minimum level of reserves to below £3m. |

BACKGROUND

1 Business Strategy

The Authority is continuing to be “community focused and commercially driven” as it works to deliver this 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.

2 As set out in the Authority’s current 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.

3 Levy Strategy

Over the last ten years Members have approved a continuous reduction in the levy as a part of a strategy to become more commercial and to generate resources from existing assets and so reduce the financial burden on the regional tax payer. **The 16.9% reduction in levy represents a real term reduction of 56.0%.**

Year	Levy Movement	Cash Reduction	Real Term Reduction	Levy as a proportion of the Maximum Chargeable
	%	£000s	£000s	%
2012/13	- 2%	-£240	£0	55.1%
2013/14	- 2%	-£235	-£546	52.6%
2014/15	- 2%	-£230	-£1,157	49.9%
2015/16	- 2%	-£226	-£1,664	47.9%
2016/17	- 2%	-£221	-£1,984	46.6%
2017/18	- 6%	-£650	-£2,896	42.9%
2018/19	- 6%	-£611	-£4,011	38.8%
2019/20	0%	£0	-£4,455	37.6%
2020/21	0%	£0	-£4,796	36.7%
2021/22	+ 2%	+£192	-£4,767	37.0%
2022/23	0%	£0	-£5,473	35.3%

4 Funding Strategy

The Authority has focused on the following areas to reduce its reliance on the levy:

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

5 The LSC with GLL commenced on 1 April 2022 and will contribute to removing the financial risk of exposure to changes in both expenditure and income at the Sports Venues in the long term

DEMANDS ON THE AUTHORITY

- 6 The demands on the organisation over the next few years are significant:
- responding to the major financial impact caused by the huge increase in energy prices and wider inflationary pressures;
 - rebuilding the Authority's revenue and capital reserves;
 - creating resilience against potential impact from future similar events;
 - successfully ensuring the continued operation and enhancement of the non-sporting venues transferred back to the Authority;
 - generating additional income through a range of investment projects across the Venues and across the Park;
 - enhancing the Regional Park as a visitor destination through a number of new developments; and marketing the Park to a regional audience and delivering greater value to the communities of London, Essex and Herts.

AUTHORITY'S CURRENT FINANCIAL POSITION

- 7 The Authority enters the coming financial year with a cautious financial approach. Current projections are for a small deficit in the current year, which will take our general reserves down to £2.8mill.
- 8 The Medium Term Financial Forecast (MTFF) 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 2023/24 should only be used as a guide to determine the general direction of travel. Assumptions made, that have been incorporated into the MTFF, are listed below.
- 9 The key risk areas in relation to the MTFF as set out below.
- **Inflation** – current CPI inflation is 10.7%, and RPI 14.0% as at November 2022. Whilst there is expectation that inflation will start to fall by Q2 2023, it is uncertain as to how much, and it is likely to remain at a level significantly above the Bank of England's position of 2% well into 2024.
 - The MTFF includes an assumption around employee pay rise of 4% for 2023/24. The national pay review for 2022/23 added £1,925 to every scale point, and represented an average pay rise for Authority employees of 4.99%. An increase of 1% will add approximately £82,000 to the budget. The Authority follows the pay terms of the National Joint Council (NJC) for local government services and is unable to determine its own pay increases for the majority of its employees. Only senior managers, officers above point 44 on the NJC scale, are set at a local level.
 - **Energy costs** - our two year fixed cost agreement with Laser (public bodies energy procurement consortium) ended in October 2022, and like all organisations we have seen exceptional increases in the price of electricity (+150%) and gas (+450%). Laser have secured medium term prices on purchase of energy which have allowed them to guarantee fixed prices for electricity and gas until October 2023, at levels at or below the Government's current Energy Bill Relief Scheme to March

2023, and the Energy Bills Discount Scheme (EBDS) that replaces this for a year from April 2023.. This has reduced our exposure to price increases until the second half of 2023. The Authority has supported GLL in obtaining the same basket prices as us, which are fixed on the same tariff terms as we are, again reducing their exposure to increases. We have costed the expected energy tariff increase from October 2023 at an estimated price that takes into account Laser's forecast for that time. We are now waiting for Laser to provide an assessment of the impact of the new EBDS on tariffs from October 23.

- **Income** - the present economic climate will be a challenge to income budgets, and we may see some reduction over the next year. Whilst our risk exposure to income falls is significantly reduced with GLL running the major sporting venues, a 5% fall will still see a reduction in income of around £350,000.
- **Management Fee for the Leisure Services Contract** - currently the base fee set for 2023/24 is £560,000. However, the contract does require us to review and amend for energy costs and consumption, six months before the end of year two, and the increase in prices will make a significant difference. We have costed based on GLL, and our assumptions and this is included in the MTFE. In addition, the delay to the opening of the new Ice Centre will change the budget and require an amendment to the Management Fee. This is currently costed at £500,000, a one off cost with half falling in each of the current, and next, financial years.

10 Table 1: Draft 2023/24 Budget Summary

	2022/23 £000s	2023/24 £000s
Base Budget Authority	7,334	7,601
Base Budget Borrowing Costs	0	1,467
Base Budget LSC Management Fee	2,261	560
LSC Contingency	310	210
Levy	(9,768)	(9,768)
Total Base Budget	137	70
Outturn Against Budget 2022/23	63	0
Increased Costs (£1.6mill energy costs)	0	2,528
Deficit/(Surplus) before savings	200	2,598

Appendix A sets out the Medium Term Financial Forecast, along with detailed changes to the base budget.

- 11 The MTFE currently shows that without any further mitigation and assuming no increase in the levy, the budget for 2023/24 would be a £2.6million deficit.

INCOME AND SAVINGS - £1.9 MIII

- 12 In order to offset these increased costs of £2.6mill, officers have identified £1.9mill of savings, efficiencies, and additional income from the base budget. Some of these will be ongoing savings, and some are identified as single year

mitigating actions. A summary is shown below.

- 13
- **Reduction to insurance premiums (£125,000)** – the Authority base budget included the cost of insuring the contents and operations of the LSC venues. With the transfer to GLL, they are now responsible for this insurance, so this will provide an ongoing saving. The Authority, however, will continue to arrange Material Damage insurance for the buildings themselves.
 - **Additional income/Fees & Charges (£390,000)** – the base budget included fees and charges growth of £130,000. The increase to Fees & Charges (paper presented to Members earlier) anticipates a further £150,000. In addition, there will be increased income from property rentals due to both new leases (i.e. Abercrombie Lodge) and updates to existing ones (i.e. Three Mills). We are further budgeting for an additional change of £80,000 in car parking income.
 - **Pension Contribution (£180,000)** – the Triennial valuation for the pension fund proposed a reduction to the employer contribution rate from its current 15.6% to 13.8% for the three years to 2025/26. We had built an increase of £100,000 to the base budget, whereas the reduction will see our contributions reduce by £80,000.
 - **Reduction to borrowing costs (£291,000)** – we expect that the sale of Mile and Langley Nursery will provide a net capital receipt of which we have already earmarked £2.3m of this to finance the Venue Improvement Programme that was approved by Members in November 2021 (Paper E/743/21 18 November 2021). By using the remainder of any receipt against the borrowing need for the Ice Centre this will reduce the borrowing costs (principle and interest), currently estimated at around £300,000.
 - **Reduced Contributions to Earmarked Reserves (£530,000)** – we are able to reduce our contributions to reserves by £0.5m without effecting the asset management programme. Further details on earmarked reserves are discussed below.
 - **Community Programmes Savings (£30,000)** – our annual budget for community programmes is £300,000, which covers Learning and Engagement (L&E), Community Access Funding, and Grants to schools and sports clubs. This is in addition to the Community Programme commitments GLL are contractually obliged to deliver which includes support / access for clubs, groups and health programmes. The focus in 2023/24 will however, be diverted to delivering more focused community programmes associated with the new Ice Centre. However, if budget performance in 2023/24 allows, support for community programmes elsewhere will be increased.
 - **Further operational savings (£125,000)** – amending working practices and opening times at Myddelton House, along with reduction to marketing and grounds maintenance, will provide further operational savings. We will continue to look for efficiencies and savings across all our budget heads.

- **LSC Management Fee (£200,000)** - officers are currently in discussion with GLL about possible savings that can be found within the LSC, in terms of changes to service delivery, in both timing and efficiencies, along with investment in energy efficiency schemes. Two investment projects at Lee Valley Athletics Centre and Lee Valley Riding Centre have been identified, and are presented to Members in a separate paper (Paper E/796/23). Whilst it is unlikely that major investments will produce any significant savings in 2023/24, they should start to deliver savings in later years. We have factored a continual saving of **£200,000 from 2023/24**, and further savings to the Management Fee will be added in when schemes are approved.

- 14 In addition, an Income and Energy contingency of **£600,000** has been added to the budget, to cover possible reductions to income, plus increases above estimated utility costs.
- 15 The net total saving, once applied to the MTFE, reduces the deficit for 2023/24 to **£1.3m**.

	2022/23	2023/24
	£000s	£000s
Deficit/Surplus before savings	200	2,648
Savings and Additional Income	0	(1,871)
Income & Energy Contingency	0	600
Revised Budget Deficit/(Surplus)	200	1,327

- 16 The impact of these mitigating actions, along with the additional contingency, has the following effect on the general reserves.

Opening Common Fund balance	(2,993)	(2,793)
Budget Deficit/(Surplus)	200	1,327
Closing Common Fund balance	(2,793)	(1,466)

It reduces the closing balance at 31 March 2024 to **£1.47m**, which is significantly below the current agreed level of between **£3m - £4m**.

- 17 Setting a deficit budget of such significant amount, which requires drawing from general reserves of **£1.33m** is not credible, and leaves us with very low general reserves. With all the risks and uncertainties over the coming years, it would leave the Authority in a highly vulnerable financial position.

REVENUE CONTRIBUTION ASSET MANAGEMENT RESERVES AND CAPITAL

- 18 The Authority makes an annual contribution to Earmarked Reserves for Asset Maintenance, Repairs and Renewals of **£1.43m**. This is to fund any asset management or replacement projects that have been identified, along with some contingency for unexpected events.
- 19 The Authority has a significant asset maintenance programme, delivered both in house, and by GLL for the LSC venues. This is in the range of between **£1.5m to £2.2m pa**, and over the five years to 2026/27 totals over **£9.3m**. Appendix D to this report sets out the current annual programme, identifying both the Authority delivered asset management programme, and the GLL lifecycle costs.

Members should note that whilst GLL is directly responsible for the majority of the maintenance at the major sports venues, the Authority retains some maintenance obligations that sit outside the LSC.

- 20 The value of these reserves is anticipated to be £1.5m at 31 March 2023. A reduction to the annual contribution by £0.5m from £1.25m to £0.75m, along with a programme of £1.8m over 2023/24, of which £0.7m is paid to GLL via the LSC Management Fee, will reduce this to £1.1m but will still allow all scheduled projects to be delivered. Contributions will be uplifted from 2024/25 onwards to rebuild these reserves for future asset maintenance projects.
- 21 It should also be noted that the Authority does not currently make any contribution from Revenue to 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.

THE LEVY

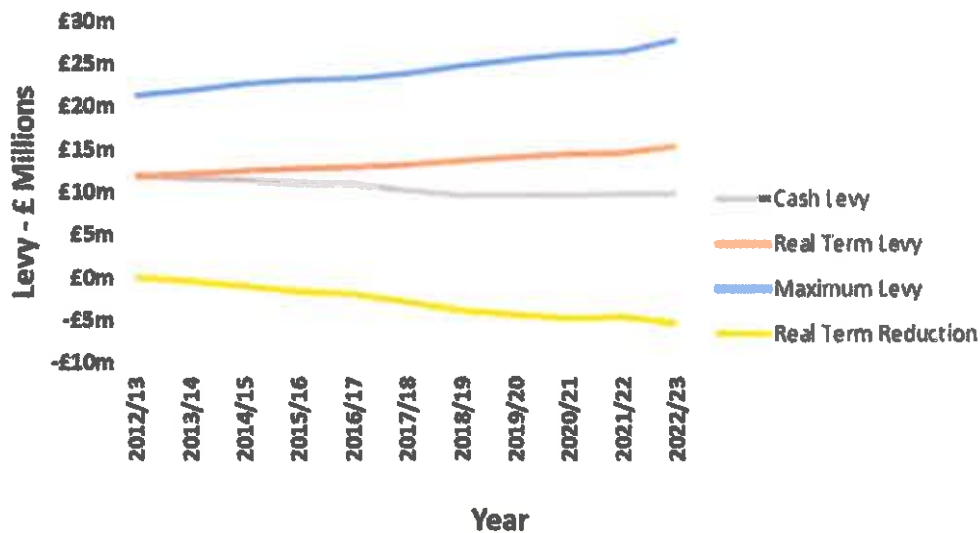
- 22 The maximum levy is determined by law. The annual increase for the maximum levy in the year ahead is based on the Retail Price Index (RPI) as at the preceding September. The RPI for September 2022 was 12.64%. Therefore the maximum levy for 2023/24 is set at **£31.2million (2022/23 was £27.7million)**.
- 23 A 1% movement in the levy equates to approximately £97k per annum for the Authority. Whilst a 1% movement in the levy impacts between £200 and £12,900 for the smallest (Corporation of London) and the largest contributing authority (Essex) respectively, with the majority of contributing authorities falling **between £1,200 and £3,400 per annum**.
- 24 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
2012/13	£11.749	£11.749	£21.341
2022/23	£9.767	£15.241	£27.683

Levy Decrease	- 16.87%
RPI Increase	+ 29.71%

The current levy of £9.767m represents an overall reduction against the real term inflated levy of £15.241m of 56.0% (-£5.473m).

Levy Trend 2012/13 to 2022/23



- 25 The levy is apportioned to contributing authorities, based on proportion of each authority's Council Tax Band D figure, against a combined figure for all contributing authorities. **Appendix D** to this report sets out how the 2022/23 levy was apportioned to the contributing authorities.

RESERVES

- 26 Any decision taken by Members that does not provide for a balanced budget will mean a draw on reserves. The unallocated General Fund reserve was £3.0mill as at 1 April 2022. The projected outcome for 2022/23 is expected to decrease this to around £2.8mill by 31 March 2023. This level is under constant review, and reported to Members through the quarterly revenue monitoring throughout the year.
- 27 Reserves serve three main purposes:
- working balance to help cushion the impact of uneven cash flows;
 - contingency to cushion the impact of unexpected events or emergencies;
 - building up funds to meet known or predicted requirements – often referred to as earmarked reserves.

The use of reserves to routinely fund a revenue budget should be avoided in order to demonstrate sound financial management. The revenue budget should be funded in full by income sources other than reserves.

The external auditor has previously highlighted the unsustainability of relying on general reserves to fund budget deficits.

- 28 Members annually review the existing policy on revenue reserves ensuring minimum levels of cash reserves are maintained to deal with unforeseen circumstances. Prior to Covid-19, the level that Members agreed for general reserves to remain around was £3million - £4million.

The new LSC has transferred the risk for income from the Authority to the contractor and minimises the need to consider shortfalls in income at these

major venues as an ongoing risk. However, the LSC does require a review of the Management Fee to reflect the delay in the new Ice Centre handover and in relation to both utility consumption and costs, and income levels as activities return to pre-Covid-19 levels which are in the LSC budget.

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, and any “one-off” commitments approved by Members in a given year.

- 29 The focus over the medium term however, should be on an incremental approach to building reserves back up to a position where they are within the policy range of £3m-£4m.

There are a number of factors in our operating environment currently drawing on our reserves which are outside of the Authority’s direct control – utility price increases, pay negotiations. This in itself demonstrates the need to hold sufficient reserves to respond to such events,

- 30 The result of these factors mean we currently find ourselves below our target reserves level, however Members are asked to agree that we work towards building reserves back up to the £3m-4m position in the medium term (subject to annual review).
- 31 An analysis of Revenue Reserves is presented in **Appendix B** to this report. It sets out movement on these reserves in line with MTFF, and how the balances change over the period. Over the course of the next few years there is a steady increase in the level of General Reserves to a level once again over £3m in 2026/27.

PROPOSED LEVY FOR 2023/24

- 32 The Financial Forecast for 2023/24, as detailed in this report, is set out in summary below.

	2023/24 £000s
Base Budget Authority	70
Increased Costs	2,578
Savings and Additional Income	(1,921)
Income and Energy Contingency	600
Budget Deficit	1,327

- 33 Subject to the underlying assumptions and risks/uncertainties as set out in previous paragraphs, the proposal is to increase the Levy by 9% to cover some of the impact of the increased costs. This increase, which could be seen as an Energy Surcharge, would represent an increase in the total levy of £879,000, which equates to around 54% of the additional energy costs in the 2023/24 budget. Whilst this would still set a deficit budget for the year, it would position the general reserves at around £2.4million at year end.

	2023/24 £000s
Budget Deficit	1,327
Increase in Levy	(879)
Drawing from General Reserves	488

- 34 **Appendix C** to this report sets out the levy for contributing authorities based upon the 2022/23 Council Tax Band D calculations submitted, with an indicative position on what a 1% and 9% rise would be. These calculations usually change between years and therefore will affect the actual sum charged in 2023/24.

FUTURE PROJECTS AND INVESTMENTS

- 35 Officers are continuing to work on a number of projects and initiatives designed to provide additional income, and/or efficiencies and savings in future years.

A number of these projects were approved by Members in November 2021, and relate to investments mainly at Authority run venues – Campsites and Marinas, as well as Holyfield Hall Farm. In addition, schemes designed to provide savings against the LSC Management Fee – LED lighting at Lee Valley VeloPark and reconfiguration and extension of rooms at Lee Valley White Water Centre were also approved.

- 36 Given the situation now around energy costs, officers are reviewing invest to save energy schemes at both the LSC Sports Venues and Authority run sites.

GLL are currently concluding work on these, and will go some way to providing the £200,000 savings target for them in the MTF. A paper will be brought to Members to approve the schemes, in line with the LSC, which will see the Authority providing the capital required for this, but with an agreement for the return on investment resulting in an improvement to the Management Fee.

Two investment projects at LSC Venues have already been identified, and are being presented to Members in a separate paper (Paper E/796/23) and will be included in the revised Capital Programme if approved.

The Authority has commissioned its own consultants to look Park wide at LED lighting and recommend changes, enhancements and investments to reduce our energy consumption. When ready, officers will update Members.

However, the full extent of the savings these schemes will potentially provide, will not likely be felt until 2024/25 earliest.

- 37 Officers also continue to review other areas of investment, such as provision of additional accommodation options at the Campsites.

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

- 38 Looking further ahead, there are a number of major schemes, which may deliver returns in the medium term:
- Spitalbrook;
 - Visitor Accommodation at Lee Valley White Water Centre;
 - Picketts Lock Centre - The Wave;
 - WaterWorks - Visitor Accommodation;
 - Eton Manor; and
 - Rammey Marsh West.
- 39 Officers are in the process of reviewing the major schemes programme with the aim of re-prioritising based on deliverability and level of potential financial benefit.

CONCLUSIONS

- 40 The Authority has significant demands over the next year in responding to the current economic climate, the demands that this will have on purchasing costs, the probable reduction in demand for services and activities and resultant fall to income and energy prices.

The requirement to significantly increase the Levy to respond to these demands, whilst unfortunate, is essential in enabling the Authority to fulfil its statutory duties, deliver its corporate objectives and ensure that there is greater confidence regarding the current financial uncertainties over the coming year.

- 41 The Authority will continue to strive to increase value to the regional constituency, whilst reducing the cost of the Lee Valley Regional Park to the taxpayer. A number of major projects are being looked at for future years, which should help to start to bring the levy back down again. These involve both income generating and efficiency savings schemes that should start to show return from 2024/25.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

- 45 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

- 46 Paragraph 9 sets out the main risks and uncertainties the Authority faces in achieving the budget during 2023/24. 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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PREVIOUS COMMITTEE REPORTS

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Executive	E/792/22	Pension Contribution Rate 2023	15 December 2022
Authority	A/4312/22	Proposed Budget & Levy 2022/23	20 January 2022
Authority	A/4313/22	Proposed Capital Programme 2021/22 (Revised) to 2026/27	20 January 2022

APPENDICES ATTACHED

Appendix A	Medium Term Financial Forecast Summary
Appendix B	Analysis of Revenue Reserves
Appendix C	Levy Apportionment 2022/23 and Indicative 2023/24
Appendix D	Five year Asset Management Programme

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
LSC	Leisure Services Contract
Park Act	Lee Valley Regional Park Act 1966

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s
Base Budget 2022/23 Authority	7,394	7,394	7,394	7,394	7,394
Base Budget Adjustments for Loan Repayment/MRP	0	1,467	1,430	1,393	1,358
Other Base Budget Adjustments	0	(28)	57	59	61
New LSC Management Fee	2,261	560	(386)	(398)	(657)
LSC Efficiencies/Savings (Velo LED)	(60)	(60)	(60)	(60)	(60)
LSC Utility Contingency	310	210	0	0	0
Cumulative Inflation Growth	0	295	519	732	998
Total Authority Budget	9,905	9,838	8,954	9,120	9,094
Levy	(9,768)	(9,768)	(9,768)	(9,768)	(9,768)
Budget Deficit/(Surplus)	137	70	(814)	(648)	(674)
Increased costs					
Legal costs re Litigation	174	-	-	-	-
Asset Maintenance Funding	-	-	250	250	250
Additional Borrowing Costs	-	278	272	264	258
Pay Award (4% 23/24, 3% 24/25, then 2%)	150	287	358	365	372
Property Solicitor	-	70	70	70	70
GLL Management Fee (Re Delay opening Ice Opening)	250	250	0	-	-
Ice Centre Clubs/Coaches	-	-	-	-	-
Corporate Training	-	20	0	0	0
Utility Costs (Authority)	265	403	403	403	403
Utility Costs (GLL)	195	1,220	1,220	1,220	1,220
Increased costs	1,034	2,528	2,573	2,572	2,573
Savings and Additional Income					
Insurance Premium Reduction	(104)	(125)	(125)	(125)	(125)
Additional Property Income	(238)	(160)	(220)	(220)	(220)
Commonwealth Games Income	(252)	-	-	-	-
Capitalisation of short-term borrowing interest	(58)	-	-	-	-
Savings, Efficiencies, Income	(69)	-	-	-	-
Income Growth (Fees & Charges) (above base)	-	(150)	(155)	(158)	(161)
Car Parking Income	-	(80)	(80)	(80)	(80)
Pension Triennial	-	(180)	(180)	(180)	0
Asset Maintenance Funding	(250)	-	-	-	-
Reduced Earmarked Reserves Contributions	-	(530)	(100)	(100)	(100)
Community Programmes Savings	-	(30)	0	0	0
Myddelton House	-	(20)	0	0	0
MH Gardens, Heritage Centre	-	(55)	0	0	0
Marketing	-	(20)	0	0	0
Gate Closing (GM)	-	(30)	(30)	(30)	(30)
GLL efficiencies/ Reduced MF	-	(200)	(200)	(200)	(200)
Reduction to Borrowing costs	-	(291)	(285)	(281)	(277)
Spend to save investments return - TBC	-	0	0	0	0
Savings and Additional Income	(971)	(1,871)	(1,375)	(1,374)	(1,193)
Income and Energy Contingency	-	600	200	0	0
Revised Budget Deficit/(Surplus)	200	1,327	584	550	706
Levy Increase 9%	-	(879)	(879)	(879)	(879)
NET TOTAL BUDGET	200	448	(295)	(329)	(173)
Closing General Fund	(2,793)	(2,345)	(2,640)	(2,969)	(3,142)

LEE VALLEY REGIONAL PARK AUTHORITY
Analysis of Usable & Unusable Reserves

	Note	Closing				
		2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Usable Reserves						
General Fund	1	(2,993)	(2,345)	(2,640)	(2,969)	(3,142)
Asset Maintenance Reserve		(710)	(200)	(147)	(126)	(866)
Repairs & Renewals Funds		(1,246)	(876)	(956)	(1,036)	(1,116)
Sub Total Asset Maintenance		(1,956)	(1,076)	(1,103)	(1,162)	(1,982)
Insurance Fund		(420)	(280)	(260)	(240)	(220)
Usable Capital Receipts		(11,506)	(8,410)	(8,010)	(7,660)	(7,510)
Total Usable Reserves		(16,875)	(12,111)	(12,013)	(12,031)	(12,854)
Capital Financing & Borrowing						
Capital Financing Requirement (pre-2007)		11,205	10,323	9,908	9,510	9,128
Capital Financing Requirement (Ice Centre)	2	0	23,500	22,897	22,294	21,691
Asset Under Construction (Ice Centre)		13,250	0	0	0	0
External Borrowing	3	(10,000)	(24,000)	(24,000)	(23,400)	(22,800)
Net Internal Borrowing		14,455	9,823	8,805	8,404	8,019
Creditors/Debtors - General Liabilities		(2,500)	(1,600)	(1,600)	(1,600)	(1,600)
Net Closing Reserves Balances		(4,920)	(3,888)	(4,808)	(5,227)	(6,435)

Notes

1. Assumes 9% Levy 2023/24, then 0%
2. Estimate on underlying borrowing need for Ice Centre at Year end, net of Capital Receipt.
3. Estimate on short-/long-term borrowing profile

Lee Valley Regional Park Authority
Levy 2022/23 & Indicative 2023/24

Authority	Levy 2022/23 £s	Total 8% £s	Increase 9% £s	1% £s
Corporation of London	19,677	21,450	1,773	197
London Borough of Camden	213,444	232,650	19,206	2,134
London Borough of Greenwich	198,010	215,830	17,820	1,980
London Borough of Hackney	175,027	190,780	15,753	1,750
London Borough of Hammersmith & Fulham	194,621	212,140	17,519	1,946
London Borough of Islington	189,688	206,760	17,072	1,897
Royal Borough of Kensington & Chelsea	230,149	250,860	20,711	2,301
London Borough of Lambeth	262,989	286,660	23,671	2,630
London Borough of Lewisham	210,335	229,260	18,925	2,103
London Borough of Southwark	253,776	276,620	22,844	2,538
London Borough of Tower Hamlets	256,014	279,060	23,046	2,560
London Borough of Wandsworth	326,552	355,940	29,388	3,266
City of Westminster	319,521	348,280	28,759	3,195
London Borough of Barking & Dagenham	123,211	134,300	11,089	1,232
London Borough of Barnet	356,849	388,970	32,121	3,568
London Borough of Bexley	194,152	211,630	17,478	1,942
London Borough of Brent	239,579	254,600	21,021	2,396
London Borough of Bromley	315,477	343,870	28,393	3,155
London Borough of Croydon	322,632	351,670	29,038	3,226
London Borough of Ealing	280,703	305,970	25,267	2,807
London Borough of Enfield	227,993	248,510	20,517	2,280
London Borough of Haringey	187,618	204,500	16,882	1,876
London Borough of Harrow	210,051	228,960	18,909	2,101
London Borough of Havering	211,482	230,520	19,038	2,115
London Borough of Hillingdon	245,669	267,780	22,111	2,457
London Borough of Hounslow	205,282	223,760	18,478	2,053
Royal Borough of Kingston upon Thames	149,521	162,980	13,459	1,495
London Borough of Merton	179,223	195,350	16,127	1,792
London Borough of Newham	193,697	211,130	17,433	1,937
London Borough of Redbridge	214,972	234,320	19,348	2,150
London Borough of Richmond upon Thames	209,857	228,740	18,883	2,099
London Borough of Sutton	173,814	189,460	15,646	1,738
London Borough of Waltham Forest	185,990	202,730	16,740	1,860
	7,271,577	7,926,040	654,463	72,716
Hertfordshire County Council	1,084,608	1,182,220	97,612	10,846
Essex County Council	1,289,203	1,405,230	116,027	12,892
Thurrock Council	122,212	133,210	10,998	1,222
	9,767,600	10,646,700	879,100	97,676

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

Lee Valley Regional Park Authority
Asset Maintenance Summary Rolling Programme

	2022-23	2023-24	2024-25	2025-26	2026-27
	£000s	£000s	£000s	£000s	£000s
Authority AM Programme					
Waterworks Visitor Centre	0	20	30	20	0
Lee Valley Riding Centre	0	0	60	0	0
Staff Bungalows	25	25	25	25	25
Lee Valley Marina (Springfield)	50	175	5	500	0
Lee Valley Athletics Centre	483	45	45	0	75
Lee Valley Golf Course	0	0	0	0	0
Lee Valley Campsite (Sewardstone)	15	5	0	15	0
Dobbs Weir Caravan Site	53	15	0	0	0
Myddelton House	14	50	6	50	0
Myddelton House Gardens	3	14	0	28	0
Broxbourne Riverside	0	0	5	0	0
Old Mill Meadows - Broxbourne	8	60	100	0	0
Lee Valley Marina (Stanstead Abbots)	5	90	500	0	0
River Lee Country Park	0	0	10	0	0
Lee Valley Park Farm (Holyfield Hall)	0	0	0	0	35
Rye House Gatehouse	0	0	10	0	0
Fishers Green	6	0	0	0	0
Lee Valley White Water Centre	111	0	0	99	0
Lee Valley Velopark	70	10	130	118	0
Lee Valley Hockey & Tennis Centre	1	110	0	31	15
Wildlife Discovery Centre	50	80	80	125	100
Open Spaces/Bridges	50	130	150	130	130
Abbey Gardens	16	67	32	30	30
Bow Creek	0	6	0	0	0
Dobbs Weir Toilet Block	3	0	0	0	0
Gunpowder Park	5	0	0	0	0
East India Dock Basin	0	40	15	0	0
Footpaths and access routes	50	50	100	100	100
Additional Contingency	0	0	0	0	0
Sub Total Authority AM Programme	1,018	992	1,808	1,271	510
GLL Buildings and Equipment Lifecycle costs (As per LSC LOBTA)					
Lee Valley Velopark	139	178	184	504	391
Lee Valley Hockey & Tennis Centre	8	174	63	22	42
Lee Valley White Water Centre	121	6	73	179	244
Lee Valley Athletics Centre	139	204	262	38	63
Lee Valley Riding Centre	120	87	77	30	94
Lee Valley Ice Centre	0	13	25	30	35
Sub Total LSC Lifecycle Costs	527	662	684	803	869
Miscellaneous Repairs & Renewals	220	150	100	100	100
Total Building And Equipment Maintenance	1,765	1,804	2,087	2,174	1,479

Asset Maintenance Funding

	2022-23	2023-24	2024-25	2025-26	2026-27
	£000s	£000s	£000s	£000s	£000s
Opening Balance	(1,956)	(1,468)	(1,076)	(1,103)	(1,162)
Authority Contributions	(750)	(750)	(1,430)	(1,430)	(1,430)
LSC Management Fee	(527)	(662)	(684)	(803)	(869)
Expenditure	1,765	1,804	2,087	2,174	1,479
Closing Balance	(1,468)	(1,076)	(1,108)	(1,162)	(1,982)