

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

A meeting of the **EXECUTIVE COMMITTEE** (Quorum – 4) will be held at Myddelton House on:

THURSDAY, 15 DECEMBER 2022 AT 11:00

at which the following business will be transacted:

AGENDA

Part I

1 To receive apologies for absence

2 **DECLARATION OF INTERESTS**

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

3 **MINUTES OF LAST MEETING**

To approve the Minutes of the meeting held on 17 November 2022 (copy herewith)

4 **PUBLIC SPEAKING**

To receive any representations from members of the public or representative of an organisation on an issue which is on the agenda of the meeting. Subject to the Chairman's discretion a total of 20 minutes will be allowed for public speaking and the presentation of petitions at each meeting.

5 **FEES & CHARGES REVIEW 2023/24** Paper E/791/22

Presented by Jon Carney, Corporate Director

6 **PENSION CONTRIBUTION RATE 2023** Paper E/792/22

Presented by Keith Kellard, Head of Finance

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

- 8** Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item. (There are currently no items listed for consideration in Part II.)

7 December 2022

**Shaun Dawson
Chief Executive**

LEE VALLEY REGIONAL PARK AUTHORITY

**EXECUTIVE COMMITTEE
17 NOVEMBER 2022**

Members Present: Paul Osborn (Chairman) Heather Johnson
David Andrews (Vice Chairman) Chris Kennedy
Susan Barker Graham McAndrew
Ross Houston Mary Sartin

In Attendance: John Bevan, David Gardner

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

Also present: James Newman – S151 Officer (London Borough of Enfield)

Part I

The Vice-Chairman took the chair due to the delayed arrival of the Chairman.

198 DECLARATIONS OF INTEREST

Name	Agenda Item No.	Nature of Interest	
Mary Sartin	14	Member of Epping Forest District Council	<i>Non-pecuniary</i>

199 MINUTES OF LAST MEETINGS

THAT the minutes of the meetings held on 11, 18 and 20 October 2022 be approved and signed.

200 PUBLIC SPEAKING

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

201 Q2 REVENUE BUDGET MONITORING UPDATE 2022/23

Paper E/789/22

The report was introduced by the Chief Executive, including:

- subsequent to publication of the paper the projected year-end deficit had risen to circa £500K due to delays in opening of the new Ice Centre and other factors; and
- officers would continue to seek to minimise any deficit.

The Chairman arrived and took the chair.
Heather Johnson and David Gardner joined the meeting.

In response to Member questions It was advised:

- handover of the new Ice Centre was expected at the end of January with opening end February/beginning March;
- an extensive programme of commissioning would be undertaken to ensure the new Ice Centre was fully functioning on opening;
- a balanced approach to savings had been adopted and whilst it was regrettable that a small saving in Active Communities had been included, the budget was challenging and a more manageable and balanced position was being sought across a number of service areas.

(1) the report was noted.

202 Q2 CAPITAL PROGRAMME BUDGET MONITORING 2022/23

Paper E/785/22

The report was introduced by the Head of Finance.

In response to a Member It was advised that hostile vehicle mitigation works at Lee Valley VeloPark were required because of the Chobham Manor road network and to deter anti-social behaviour in the summer months.

(1) the report was noted.

203 2022/23 PAY AWARD

Paper E/787/22

The report was introduced by the Head of Human Resources.

All officers other than the S151 Officer temporarily left the meeting.

Members agreed that senior staff retention was important given the ongoing challenging financial position. However, the Authority was faced with difficult choices with regard to savings and therefore it was not unreasonable to maintain the current annual leave entitlement for officers on pay point 44 and above.

- (1) the 2022/23 pay award for officers on the National Joint Council scale as described in paragraphs 1 to 5 of Paper E/787/22 was noted;**
- (2) to set a pay award for 2022/23 for officers on pay point 44 and above in line with the National Joint Council scale as described in paragraphs 10 to 13 of Paper E/787/22; and**
- (3) not to increase the annual leave entitlement by one day for officers on pay point 44 and above in line with the National Joint Council agreement from 1 April 2023 as described in paragraphs 14 to 15 of Paper E/787/22 was approved.**

Officers returned to the meeting.

204 DATA PROTECTION POLICY

Paper E/783/22

The report was introduced by the Deputy Chief Executive and Head of Legal.

Members considered that it was important that Members be informed of any data breaches and proposed that the draft policy be amended to include that the Chairman and Audit Committee Chairman be informed of any breaches.

- (1) **subject to Inclusion of the reporting of any breaches to the Chairman and Audit Committee Chairman, the draft Data Protection Policy attached as Appendix A to Paper E/783/22 be recommended to Authority was approved.**

205 ACCESS TO INFORMATION POLICY

Paper E/784/22

The report was introduced by the Head of Legal.

The Chairman suggested that future iterations of the policy consider including information on the publication of agendas and decision making.

In response to a Member It was advised that the Scrutiny Scorecard Included headline data on Freedom of Information and Environmental Information Regulations requests.

- (1) **the draft Access to Information Policy attached as Appendix A to Paper E/784/22, be recommended to the Authority was approved.**

206 HUMAN RESOURCES POLICY UPDATES

Paper E/788/22

The report was introduced by the Head of Human Resources.

- (1) **the Retirement Policy attached as Appendix A to Paper E/788/22;**
(2) **the Early Payment of Pension Benefits Policy attached as Appendix B to Paper E/788/22 be recommended to Authority was approved.**

207 EXEMPT ITEMS

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

Agenda Item No	Subject	Exempt Information Section Number
13	Proposed Cable Installation & Easement, Dobbs Weir, Hoddesdon, EN11 0AY	3
14	Proposed Sale of Site at Mile and Langley Nursery, Crooked Mile, Waltham Abbey	3

The Chairman advised he had agreed to accept an additional part 2 agenda item by reason of urgency.

208 PROPOSED CABLE INSTALLATION & EASEMENT
DOBBS WIER, HODDESDON, EN11 0AY

Paper E/786/22

The report was introduced by the Deputy Chief Executive.

- (1) entering into a Deed of Grant of Easement in relation to the route shown in red on the plan at Appendix A to Paper E/786/22;
- (2) to seek consent from the Secretary of State; and
- (3) the signing and sealing as appropriate of all necessary legal documentation was approved.

209 PROPOSED SALE OF SITE AT MILE AND LANGLEY NURSERY,
CROOKED MILE, WALTHAM ABBEY

Paper E/790/22

The report was introduced by the Deputy Chief Executive.

- (1) the freehold sale of the site based on the revised terms as set out in paragraph 7 of Paper E/790/22;
- (2) delegation to the Deputy Chief Executive to make any non-material changes to the terms set out in Paper E/790/22;
- (3) subject to exchange of contracts, an application be submitted under s21 of the Lee Valley Regional Park Act 1966 to the Secretary of State for consent to the disposal of an interest in land; and
- (4) the signing and sealing of all necessary legal documentation was approved.

Chairman

Date

The meeting started at 10.39am and ended at 11.40am

FEES & CHARGES REVIEW 2023/24

Presented by the Corporate Director

EXECUTIVE SUMMARY

Fees and charges are reviewed annually as part of the budget process. This report sets out the proposed charges for 2023/24 for the sites and services that are within the direct control of the Authority:

- Myddelton House & Gardens;
- Green Spaces;
- Youth and Schools;
- Campsites;
- Marinas;
- Golf Course;
- Allotments;
- Access to Information fees; and
- Car Parking.

RECOMMENDATION

Members Approve: (1) the Authority's proposed 2023/24 fees and charges as summarised from paragraph 7 and set out in detail in Appendix A to this report.

BACKGROUND

- 1 The updated fees and charges policy was approved by Members at Authority in October 2022 (paper A/4324/22).
- 2 The Authority's approach to fees and charges is based on its business philosophy of being *community focused and commercially driven*. Pricing is reviewed annually to consider inflation, historic performance, customer feedback, the competitive market and comparators. Pricing is set at the market level. Concessionary groups identified in the policy are eligible for discounts, and mechanisms such as the Community Access Fund (CAF) can be used to provide targeted support to key groups to encourage access.
- 3 The annual review of fees and charges feeds into the budget process, directly impacting income and therefore the levy.

- 4 As set out in the fees and charges policy, the Retail Price Index (RPI) as of September is used as the basis for price changes before considering market factors. The RPI for September stood at 12.6%.
- 5 This year's review of fees and charges has been a balance between increasing prices wherever possible in line with this high inflation, whilst being cognisant of each venue and service's market and customers. Whilst increases have generally been in line with inflation, there are products where we believe the market will not take these increases and proposed prices have been set at a level that we believe will generate the most income through optimum take up and occupancy.
- 6 Appendix A to this report sets out proposed charges for the financial year 2023/24 for sites and services operated by the Authority. On average prices have been increased by 13%. When each increase is applied to the base budget this is forecast to increase the relevant income budgets by approximately 9% (£280k), which although is a significant increase it is below inflation. This has been built into the medium term financial forecast. The full explanations of the charges are included in Appendix A to this report; a summary of these is given in paragraphs 7-15.

EXPLANATION OF CHARGES

7 MYDDELTON HOUSE & GARDENS

- All costs have been increased above inflation as guided by the external event operators and to bring prices in line with competitors.
- Wedding charges are proposed as an above inflation increase to bring prices in line with competitors. A specific fee for the hardstanding behind the House has been added as interest has been shown in this for commercial activity (a Christmas Market).
- Proposal is to hire out the Board and Exhibition Rooms on an hourly basis. Prices have been calculated accordingly. Additions to provide audio/visual equipment, flipcharts and refreshments has been proposed.
- Events and Wedding charges are proposed to rise in line with inflation increases. Various different spaces have been costed according to demand, capacity and attractiveness and this is a change with additions this year.
- Hire of the courtyard gallery space has been increased significantly as the gallery area has been made larger and more attractive. It has become clear over the past year there are two requests to hire - one charity and partner led, the other commercial. We propose to have different prices for these different uses. New prices for week day rates and weekend rates have been proposed.
- Car Park charges are proposed to be increased by inflation.

8 GREEN SPACES

- Community Events - We have kept prices in line with last year as through our benchmarking exercise we are still above average when compared to other relevant local authorities, London Legacy Development Corporation (LLDC) etc. We also feel that in the current climate assisting community and charitable events by not increasing our prices will assist in them

returning to the Park with their events.

- Commercial Events - We have limited benchmarking opportunities as most of our peers are all 'by negotiation' prices. For the few examples we have we are below average and therefore we have increased prices by 9%.
- Significant price increases are proposed for commercial dog walker licences, commercial dog training and commercial fitness classes
- Memorials - given the current rises in cost of materials it is proposed that we remove individual price ranges and just state that memorials start from £250 and are based on requirements, this way the Authority is at less risk of being caught out due to changes in cost.

9 CAR PARKING

- Officers propose a 10% increase in the actual parking charges to up to 1hr £1.10, up to 2hrs £2.20, Up to 3hrs £3.30, Up to 4hrs £4.40 and over 4hrs £5.50. Officers propose leaving the cost of the Annual Permits the same for this year, given the increase in the hourly rate this will also prove to be better value for the regular visitor.

10 LEARNING & ENGAGEMENT

- Currently the Team's fees are higher than all local competitors who publish their fees on their website, and where a like for like comparison can be made. Schools have also reported they are struggling not just with limited budgets but also parents' ability to pay due to the cost of living crisis. It is proposed that a modest increase be introduced for 2023/24.
- Half-day programmes are less cost effective to run for the service, so the prices of these will increase by a greater amount than the full day programme. This will continue to encourage customers to move to full day sessions. It is also recommended that fees and charges for sessions for special needs and youth groups be increased by a smaller 4.7% figure, reflecting these client groups and increasing pressures on their available spending.
- The Service needs to keep prices to a level where it can maintain and grow its customer base and continue to achieve high customer satisfaction scores.

11 CAMPSITES

- Generally increased prices where the market determines they can be absorbed.
- The pricing for wigwams, cabins and cocoons has not been increased and remain static through mid and high season in an attempt to create a market advantage.
- Ancillary charges all increased in line with inflation.
- Holiday home and decking fees increased in line with inflation.
- Consideration is being given to introducing seasonal 13 week bookings as there is an ongoing request from customers, this will help to provide a less fluctuating income stream on touring pitches.
- Introduction of a peak season at Almost Wild Campsite from 22 July to 3 September of £25.50 per person per night will help to increase revenue where capacity is limited.
- The introduction of minimum occupants on each pitch at Almost Wild Campsite will also help to increase the revenue streams.

- The pricing for Storage was significantly increased at Dobbs Weir when the campsites returned to the Authority. This has resulted in six unused spaces therefore the increase is only 3%.

12 GOLF COURSE

- Prices for non-member pay and play golf are proposed to increase above inflation in recognition of the good demand.
- Prices for memberships are proposed to be frozen to support efforts to retain existing members and attract new members.
- In line with the updated fees and charges policy, the concession rate for non-members has been reduced in order to give a discount of 40% compared to the standard price. Concessions currently make up 40% of golf rounds – this additional discount is expected to result in £3,000 lost income based on the same number of rounds.

13 MARINAS

- The marinas continue to perform well, but there are signs that the cost of living crisis is starting to impact customers. We have started to see some customers struggling to pay their mooring fees, and new customers enquiring about moorings are often put off by the prices. There is no longer the strong waiting list that we used to have.
- At Springfield, core prices are proposed to be increased by 4% which we think is the maximum feasible. This will push berth holders with longer wide beam vessels above £1,000 per month. It is proposed to freeze the labour rate at Springfield to bring it back in line with Stanstead due to cheaper competition offering some similar services.
- At Stanstead, the core proposed prices have been increased by 6% which is lower than inflation but reflects affordability concerns, and although we are at the top end of what is being charged in the market, we think this is set realistically against local competition. Rye House moorings have been increased by only 3% as these are harder to fill due to the location being unattractive with fewer facilities. Cranings, Caravan Storage and the Workshop Labour Rate have all been increased below the rate of inflation.

14 ALLOTMENTS

- The recommended changes bring the allotment fees roughly into alignment with our neighbours. The effect of aligning the fees will represent an increase of approximately 22% per rod.
- In addition to the annual rent and parking charges below, plot holders also pay charges for water and insurance which are set by the East Hale Allotments Committee who receive the income from these charges to offset their costs for water and insurance.

15 ACCESS TO INFORMATION

Since setting these fees in 2013 they have not yet been applied to a relevant request, and as an inflationary increase would be rounded it is recommended that these charges are kept at the same level for 2023/24.

16 IMPLEMENTATION

The approved fees and charges will generally come into effect from 1 April 2023, but will be dependent on seasonal opening and operating periods. The estimated impact of the approved fees and charges will be incorporated into the 2023/24 Budget and Levy proposals.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

18 Estimated income from the proposed fees and charges will be incorporated within the budget setting process for 2023/24 and monitored through monthly and quarterly monitoring reported to Members. The proposed changes to fees and charges are anticipated to generate an additional £280k in 2023/24.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

21 The Authority's net budget and therefore Levy depends on income generated from fees and charges. Income can be adversely or favourably affected by weather, market demand factors and pricing in the wider economy as a whole. To mitigate this risk it is important that reserves are set aside at a prudent level (the current minimum reserve policy is £4m and this will be reviewed as part of the budget process) and that business interruption insurance is in place.

EQUALITY IMPLICATIONS

22 The Authority's Fees and Charges Policy sets out criteria to ensure access to services are available to disadvantaged groups through a concessionary pricing structure that considers income and ability to pay.

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PREVIOUS COMMITTEE REPORTS

Authority	A/4324/22	Fees and Charges Policy	20 October 2022
Executive Committee	E/746/21	Fees and Charges Review 2022/23	16 December 2021

Executive Committee	E/717/21	Fees and Charges Review 2021/22	25 March 2021
Executive Committee	E/705/20	Fees and Charges Review 2021/22	17 December 2020
Executive Committee	E/650/19	Fees and Charges Review 2020/21	19 December 2019
Executive Committee	E/596/18	Fees and Charges Review 2019/20	22 November 2018
Executive Committee	E/528/17	Fees and Charges Review 2018/19	23 November 2017
Executive Committee	E/466/16	Fees & Charges Review 2017/18	20 October 2016
Executive Committee	E/430/15	Fees & Charges Review 2015/16	18 December 2015

APPENDIX ATTACHED

Appendix A Proposed Authority Fees and Charges 2023/24

LIST OF ABBREVIATIONS

the Authority Lee Valley Regional Park Authority
RPI Retail Price Index

MYDDELTON HOUSE

Market Dynamics

- Myddelton House is primarily office accommodation for Lee Valley Regional Park Authority.
- Two meeting rooms and kitchen space are not used at weekends but are occasionally rented out to private companies for use on a daily basis – often partners for an agreed one off fee.
- The two rooms are still licenced for weddings and marketing continues to be unsuccessful due to often being too small.
- The hard standing behind the main house is also an option for a marquee and services can be taken from either the main house or the Billiard Room. This could also be an offer for a potential hire out space for a larger reception or event. Prices have been developed for this area as interest has been shown this year for other types of event.
- The two meeting rooms can also be offered out for external hire to generate income.
- The House and Gardens teams will work together to manage any hire out options.
- All hire out activity will be as a dry hire and customers hiring will need to arrange all other suppliers for their event.

Venue financial information

Myddelton House

Year	Operational Income	Net operational (income) / expenditure*
2020/21 Actual	(£1,800)	n/a
2021/22 Actual	(£12,500)	n/a
2022/23 Budget	(£9,100)	n/a
2022/23 Actual (forecast at P6)	(£12,900)	n/a

* Expenditure is included within overall expenditure of Myddelton House as Head Office, and cannot be easily split out for hire activity

Proposed charges for 2023/24: Variance from inflation

- All costs have been increased above inflation as guided by the external event operators, and to bring prices in line with competitors.
- **Wedding and other Hires**
Wedding charges are proposed as an above inflation increase to bring prices in line with competitors. A specific fee for the hardstanding behind the house has been added as interest has been shown in this for commercial activity (a Christmas Market).
- **Room Hires**
Proposal is to hire out the Board and Exhibition Rooms on an hourly basis. Prices have been calculated accordingly. Additions to provide audio/visual equipment, flipcharts and refreshments has been proposed.

MYDDELTON HOUSE

All charges per hire out except where otherwise stated		2022/23 Fee	Proposed Fee 2023/24	% Increase
Wedding Hire Myddelton House	Day rate - 9am to 11pm	£1,500	£1,700.00	13.3%
Wedding Hire Hard standing behind House	Day rate – 9am to 11pm	£1,500	£1,700.00	13.3%
Commercial Hire Hard standing behind House	Day rate - 9am to 11pm	New	£2,500.00	N/A
Room Hire (week rate)	1 Hour hire rate 9pm to 5pm	£45	£50.00	11.1%
Room Hire (week rate)	1 Hour hire rate 5pm to 11pm	£65	£75.00	15.4%
Room Hire (weekend rate)	1 Hour hire rate 9am to 5pm	£65	£75.00	15.4%
Room Hire (weekend rate)	1 Hour hire rate 5am to 11pm	£100	£115.00	15.0%
Audio Visual Package: TV monitor	Full Day	New	£100.00	N/A
	Half Day	New	£50.00	N/A
Flipchart Pad and Pen	Per Flipchart	New	£22.00	N/A
Tea/Coffee	Per Head (unlimited)	New	£1.80	N/A
Biscuits	Per Head	New	£0.90	N/A

MYDDELTON HOUSE GARDENS

Market Dynamics

- The Heritage Lottery Funding agreement has now expired, officers feel the Gardens should remain free to access for the public as this generates more income in the Café. Introducing visitor charges would reduce footfall and cause issues for the Café.
- Officers feel this model suits the operation well as it encourages secondary spend in the visitor centre and repeat visits. Parking on site is charged for at the rates set out below.

Venue financial information

Myddelton House Gardens

Year	Operational Income	Net operational (income) / expenditure*
2020/21 Actual	(£5,700)	£148,600
2021/22 Actual	(£40,800)	£141,400
2022/23 Budget	(£39,500)	£148,300
2022/23 Actual (forecast at P6)	(£39,500)	£139,365**

* Figures do not include operational income and operational cost for catering

** Impact of October utility price increases not included

Proposed charges for 2023/24

- Private Guided Walks have been temporarily removed due to the Head Gardener being on long term sick leave.
- All costs have been increased above inflation as guided by the external event operators, and to bring prices in line with competitors.
- Courses and other events are proposed to be removed as there is no interest and no resource to currently run them. They will be considered for reinstatement at a later date.
- Events and Wedding charges are proposed to be risen in line with inflation increases. Various different spaces have been costed according to demand, capacity and attractiveness and this is a change with additions this year.
- Hire of the courtyard gallery space has been increased significantly as the gallery area has been made larger and more attractive. It has become clear over the past year there are two requests to hire - one charity and partner led, the other commercial. We propose to have different prices for these different uses. New prices for week day rates and weekend rates have been proposed.
- Car Park charges are proposed to be increased by inflation.

MYDDELTON HOUSE GARDENS				
		2022/23 Fee	Proposed Fee 2023/24	% increase
All charges per person except where otherwise stated				
Garden Entry	Entrance to the gardens at all times	£0.00	£0.00	N/A
Walking In The Footsteps of Bowles (4 times a year max 15 people)		£12.50	£14.00	12.0%
Events	Music and Theatre	£13.00	£14.50	11.5%
	Entry on the door	£14.00	£16.00	14.3%
	*Pumpkin Carving	£5.00	£5.50	10.0%
	*Santa's Grotto	£10.00	£12.00	20.0%
	*Plant hunters Fair	£5.00	£5.50	10.0%
Weddings	*Wedding site hire (Day) (Bowling Green Lawn)	£1,500.00	£1,700.00	13.3%
	*Wedding site hire (Day) (New River Lawn)	New	£1,500.00	N/A
	*Wedding site hire (Day) (Ark Lawn)	New	£1,000.00	N/A
	*Wedding photographs	£250.00	£280.00	12.0%
Courtyard Gallery/Charity/Display Space	Garage Space week day (Day)	New	£30.00	N/A
	Garage Space weekend (Day)	New	£35.00	N/A
	Stable Space week day (Day)	New	£30.00	N/A
	Stable Space weekend (Day)	New	£35.00	N/A
Courtyard Space Commercial	Garage Space week day (Day)	New	£50.00	N/A
	Garage Space weekend (Day)	New	£60.00	N/A
	Stable Space week day (Day)	New	£50.00	N/A
	Stable Space weekend (Day)	New	£60.00	N/A
Car Park charges	Cars	£2.60	£2.80	7.7%
	Minibuses (under 16 seats)	£10.50	£12.00	14.3%
	Coaches	£21.00	£25.00	19.0%
	EA Bowles Society Annual Pass	£20.00	£21.50	7.5%
	Annual Pass	£26.00	£30.00	15.4%

LEE VALLEY GREEN SPACES

Market Dynamics

- Lee Valley Regional Park is a 26 mile stretch made up of a diverse mix of countryside, urban green spaces, country parks, nature reserves and riverside trails. Opportunities for generating income such as licensing, entry fees, festivals, events and hires are ways in which funding from the private sector and users of green spaces can be sourced.
- Generating additional income provides long-term investment and can encourage the involvement of local businesses.

Venue financial information

Year	Operational Income	Net operational (income) / expenditure*
2020/21 Actual	(£124,200)	n/a
2021/22 Actual	(£212,900)	n/a
2022/23 Budget	(£134,500)	n/a
2022/23 Actual (forecast at P6)	(£120,600)	n/a

* Income is from various cost centres (open spaces and events) and relevant expenditure cannot be easily split out

Proposed charges for 2023/24

Commercial Dog Walker Licences

Dog walking as a business has increased in recent years and more Parks and Councils are starting to introduce licences for businesses, the Authority introduced such licences in 2017 at £100, take up was low with just 6 companies taking up 10 licences. This led to a reduction in the fee to £50 for 2018 and 2019 which saw an increase in uptake to 15 companies taking out 24 licences. 2020/21 and 2021/22 saw small increases in the annual fee to the current £65 but we have again seen numbers drop to 8 organisations taking out 13 licences.

One of the main issues is the policing of the licence scheme with an already overstretched open space team on the ground, plus there are also currently no penalties imposed for those commercially walking dogs with no licence. This could be part of the reason that numbers are dropping off as they see no reason to purchase a licence as there are no penalties if they do not hold one.

Looking at Royal Parks and some Councils licence fees range from £100-£300 per annum with some also charging a fee for an annual parking permit which we as an Authority also do. It is recognised that the current fee we charge is below others on the market so it is suggested that for this year an above inflation increase is proposed up to £300 per walker, which is at the top end of the market, with further monitoring over the next 12 months to see if this has a negative impact on take up.

Commercial fitness classes

To date there has been no uptake of these licences. A full benchmarking review will take place, the proposed fee is in line with comparators.

Community Events

We have kept prices in line with last year as through our benchmarking exercise we are still above average when compared to other relevant LA's, LLDC etc. We also feel that in the current climate assisting community and charitable events by not increasing our prices will assist in them returning to the park with their events.

Commercial Events

We have limited benchmarking opportunities as most of our peers are all 'by negotiation' prices. For the few examples we have we are below average therefore we have increased prices by 9%.

Memorials

As an Authority we offer a range of memorial options for the public to remember loved ones, this starts at a modest £250 for the newest product being a flying silhouette duck which relatives can have engraved with their loved one's names, this was launched in 2020 following the opening of the Wildlife Discovery Centre. Take up

has not yet happened so it is proposed that the fee remains the same and is the starting point of the Authority's memorials offering.

Other memorials namely trees and benches are historic offerings with low uptake and come with additional maintenance responsibilities. Interested parties have a number of options in relation to benches and locations. Given the current uncertainty in global markets and the rises in cost of materials it is proposed that we remove individual price ranges and just state that memorials start from £250 and are based on requirements, this way the Authority is at less risk of being caught out due to changes in cost.

LEE VALLEY GREEN SPACES

			2022/23 Fee	Proposed Fee 2023/24	% Increase	
Licenses	Commercial Dog Walker	Annual Licence per walker	£65.00	£300.00	361.5%	
	Commercial Dog Training	Annual for weekly activity per site	£200-£1000	£250-£1100	17.5%	
	Commercial Fitness Classes	Per session, per trainer, Nil Uptake Full benchmarking review to take place	£15.00	£20.00	33.3%	
In House Events and Activities	Workshop Events	Half Day	£20.00	£25.00	25.0%	
		Full Day	£40-£80	£50-100	25.0%	
Community Events	Damage Deposit		Dependent on scale of event	Dependent on scale of event	N/A	
	Non-refundable deposit		25% of total hire fire	25% of total hire fire	N/A	
	Small Event - Basic Hire Fee (up to 500 people)	Per day	£500.00	£500.00	0.0%	
	Medium Event - Basic Hire Fee (500 - 1999 people)	Per day	£1,250.00	£1,250.00	0.0%	
	Large Event (1) - Basic Hire Fee (2000 – 3499 people)	Per day	£2,367.00	£2,367.00	0.0%	
	Large Event (2) – Basic Hire Fee (3500 – 4999 people)	Per day	£3,486.00	£3,486.00	0.0%	
	Large Event (3) – Basic Hire Fee (over 5000 people)		By Negotiation	By Negotiation	N/A	
Additional Rig Day			50% of Event day hire fee	50% of Event day hire fee	N/A	
Commercial Events	Small Event – Basic Hire Fee (up to 499 people)	Per day	£841.00	£917.00	9.0%	
	Medium Event - Basic Hire Fee (500 – 1999 people)	Per day	£1,946.00	£2,121.00	9.0%	
	Large Event (1) - Basic Hire Fee (2000 – 3499 people)	Per day	£3,366.00	£3,668.00	9.0%	
	Large Event (2) - Basic Hire Fee (3500 – 4999 people)	Per day	£4,733.00	£5,159.00	9.0%	
	Large Event (3) – Basic Hire Fee (over 5000 people)		By Negotiation	By Negotiation	N/A	
	Rig Day Hire Fee			50% of Event day hire fee	50% of Event day hire fee	N/A
	Damage Deposit			Dependent on scale of event	Dependent on scale of event	N/A
Memorials	WDC Memorial Duck Engraving		£250	£250.00	0.0%	
	<i>We offer a range of memorial options starting with memorial engravings through to plaques, benches and tree option and differing timescale of memorial. These start at £250 for a basic engraving but are then priced depending on individual requirements and wishes.</i>					

LEE VALLEY CAR PARK CHARGES

Market Dynamics

- Members approved as part of the levy strategy that a roll out of charging across our car parks would be implemented.
- Therefore, Officers have been working with various agencies implementing this scheme. Members are aware this has proven difficult, and continues to have a negative impact on officer time, but the first car parks came on line 23rd October 2017 under the management of a private company – Parking Eye.
- The 3 car parks in Broxbourne (Pindar, Cheshunt and Mill & Meadows) started charging on 22nd October 2018.
- In March 2021 officers oversaw an open tender process for the award of a new combined contract for the next 3 years. Both of our existing car park management operators were advised of the tender and given the opportunity to bid for the whole contract as well as other outside organisations however one of existing operators BoB declined to bid for the new current contract therefore notice was served on them for the car park within the overall tender that they operated. Several of the main car park operators put in bids. Following the successful tender process Parking Eye provided the best proposal for the delivery of the car parking management and were therefore awarded the contract.
- Part of the new contact offering makes most of the car parks automated and controlled via APNR technology removing much of the human element out of the parking process and customers are now required to pay on exiting rather than arrival. New machines to help streamline the payment process have also been installed whilst PayByPhone and Parking Eye's pre-payment option Good2Go are alternative options.
- There were, as with many new systems, some teething issues since the rollout of the new system from July 2021, mainly where special arrangements have had to be implemented for existing tenants / customers. Unfortunately one car park (Clayton Hill) has had to revert to PayByPhone, Good2Go or Annual Permit payments only due to consistent vandalism on the new machines and the cost of replacing these each time (c£9k) which would have to be borne by the Authority going forward due to the speed and regularity at which the vandalism took place.
- In a separate Fees and Charges update paper following completion of the tender process members agreed the proposal to roll out the charging template that was operating in the west side car parks, this being a staggered hourly rate up to a cost of £5 per day after 4 hours. Members also agreed increases for the first time since inception of charges for the annual season ticket permits for both the public permits 50% increase from £50-£75 and the associated clubs 25% from £20 to £25 PA.
- There was some negative feedback to both the perceived increase in charging costs from users of the eastern car parks albeit it was in effect just aligning the parking charges across the RLCP, but the main complaints were in relation to the increase of the parking permit just as COVID rules were suggesting people use the open spaces more.
- The change we made to the banded charging tariff brings us in line with other comparable chargeable car parks locally. The Corporation of London have introduced parking charges at the rate of £1.50 up to 1 hour, £2.50 up to 2 hours £4.00 2 – 4 hours and over 4 hours £6.00, they also offer an annual season permit at £150, this has seen a high level of complaints raised. ECC Harlow Water gardens range from 90p up to two hours to £15 for 23 hours whilst HCC Ware Car Park offer 30 minutes free, 70p for 1 hour up to £3.80 all day. National Trust car park charges are £2 up to 1 hour, £4 up to 2 hours, £6 up to 4 hours and £8 all day, the RSPB Rye Meads car park costs are a straight, £4 both of the latter two are only applicable to non-members of the relevant organisation.

Venue financial information

Year	Operational Income	Net operational (Income) / expenditure*
2020/21 Actual	(£104,900)	(£46,000)
2021/22 Actual	(£127,100)	(£82,900)
2022/23 Budget	(£122,100)	(£94,100)
2022/23 Actual (forecast at P6)	(£135,000)	(£105,400)

Proposed charges for 2023/24

- Power has now been installed at Clayton Hill and Cornmill Meadows and officers are working to get power installed at Cheshunt Country Walk car parks. In the new contract there are no management fees applicable as the majority of car parks either now have or will have electricity and will therefore either be or are automated in the monitoring.
- The car parks where the installation of electricity is too expensive (i.e. Hooks Marsh), this is now a cashless Paybyphone or annual permit car park only.
- As agreed previously the Authority absorbs any additional payment for the use of Apps and phones thereby not passing these costs on to the public which will minimise one source of complaints. This would result in the income per visit reducing from £2.00 to £1.70 (based on current pricing) as use of Apps and phones incurs an additional charge of 30p.
- As detailed above Parking Eye have rolled out their own telephone payment system called Good to Go on 1st Jan 2020 which works similar to the Dart Charge where you register either a card or account in advance and the APNR camera's automatically debit this with the correct charge without the need to do anything on the day. This system is used in all Parking Eye controlled Car Parks where electricity and APNR cameras are present.
- Broxbourne still currently manage the former Lido car park under a separate lease outside of the main car park management contract and these car park charges are set by and reflect the BoB car parking charges set on an annual basis.
- Officers propose a 10% increase in the actual parking charges to up to 1hr £1.10, up to 2hrs £2.20, Up to 3 hrs £3.30, Up to 4 hrs £4.40 and over 4 hrs £5.50. Officers propose leaving the cost of the Annual Permits the same for this year, given the increase in the hourly rate this will also prove to be better value for the regular visitor.

CAR PARK CHARGES				
		2022/23 Fee	Proposed Fee 2023/24	% Change
Annual Permits		£75.00	£75.00	0.0%
Annual Club and Angling Permits		£25.00	£25.00	0.0%
Pindar Cheshunt Broxbourne Mill & Meadows Gunpowder Park Hooks Marsh Waltham Abbey Gardens Clayton Hill Cornmill Meadows Fishers Green	Up to 1 Hour	£1.00	£1.10	10.0%
	Up to 2 hours	£2.00	£2.20	10.0%
	Up to 3 hours	£3.00	£3.30	10.0%
	Up to 4 hours	£4.00	£4.40	10.0%
	Over 4 hours	£5.00	£5.50	10.0%

LEE VALLEY LEARNING & ENGAGEMENT TEAM

Market Dynamics

- The Learning & Engagement Team provides outdoor learning and heritage education programmes to over 15,000 people (on average) of all ages and abilities annually from across the region. The Service works with all ages from pre-school to adults. Primary schools provide by far the majority of the income.
- Learning & Engagement usage comes from our outdoor learning programmes engaging schools, colleges, pre-schools and youth groups. The aim of the Team is to engage people in the Park and outdoor activity, whilst raising the profile and future support for the Park by introducing the public to the Park's biodiversity and venues. Post COVID, the service has also been asked to engage a wider range of ages and more hard to reach community groups and SEN clients.
- The Team has a strong customer base and schools and other groups have been very keen to return post COVID recognising the importance of hands-on outdoor experiences to develop confidence, aid wellbeing, develop teamwork/ social skills and increase understanding of habitats and species. However, schools' budgets are under immense pressure, with parents feeling the cost of living crisis and coach company fees increasing due to fuel price and other rising costs.

Venue financial information

Year	Operational Income	Net operational (income) / expenditure
2020/21 Actual	£0	£127,479
2021/22 Actual	(£20,600)	£127,500
2022/23 Budget	(£33,000)	£147,800
2022/23 Actual (forecast at P6)	(£21,000)	£151,810

Impact of Last year's charges/customer comments

- The price freeze of full days was very helpful in encouraging customers to stay with us.
- When the service reopened, it continued the shift to the more operationally efficient full day programmes rather than half day programmes. Now the vast majority are full day programmes (only a handful of shorter programmes) so customers are already paying more on average than they did in the past when attending half days.
- Coach travel costs are still a key issue, using the Community Access Fund (CAF) fund to support access for those in deprived areas across the region by providing coach costs so they only pay session fees has proved very successful and will be key in helping schools return to outdoor learning. However in the current climate many schools not eligible for the limited CAF funds are still struggling to get sufficient parental contributions to pay for visits.

Proposed charges for 2023/24: Variance from Inflation

- Currently the Team's fees are higher than all local competitors who publish their fees on their website, and where a like for like comparison can be made. Schools have also reported they are struggling not just with limited budgets but also parents' ability to pay due to the cost of living crisis. It is proposed that a modest increase (8.4% on average cross all programmes), be introduced for 2023/24.
- Half-day programmes are less cost effective to run for the service, so the prices of these will increase by a greater amount than full day programme. This will continue to encourage customers to move to full day sessions. It is also recommended that fees and charges for sessions for special needs and youth groups, be increased by a smaller 4.7% figure, reflecting these client groups and increasing pressures on their available spending.
- Schools are very keen post COVID to provide hands on outdoor learning opportunities and wellbeing sessions. However, as with the previous year, schools are having to fund sessions themselves.
- The Service needs to keep prices to a level where it can maintain and grow its customer base and continue to achieve high customer satisfaction scores.
- For simplicity to avoid customer confusion, complaints and misquoting of prices, fees for secondary education remain as they are for primary.

LEARNING & ENGAGEMENT TEAM

		2022/23 Fee	Proposed Fee 2023/24	% Change
Standard park based schools programme	Half day price for 30 students	£174	£195	12.1%
	Full day price for 30 pupils	£258	£270	4.7%
Special rates for SEN and youth groups (Minimum charge for 10 SEN, minimum charge for 15 youth)	Half Day per participant	£5.80	£6.50	12.1%
	Full Day per participant	£8.60	£9.00	4.7%

LEE VALLEY CAMPSITES

Market Dynamics

- Following two years of restrictions impacting the operations at the campsites, this year has been a return to some sort of normality.
- London now being fully open has had a positive impact on visitor numbers and occupancy levels which are up across all campsites in general, with Edmonton in particular seeing a strong recovery to pre-pandemic levels.
- The market continues to move towards serviced accommodation resulting in occupancy numbers for lodges being significantly higher than those of cabins and cocoons which continue to decrease despite competitive pricing.
- An analysis of competitors was completed as part of the pricing strategy for campsites and those sites reviewed included, Roydon Marina, Theobalds Park, Hertford Campsite, Debden House, Three Lakes Camping, Church Farm and Foxholes Farm. This highlighted that we are already pitching our prices at the higher end of the market and that a number of the sites have opened new serviced accommodation which has further impacted on the occupancy levels of our Safari tents, Cabins and Cocoons. Each of these accommodation types have no bathroom facilities and are tired and in need of a short term refurbishment program and a longer term plan to renew with modern serviced accommodation creating small cluster villages.

Proposed charges for 2023/24:

- Generally increased prices where the market determines they can be absorbed.
- The pricing for wigwams, cabins and cocoons has not been increased for the reasons stated above and remain static through mid and high season in an attempt to create a market advantage
- Ancillary charges all increased in line with inflation.
- Holiday home and decking fees increased in line with inflation.
- Consideration is being given to introducing seasonal 13 week bookings as there is an ongoing request from customers, this will help to provide a less fluctuating income stream on touring pitches.
- Introduction of a peak season at Almost Wild Campsite from 22 July to 3 September of £25.50 per night will help to increase revenue where capacity is limited.
- The introduction of minimum occupants on each pitch at Almost Wild Campsite will also help to increase the revenue streams.
- The pricing for Storage was significantly increased at Dobbs Weir when the campsites returned to the Authority. This has resulted in six unused spaces therefore the increase is only 3%.
- Pods and Lodges are being marketed and sold through Hoseasons who set optimum dynamic pricing based on the market, so are not included in this list.
- Where customers choose to pay annual pitch fees by Direct Debit (DD), the sum of the monthly DD payments will total 6.45% more than the annual sum agreed. This additional charge covers the administrative costs of managing DD payments.

Venue financial information

	Year	Operational Income	Net operational (Income) / expenditure
Sewardstone	2020/21 Actual	(£325,400)	£62,400
	2021/22 Actual	(£423,200)	£1,100
	2022/23 Budget	(£516,600)	(£91,200)
	2022/23 Actual (forecast at P6)	(£559,000)	(£118,000) **
Dobbs Weir	2020/21 Actual	(£650,000)	(£174,000)
	2021/22 Actual	(£837,800)	(£263,400)
	2022/23 Budget	(£985,800)	(£409,200)
	2022/23 Actual (forecast at P6)	(£819,800)	(£229,000) **
Edmonton	2020/21 Actual	(£62,000)	£167,600
	2021/22 Actual	(£267,200)	£134,700
	2022/23 Budget	(£268,700)	£38,700
	2022/23 Actual (forecast at P6)	(£426,800)	(£75,000) **
Almost Wild	2020/21 Actual	(£36,700)	(£28,400)
	2021/22 Actual	(£47,800)	(£11,500)
	2022/23 Budget	(£56,800)	(£16,300)
	2022/23 Actual (forecast at P6)	(£43,700)	(£7,000)

** Impact of October utility price increases not included

LEE VALLEY CARAVAN PARK - DOBBS WEIR

pitch fees include the £6.50 daily electric charge		2022/23 Fee	Proposed Fee 2023/24	% Change
Low Season Prices (per night)	Pitch Fee Minimum Charge	£16.00	£18.00	12.5%
	Adult	£8.00	£9.00	12.5%
	Junior – Under 18	£4.50	£5.00	11.1%
	Backpacker	£11.00	£12.00	9.1%
	Wigwams - Big Chief	£65.00	£65.00	0.0%
	Wigwams - Wee Brave	£55.00	£55.00	0.0%
	Safari Tents	£90.00	£70.00	-22.2%
Mid-Season Prices (per night)	Pitch Fee Minimum Charge	£20.50	£23.00	12.2%
	Adult	£10.25	£11.50	12.2%
	Junior – Under 18	£5.50	£6.00	9.1%
	Backpacker	£13.00	£14.00	7.7%
	Wigwams - Big Chief	£70.00	£70.00	0.0%
	Wigwams - Wee Brave	£60.00	£60.00	0.0%
	Safari Tents	£100.00	£70.00	-30.0%
High Season Prices (per night)	Pitch Fee Minimum Charge	£26.00	£29.00	11.5%
	Adult	£13.00	£14.50	11.5%
	Junior – Under 18	£6.75	£7.25	7.4%
	Backpacker	£15.00	£16.00	6.7%
	Wigwams - Big Chief	£90.00	£70.00	-22.2%
	Wigwams - Wee Brave	£80.00	£60.00	-25.0%
	Safari Tents	£105.00	£70.00	-33.3%
Additional Charges	Service pitch charge	£4.50	£6.50	44.4%
	Gazebo / Awning	£3.50	£4.00	14.3%
	Dog	£2.50	£3.00	20.0%
	Day visitors - adult	£5.50	£6.00	9.1%
	Large Tent Surcharge	£11.00	£12.50	13.6%
	Wifi Charge (per month)	£25.00	£25.00	0.0%
Early Arrival / Late Departure (subject to availability)	Low Season	£9.00	£10.00	11.1%
	Mid-Season	£11.00	£12.00	9.1%
	High Season	£13.00	£14.00	7.7%
	Late arrival	£32.00	£36.00	12.5%
Holiday Home Pitch Fee	Bronze	£2,620.00	£2,940.00	12.2%
	Silver	£3,180.00	£3,570.00	12.3%
	Gold	£3,895.00	£4,375.00	12.3%
	Decking Fee	£295.00	£330.00	11.9%
Caravan Storage	Annual	£700.00	£725.00	3.6%
Additional Car Parking	Annual	£180.00	£185.00	2.8%

LEE VALLEY CAMPSITE – SEWARDSTONE				
		2022/23 Fee	Proposed Fee 2023/24	% Change
Low Season Prices (per night)	Pitch Fee Minimum Charge	£16.00	£18.00	12.5%
	Adult	£8.00	£9.00	12.5%
	Junior – Under 18	£4.50	£5.00	11.1%
	Backpacker	£11.00	£12.00	9.1%
	Cocoon - 2 people	£36.00	£36.00	0.0%
	Woodland Cabin – 4 People	£53.00	£53.00	0.0%
Mid-Season Prices (per night)	Pitch Fee Minimum Charge	£20.50	£23.00	12.2%
	Adult	£10.00	£11.50	15.0%
	Junior – Under 18	£5.50	£6.00	9.1%
	Backpacker	£13.00	£14.00	7.7%
	Cocoon - 2 people	£42.00	£42.00	0.0%
	Woodland Cabin – 4 People	£63.00	£63.00	0.0%
High Season Prices (per night)	Pitch Fee Minimum Charge	£26.00	£29.00	11.5%
	Adult	£13.00	£14.50	11.5%
	Junior – Under 18	£6.50	£7.25	11.5%
	Backpacker	£15.00	£16.00	6.7%
	Cocoon - 2 people	£47.00	£42.00	-10.6%
	Woodland Cabin – 4 People	£67.00	£63.00	-6.0%
Additional Charges	Service pitch charge	£4.50	£6.50	44.4%
	Awning	£3.50	£4.00	14.3%
	Dog	£2.50	£3.00	20.0%
	Day visitors - adult	£5.50	£6.00	9.1%
	Large Tent Surcharge	£11.00	£12.50	13.6%
	Premium Pitch	£4.00	£5.00	25.0%
	Wifi Charge (per month)	£25.00	£25.00	0.0%
Early Arrival / Late Departure (subject to availability)	Low Season	£9.00	£10.00	11.1%
	Mid-Season	£11.00	£12.00	9.1%
	High Season	£13.00	£14.00	7.7%
	Late Arrival	£32.00	£36.00	12.5%
Holiday Homes Pitch Fee	Standard Pitch	£2,830.00	£3,180.00	12.4%
	Premium	£3,100.00	£3,480.00	12.3%
Decking	Decking Fee	£295.00	£330.00	11.9%

LEE VALLEY CAMPING AND CARAVAN PARK – EDMONTON

		2022/23 Fee	Proposed Fee 2023/24	% Change
Low Season Prices (per night)	Pitch Fee Minimum Charge	£16.00	£18.00	12.5%
	Adult	£8.00	£9.00	12.5%
	Junior – Under 18	£4.50	£5.00	11.1%
	Backpacker	£11.00	£12.00	9.1%
	Cocoon - 2 people	£36.00	£36.00	0.0%
	Woodland Cabin – 4 People	£53.00	£53.00	0.0%
Mid-Season Prices (per night)	Pitch Fee Minimum Charge	£20.50	£23.00	12.2%
	Adult	£10.00	£11.50	15.0%
	Junior – Under 18	£5.50	£6.00	9.1%
	Backpacker	£13.00	£14.00	7.7%
	Cocoon - 2 people	£42.00	£42.00	0.0%
	Woodland Cabin – 4 People	£63.00	£63.00	0.0%
High Season Prices (per night)	Pitch Fee Minimum Charge	£26.00	£29.00	11.5%
	Adult	£13.00	£14.50	11.5%
	Junior – Under 18	£6.50	£7.25	11.5%
	Backpacker	£15.00	£16.00	6.7%
	Cocoon - 2 people	£47.00	£42.00	-10.6%
	Woodland Cabin – 4 People	£67.00	£63.00	-6.0%
Additional Charges	Service pitch charge	£4.50	£6.50	44.4%
	Gazebo / Awning	£3.50	£4.00	14.3%
	Dog	£2.50	£3.00	20.0%
	Day visitors - adult	£5.50	£6.00	9.1%
	Large Tent Surcharge	£11.00	£12.50	13.6%
	Early Arrival / Late Departure (subject to availability)	Low Season	£9.00	£10.00
Mid-Season		£11.00	£12.00	9.1%
High Season		£13.00	£14.00	7.7%
Late Arrival		£32.00	£36.00	12.5%

ALMOST WILD CAMPSITE

		2022/23 Fee	Proposed Fee 2023/24	% Change
Almost Wild Camping Per Person Per Night	Mid Season	£22.00	£24.00	9.1%
	High Season	£22.00	£25.50	15.9%
Site Hire		£75.00	£125.00	66.7%
Safari Tent		£100.00	£70.00	-30.0%

LEE VALLEY GOLF COURSE

Market Dynamics

- During 2020/21 the golf course underwent extensive disruption in due to ground investigations covering all of the back 9 holes in preparation for the developing Wave project. During this period of closure of the back 9 holes, extensive improvements were carried out across all areas of the golf courses to improve all of the playing areas such as the tees, greens, fairways and bunkers.
- This year the course has been fully open and demand for pay and play golf is good and in line with 2019 pre-pandemic levels. However, sales of memberships are considerably down on previous years. Most of these customers have moved to other golf courses because of uncertainty over the future of the golf course due to plans for The Wave development at the Picketts Lock site.

Venue financial information

Year	Operational Income	Net operational (income) / expenditure
2020/21 Actual	(£56,900)	£81,000
2021/22 Actual	(£108,500)	£18,800
2022/23 Budget	(£152,400)	£1,100
2022/23 Actual (forecast at P6)	(£144,500)	£17,350

Proposed charges for 2023/24:

- Prices for non-member pay and play golf are proposed to increase above inflation in recognition of the good demand.
- Prices for memberships are proposed to be frozen to support efforts to retain existing members and attract new members.
- In line with the updated fees and charges policy, the concession rate for non-members has been reduced in order to give a discount of 40% compared to the standard price. Concessions currently make up 40% of golf rounds – this additional discount is expected to result in £3,000 lost income based on the same number of rounds.

LEE VALLEY GOLF COURSE				
		2022/23 Fee	Proposed Fee 2023/24	% Change
Season Ticket	7 Day Adult	£499.00	£500.00	0.2%
	5 Day (Weekday) Adult	£399.00	£400.00	0.3%
	7 Day Cadet '19-21'	£273.00	£307.00	12.5%
	5 Day (Weekday) Cadet '19-21'	£139.00	£150.00	7.9%
	Unlimited Golf Junior/ 18 and under	£30.00	£52.00	73.3%
Non Members Charges	Monday to Friday	£17.00	£19.00	11.8%
	Monday to Friday: Concessions	£12.50	£11.40	-8.8%
	Sat/Sun/Bank Holidays	£22.00	£26.00	18.2%
Practice Hole	Practice hole - 1 Hour	£6.50	£7.50	15.4%
Foot Golf	Adult	£15.00	£17.00	13.3%
	Concessions	£7.50	£8.50	13.3%
Golf Buggy	Weekday	£14.00	£18.00	28.6%
	Weekend/Bank Holiday	£18.50	£21.00	13.5%

LEE VALLEY MARINAS

Market Dynamics

- The marinas continue to perform well, but there are signs that the cost of living crisis is starting to impact customers. We have started to see some customers struggling to pay their mooring fees, and new customers enquiring about moorings are often put off by the prices. There is no longer the strong waiting list that we used to have.
- For those that are leisure moorings as the financial crisis bites customers will possibly look to reduce non-essential luxury items to cut costs, if the mooring fees increase too much the likelihood of this happening is higher.
- For those on their boats long term they are often in this position as they have no alternative and are generally on low incomes, a high price rise to match inflation will either mean they leave their mooring and continually cruise (no fees involved apart from their river licence) to save money or they will default on a more regular basis.
- The more money we take from them on mooring fees may mean they have less money to spend on repairs or in the chandlery, so it is important we try to balance price increases.

Venue financial Information

Stanstead:

Year	Operational Income	Net operational (Income) / expenditure
2020/21 Actual	(£644,700)	(£67,700)
2021/22 Actual	(£828,400)	(£102,200)
2022/23 Budget	(£847,500)	(£58,300)
2022/23 Actual (forecast at P6)	(£815,000)	(£45,000) **

** Impact of October utility price increases not included

Springfield:

Year	Operational Income	Net operational (income) / expenditure
2020/21 Actual	(£940,000)	(£515,600)
2021/22 Actual	(£999,800)	(£424,500)
2022/23 Budget	(£993,800)	(£345,200)
2022/23 Actual (forecast at P6)	(£1,060,500)	(£373,000) **

** Impact of October utility price increases not included

Proposed charges for 2023/24:

- **Springfield**
 - **Moorings** - prices at Springfield were increased significantly a few years ago to reflect the marina's location closer to London. Prices are therefore higher than at Stanstead, which customers who visit both marinas often comment on. Core prices are proposed to be increased by 4% which we think is the maximum feasible. This will push berth holders with longer wide beam vessels above £1,000 per month. Although other marinas in London charge higher prices they have premium facilities such as bars and restaurants, and residential moorings.
 - **Workshop** – it is proposed to freeze the rate at Springfield to bring it back in line with Stanstead due to cheaper competition offering some similar services.
- **Stanstead**
 - **Moorings** – the core proposed prices have been increased by 6% which is lower than inflation but reflects the affordability concerns, and although we are at the top end of what is being charged in the market we think this is set realistically against local competition. Rye House Moorings have been increased by only 3% as these are harder to fill due to the location being industrialised with less facilities. Customers tend to be more short term, especially by the go-

kart track, so we are aiming to retain them by keeping the cost of mooring here lower.

Temporary mooring rates have been increased significantly to encourage customers to move onto annual agreements and direct debits which involve less administration for chasing and processing payments

- **Craning** - no competition in the local area although bookings have already slowed going into autumn for blacking bookings with people postponing it for another year in the hope things will be more stable. If we increase to match inflation we run the risk of having less bookings, and gaining a reputation for being expensive.
- **Caravans** - proposed increase is below inflation. Caravan storage is behind budget this year as people have already sold them to reduce costs or have moved them elsewhere. The proposed fee brings them in line with Dobbs Weir suggested storage fees, and will hopefully mitigate the risk of losing any more.
- **Workshop** - Labour rates are already on the high side. It is proposed that these are increased to £65 so both marinas are charging the same rate. There are many tradespeople that work on the towpath for a lower hourly rate, sometimes we lose engine services etc as we are more expensive than these people.

LEE VALLEY MARINA - SPRINGFIELD				
		2022/23 Fee	Proposed Fee 2023/24	% Change
Marina Moorings: (per metre / per month)	Monthly - Late Payment	£35.20	£37.00	5.1%
	Direct Debit	£31.35	£32.50	3.7%
Marina Basin Moorings Widebeam: (per metre / per month)	Monthly - Late Payment	£49.70	£52.25	5.1%
	Direct Debit	£41.05	£42.55	3.7%
Hard standing Moorings: (per metre / per month)	Monthly - Late Payment	£35.20	£37.00	5.1%
	Direct Debit	£25.90	£26.90	3.9%
Riverbank Moorings: (per metre / per month)	Monthly - Late Payment	£29.30	£30.80	5.1%
	Direct Debit	£25.90	£26.90	3.9%
Leyton Marsh Moorings: (per metre / per month)	Monthly - Late Payment	£26.90	£28.30	5.2%
	Direct Debit	£23.05	£23.90	3.7%
Visitor Temporary Mooring Rate	per 24 hours (serviced)	£40.00	£44.90	12.3%
	per 24 hours (non-serviced)	£35.00	£39.30	12.3%
Power Wash	Up to 9 metres	£80.00	£95.00	18.8%
	9 metres to 15 metres	£125.00	£140.00	12.0%
	15 metres to 22 metres	£155.00	£170.00	9.7%
Hydro-Lift - Launching and/or Recovering	Single Lift per metre	£27.60	£31.00	12.3%
	Double Lift per metre	£49.70	£55.80	12.3%
	Small Boat per metre	£27.60	£31.00	12.3%
Slipping	Use of slipway	£40.00	£40.00	0.0%
Workshop	Pump Out (attended)	£21.00	£22.50	7.1%
	Elsan disposal	£5.25	£5.50	4.8%
	Base Labour Rate	£65.00	£65.00	0.0%
Storage (per month)	Canoe	£30.00	£35.00	16.7%
	Row boat	£56.00	£60.00	7.1%
	Boats on trailer (max 6m)	New	£65.00	N/A

LEE VALLEY MARINA – STANSTEAD ABBOTS

		2022/23 Fee	Proposed Fee 2023/24	% Change	
Moorings: Marina (per metre/ per month)		Monthly - Late Payment	£35.75	£40.15	12.3%
		Direct Debit	£19.00	£20.15	6.1%
Moorings: Hard standing (per metre/ per month)	Large Boats (10m+)	Monthly - Late Payment	£35.75	£40.15	12.3%
		Direct Debit	£16.50	£17.50	6.1%
	Medium Boats (Under 10m)	Monthly - Late Payment	£35.75	£40.15	12.3%
		Direct Debit	£15.50	£16.50	6.5%
	Small Boats (Under 6m)	Monthly - Late Payment	£35.75	£40.15	12.3%
		Direct Debit	£11.95	£13.50	13.0%
Moorings: Rye House (per metre / per month)		Direct Debit	£16.25	£16.75	3.1%
Trailer Hire		Price per week	£135.00	£152.00	12.6%
Visitor Temporary Mooring Rate	Per 24 hour (max. 1 week stay)		£36.50	£40.95	12.2%
	Per metre / per month (max 3 months stay)	Water	£20.00	£30.00	50.0%
		Hard Standing (10m+)	£18.00	£30.00	66.7%
		Hard Standing (Under 10m)	£17.00	£30.00	76.5%
		Hard Standing (Under 6m)	£17.00	£30.00	76.5%
		Rye House	£17.95	£30.00	67.1%
Craning Boats		Single lift (from)	£180.00	£195.00	8.3%
		Double lift (from)	£345.00	£375.00	8.7%
		Additional cost crane off lorry + a cost for wide beam (from)	£285.00	£310.00	8.8%
Slipping - Small Boats		Use of slipway	£27.50	£30.00	9.1%
Workshop Services		Pump Out (Self Service)	£18.00	£20.00	11.1%
		Pump Out (attended)	£27.50	£31.00	12.7%
		Labour rate per hour incl. VAT	£62.50	£65.00	4.0%
		Trailer Hire (per week)	£130.00	£145.00	11.5%
Storage	Caravan	Monthly - Direct Debit	£61.50	£65.00	5.7%
	Undercover Charge	Per calendar month - added to mooring cost	£140.00	£155.00	10.7%
	Boat Trailer Storage	Price per year	£199.95	£225.00	12.5%

ALLOTMENTS

Market Dynamics

- Following a period of disruption to the management and use of the allotments due to Covid, the timetable for licence renewals and allocation of plots to new licensees is returning to normality.
- In considering a revision of plot pricing, it seems reasonable to compare the fees with those of allotments offered in the neighbouring boroughs of Haringey and Waltham Forest. By far the majority of plot holders at East Hale reside in these boroughs. This comparison shows that East Hale allotments are currently offered at lower prices than these neighbouring boroughs, with allotments considered to be of a similar standard.

Allotment Plots Financial Information

Year	Operational Income	Net operational (Income) / expenditure
2020/21 Actual	(£8,700)	n/a
2021/22 Actual	(£8,400)	n/a
2022/23 Budget	(£9,000)	n/a
2022/23 Actual (forecast at P6)	(£9,000)	n/a

* Relevant expenditure cannot be easily split out from the wider cost centre

Proposed charges for 2023/24: Variance from Inflation

- The recommended changes bring the allotment fees roughly into alignment with our neighbours. The effect of aligning the fees will represent an increase of approximately 22% per rod.
- In addition to the annual rent and parking charges below, plot holders also pay charges for water and insurance which are set by the East Hale Allotments Committee who receive the income from these charges to offset their costs for water and insurance.

ALLOTMENTS				
		2022/23 Fee	Proposed Fee 2023/24	% Change
Allotments	*Rent - per 10 pole plot (25m ²)	£90.00	£110.00	22.2%
	Car park charge	£8.00	£10.00	25.0%

ACCESS TO INFORMATION

Description of Charges

Members agreed the 'Access to Information Fees and Information Security Policy' in October 2013 (E/298/13).

- The policy sets out the conditions that must be met for charging to apply to information requests and the charges that may be made.
- In reality the majority of information requests are made electronically (via e-mail) and responses made likewise therefore there is negligible demand for paper correspondence.
- Recommend price freeze as there has been no uptake of these services to date.

ACCESS TO INFORMATION				
		2022/23 Fee	Proposed Fee 2023/24	% Change
A4/A3 Sheet or smaller	Black & white (per copy)	£0.10	£0.10	0.0%
A4/A3 Sheet or smaller	Colour (per copy)	£0.50	£0.50	0.0%
A2 Sheet	Black & white or colour (per copy)	£0.50	£0.50	0.0%
A1 and A0 Sheet	Black & white or colour (per copy)	£0.50	£0.50	0.0%
CD/DVD	Per disk	£2.00	£2.00	0.0%
Postage costs	Variable (weight and size)	Costs based on Royal Mail Standard 2 nd Class	Costs based on Royal Mail Standard 2 nd Class	N/A

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PENSION CONTRIBUTION RATE 2023

Presented by the Head of Finance

EXECUTIVE SUMMARY

In October 2022 the Authority received the results of the Triennial Pension Fund Valuation from the London Pension Fund Authority (LPFA) alongside the new employer minimum contribution rate to become effective from 1 April 2023 (see Appendix A to this report).

RECOMMENDATIONS

Members Approve: (1) the employer contribution rate of 13.8% as set out in paragraph 5 and in the valuation report at Appendix A to this report; and.

Members Note: (2) the valuation report at Appendix A to this report.

BACKGROUND

1 In July 2022 the London Pension Fund Authority (LPFA) wrote to the Authority explaining the funding categorisation in preparation for the Triennial Pension Fund Valuation.

This Authority is categorised as **Category A**, and although the grading criteria was amended for this valuation, the grade is unchanged from the previous valuation in 2019. The covenant grade determines the discount rate which is used to price employers' pension liabilities: a higher discount rate reduces the 'present value' of liabilities, (and vice-versa), and this mechanism directly affects employers' contributions in the subsequent inter-valuation period. To a large extent the grade is determined by the nature of the organisation, for example tax-raising entities are categorised as A grade 'automatically'. The covenant grade notification is attached at Appendix C to this report.

2 In October 2022 the LPFA wrote to the Authority setting out the new funding strategy and this is attached at Appendix B to this report for information. The funding strategy sets out the aims of the fund alongside the key risks, controls and responsibilities of the parties as well as links to investment policies.

- 3 On 26 October 2022 Barnet Waddingham LPP issued the preliminary results of the Triennial Pension Fund Valuation which included the new proposed minimum employer contribution rates to become effective from 1 April 2023 (see Appendix A to this report).
- 4 The Authority's current contribution rate, which was set at the 2019 Valuation is 15.6%, and has been the rate payable since 1 April 2020.

RESULTS OF TRIENNIAL VALUATION

- 5 In terms of funding levels, the general position has improved, with the LPFA Fund overall funding level now standing at 124.7%, compared to 105.7% at the 2019 valuation. The preliminary results as at 31 March 2022 for Lee Valley Regional Park Authority shows it has a funding surplus of £9.00m at 31 March 2022, relating to a funding level of 117.0%, compared to a funding deficit of £0.55m at 31 March 2019 relating to a funding level of 98.6%.
- 6 Therefore the proposed rate for the three year period April 2023 to March 2026 for Lee Valley Regional Park Authority is 13.8%.
- 7 This rate has been calculated using the following assumptions:
 - the employer is open to new members;
 - the employer is Category A for the purpose of funding; and
 - monetary contributions are assumed to be paid monthly.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 9 The estimated annual saving to the Authority of the reduction in the contribution rate from 15.6% to 13.8% is £80,000 for existing employees and this has been incorporated into the Medium Term Financial Forecast. This will be considered as part of the overall budget/levy paper which will be presented to Members in January 2023.
- 10 The employer rate payable will only affect the contributions the Authority make over the next three financial years. The contribution rate for the pass through tripartite admission agreement between the Authority, LPFA, and Greenwich Leisure Limited (GLL) was fixed for the duration of the Leisure Services Contract as 19.5% and reflects the fact that the scheme was only for employees TUPE transferring to GLL and closed to new members.

HUMAN RESOURCE IMPLICATIONS

- 11 There are no Human Resources implications arising directly from the recommendations in this report. Employee contribution rates are set at the following scales for 2022/23, but are determined annually by LPFA and may change for 2023/24.

Band	Pensionable Pay	Contribution Rate
1	Up to £15,000	5.50%
2	£15,001 to £23,600	5.80%
3	£23,601 to £38,300	6.50%
4	£38,301 to £48,500	6.80%
5	£48,501 to £67,900	8.50%
6	£67,901 to £96,200	9.90%
7	£96,201 to £113,400	10.50%
8	£113,401 to £170,100	11.40%
9	£170,101 or more	12.50%

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 13 The assumptions, risks and controls are set out in the LPFA funding strategy statement attached at Appendix B to this report. This includes assumptions around salary and price inflation, mortality rates and also the McCloud judgement allowance.

The amending regulations to address the remedy to LGPS benefits under the McCloud judgement have not yet been made. However guidance has been issued for the 2022 valuations, and the liabilities calculated include an allowance for the McCloud remedy.

The assumptions included in this valuation are based on market conditions at the valuation date of 31 March 2022. Whilst there have been some significant changes against these over the past 9 months, due to the significant surplus in the current fund, the three year pension valuation and contribution rate updates, and annual review of employee bandings and rates, there is less risk to the overall fund liquidity.

- 14 The pass through arrangement between the Authority and GLL is a risk sharing arrangement such that the Authority is ultimately responsible for any deficit in respect of the transferring members. The contribution rates payable by GLL were calculated at a level expected to allow full funding. Should there be any deficit at the end of the LSC, the Authority would be responsible for this, which may entail a premium on the Authority's contribution rate, or a capital payment.

EQUALITY IMPLICATIONS

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

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LIST OF ABBREVIATIONS

LPFA London Pensions Fund Authority

LSC Leisure Services Contract
GLL Greenwich Leisure Limited

APPENDICES ATTACHED

Appendix A Triennial Pension Fund Valuation
Appendix B Funding Strategy Statement
Appendix C Covenant Grading



**403 Lee Valley Regional Park
Authority**

**31 March 2022 valuation
employer results schedule**

London Pensions Fund Authority Pension Fund

Barnett Waddingham LLP

26 October 2022

Introduction

This schedule is provided to London Pensions Fund Authority as administering authority to London Pensions Fund Authority Pension Fund (the Fund). It has been generated from our online employer results modelling tool **Illuminate Me**. It may be shared with Lee Valley Regional Park Authority (the Employer) but it does not constitute advice to them. The Fund is part of the Local Government Pension Scheme (LGPS).

The purpose of this document is to provide a summary of the preliminary results of the actuarial valuation as at 31 March 2022 in relation to the Employer's individual funding position. A full valuation report will follow by 31 March 2023, which will provide details of the valuation method, assumptions and results of the valuation.

The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2023 to 31 March 2026 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) as amended. These contributions rates will be based on each employer's own membership/funding unless the employer participates in a pool, in which case the funding position of the pool will be considered.

McCloud judgment

At the time of writing, the amending regulations to address the remedy to LGPS benefits under the McCloud judgment have not been made. However, guidance for the 2022 valuations has been provided by the Department for Levelling Up, Housing & Communities (DLUHC). Using this guidance, the liabilities calculated for each employer include an allowance for the McCloud remedy. Please note that this allowance will change from year to year as the impact on members will change from year to year. For more information, please contact the administering authority.

Compliance statement

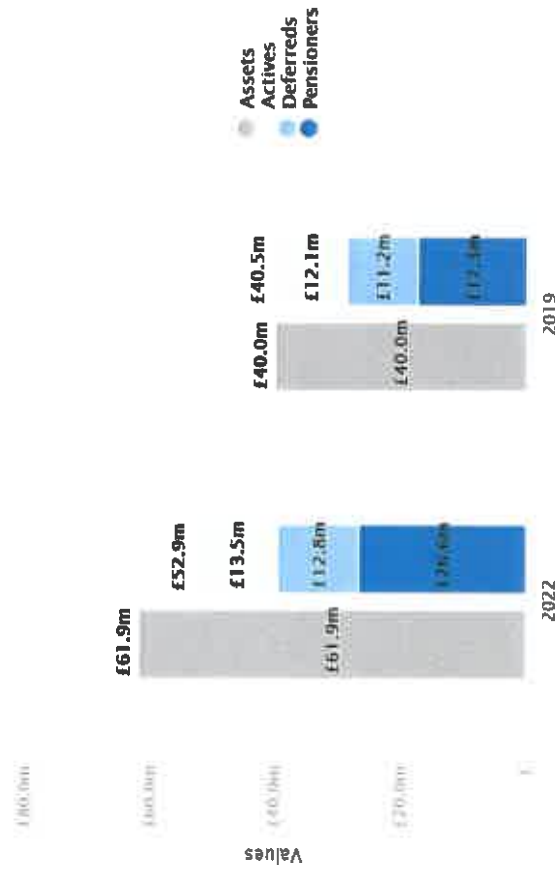
This schedule is subject to and complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100) as a component communication of the 2022 valuation. This schedule does not constitute as advice to the Employer.

Employer results

Funding position

Each participating employer, or group of similar employers, will have differing results to the Fund as a whole depending upon their own profile of membership within the Fund, and how this has changed in the inter-valuation period.

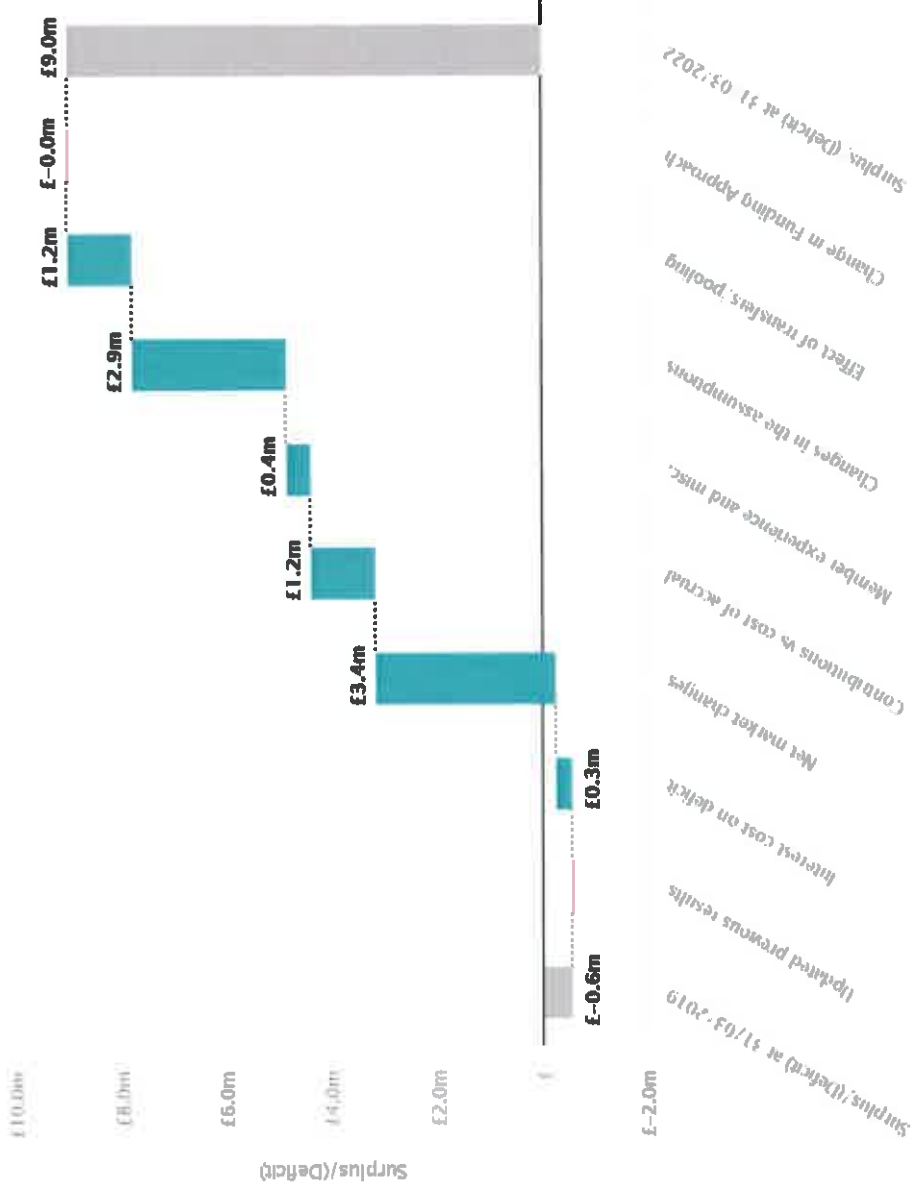
Using the proposed assumptions, the preliminary results as at 31 March 2022 for Lee Valley Regional Park Authority are set out in the chart below. We have included the funding position at 31 March 2019 for comparison.



The Employer has a funding surplus of £9.00m at 31 March 2022, relating to a funding level of 117%, compared to a funding deficit of £0.55m at 31 March 2019, relating to a funding level of 98.6%.

Funding position reconciliation

The table below shows a breakdown of the change in the funding position since the previous valuation (this will be at pool level if the Employer is pooled).



More details of each change are in Appendix 3.

Contribution rates

The total contribution rates payable by employers consists of two elements, the primary rate and the secondary rate. The primary rate covers the cost of benefit accrual and the secondary rate is the adjustment required to reach the total rate payable (for example, to recover a funding deficit identified).

The proposed minimum contribution rates for the three year period from 1 April 2023 to 31 March 2026 are detailed below. These contribution rates have been provided to the administering authority and reviewed via **illuminate Me**. The Employer may pay further amounts at any time.

	Contribution rate results		
	Previously certified	Provisionally certified	
Year ending	31 March 2023	31 March 2024	31 March 2026
Total contributions	15.6%	13.8%	13.8%
<i>Consisting of:</i>			
Primary rate (of pay p.a.)	15.6%	13.8%	13.8%
Secondary rate (% of pay plus £ p.a.)	-	-	-
Contribution rate analysis			
Estimated annual pay	£6.35m	£6.59m	£7.11m
Estimated Total contributions	£990k	£910k	£982k
Increase (in absolute terms)	-	-8.1%	3.9%

Contribution assumptions

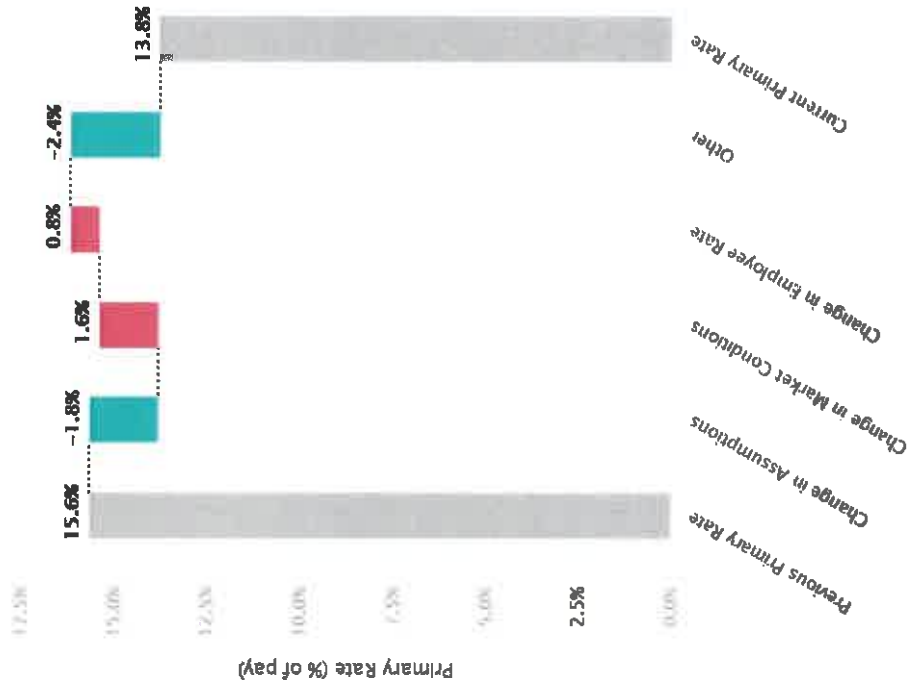
These rates have been calculated using the following assumptions:

- The employer is open to new members.
- The employer is assumed to be Category A for the purpose of funding.
- Monetary contributions are assumed to be paid monthly.
- Secondary contributions are assumed to increase in line with salaries.

The Employer category determines the discount rate assumed for each employer. More details are provided in the Discount rate section below.

Primary rate reconciliation

The table below shows a breakdown of the change in the Employer's primary (i.e. future service) rate from the previous valuation. An explanation of each change are in Appendix 3.



Minimum-risk cessation information

If the Employer was to exit the Fund, with no further support for their remaining Fund liabilities on exit, we would establish the funding position on a “minimum-risk” basis. This is similar to adopting a basis that would be used to secure the liabilities from an insurance company. In practice there is no scope for the liabilities to be bought out via such an arrangement but it represents one measure of the cost of funding the liabilities while minimising the risk of further costs having to be met by other employers in the future. In particular, an appropriate approach to determine the liabilities on a minimum-risk basis would be to use gilt yields as the discount rate. At 31 March 2022, the minimum-risk discount rate is 1.87% p.a. and the CPI inflation assumption is 3.02% p.a.

On this basis, the Employer has a deficit of £39.9m at 31 March 2022. Note if the employer was to exit the Fund, a full cessation valuation at the exit date would be required which would set out any payment to be made on exit.

Please note that the administering authority should have a separate policy on deferred debt agreements and debt spreading agreements for exiting employers. Please get in touch with the administering authority for more information.

Next steps

The administering authority is happy to discuss the proposed rates with the Employer. The agreed contributions payable by the Employer will be set out in the Rates and Adjustments Certificate issued alongside the actuarial valuation report by 31 March 2023.

Appendix 1 Information and methods

Membership data

The membership data provided for the Employer is summarised below and this is what the results are based on. The Employer should let the Fund know if this does not look in line with their expectations of the existing membership profile.

	31 March 2022			31 March 2019		
	Current Number	Salary/Pension	Average Age	Current Number	Salary/Pension	Average Age
Active	245	£6.35m	45.0	194	£5.94m	46.4
Deferred (inc. Undecided)	482	£0.93m	49.3	471	£0.86m	44.1
Pensioner and Dependant	252	£1.88m	71.4	224	£1.38m	73.5

Valuation of liabilities

Using the valuation assumptions shown below, we estimate the future cashflows which will be made to and from the Fund throughout the future lifetime of existing active members, deferred pensioner members, pensioners and their dependants. We use these to calculate the amount of money which if invested now, would be sufficient together with the assumed growth in the assets to make those payments in future. This amount is called the present value of members' benefits and separate calculations are made in respect of service up to the valuation date (past service), and for service after (future service).

We compare the value of existing assets with the value of past service benefits (allowing for future salary and pension increases). If there is an excess of assets over accrued liabilities then there is a surplus, otherwise, there is a deficit.

To calculate contribution rates we first calculate the value of future benefits. If an employer is open to new members, we will usually consider the value of benefits accruing in the first year. If an employer is closed to new members, then we will usually consider a longer term, for example, the value of benefits accruing in the remaining working lifetime of the members. The value of these benefits is then expressed as a percentage of payroll over the same period, having first deducted the projected contributions to be paid by the members.

If there is a deficit, additional contributions are required to be paid by employers over an agreed period, either as a percentage of payroll, or as monetary amounts.

Assets

Assets are calculated as a six-month smoothed market value straddling the valuation date. The purpose of smoothing the asset value is to help stabilise employer contributions and it means that contribution rates are not singularly dependent on the market value of assets and market conditions on one particular day.

Assets are not separately held for each employer. The Fund holds assets in respect of all of the employers in the Fund and each employer has a notional share of these assets. Each employer's own notional share is fully re-apportioned at the actuarial valuation by accumulating the assets from the previous valuation with respect to the Fund's investment return achieved over the period, and with allowance for cashflows paid in respect of the Employer and any other experience.

Appendix 2 Summary of the Fund results

Assumptions

In summary, we have adopted the following key assumptions at 31 March 2022 (with comparison to those adopted at 31 March 2019).

Key assumptions	31 March 2022	31 March 2019
Discount rate	5.4% - 1.9% p.a	5.3% - 1.7% p.a
CPI inflation	2.9% p.a	2.6% p.a
Salary increases	3.9% p.a	3.6% p.a
Post-retirement mortality	<p>Member base table</p> <p>Mortality multiplier</p> <p>Projection model</p> <p>Long-term rate of improvement</p> <p>Smoothing parameter</p> <p>Initial addition to improvements</p> <p>2020 and 2021 weight parameter</p>	<p>Male / Female</p> <p>Club Vita</p> <p>100%</p> <p>CMI 2018</p> <p>1.25%</p> <p>7</p> <p>0.5%</p> <p>n/a</p>

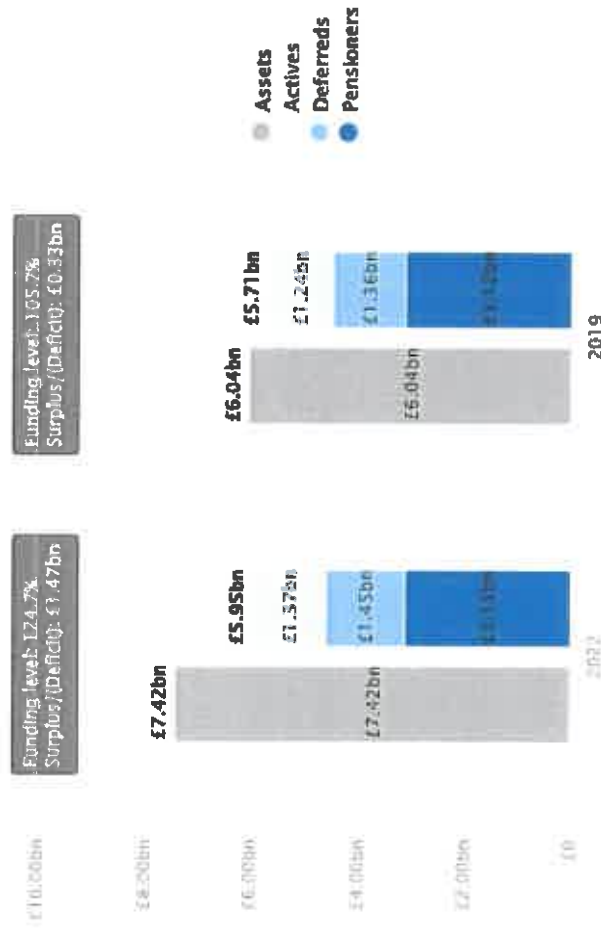
Discount rate

Employers in the Fund fall into six employer categories which determines the assumed discount rate. Employer categories are set by the administering authority based on covenant analysis carried out. The Employer's own Employer category is set out in the Contribution assumptions section above. The discount rate assumed for each employer category is detailed in the table below.

Employer Category	Discount rate
A	5.4% p.a.
B1	5.0% p.a.
B2	4.7% p.a.
C1	4.3% p.a.
C2	4.0% p.a.
D	1.9% p.a.

Past service funding position (whole Fund)

Using these assumptions, the chart below sets out the preliminary valuation results for the Fund as a whole as at 31 March 2022 (with comparison to the whole fund results at 31 March 2019):



Comments on Fund results

We have the following comments on the Fund results:

- These results take into account the individual employer funding strategies which have been updated since 2019
- The change in individual employers' funding categories has led to a decrease in the Fund surplus of approximately £126m
- Investment returns have been strong since 2019 leading to an estimated improvement in the Fund surplus by £956m
- High levels of inflation have resulted in a decrease in the Fund surplus of approximately £240m
- Updating the demographic assumptions following a longevity review of the Fund resulted in an increase to the Fund surplus of £172m

Appendix 3 Explanation of reconciliation items

Funding level changes

Net market changes

This item affects both assets and liabilities. The contribution from the assets is the performance of the Fund compared to the assumption made at the previous valuation. The liabilities are valued based on market indicators and the assumptions automatically change over time (e.g. future expected inflation).

Contributions vs cost of accrual

This estimates the difference between contributions actually paid by the employer and the cost of benefits built up by members over the last three years.

Member experience

This covers all member experience, including salary increases, members who have died compared to assumed etc. This item could be positive or negative for employers depending on experience.

Changes in assumptions

While the market-related part of the change in assumptions was covered in the Net market changes item, a number of other assumptions have updated. This includes changes to the financial assumptions, where we may have assumed different levels of asset returns in future compared to the previous valuation, and the mortality assumptions, where the tables and models used have been updated to reflect recent mortality experience.

Effect of transfers/pooling

This item reflects the impact of member transfers into or out of the employer's section of the Fund or if an employer's assets have been reallocated through a funding pooling process.

Change in funding approach

This item reflects any other changes in the employer's funding position (for example, if the employer's funding category has changed). More details for any particular employer are available on request.

Primary rate changes

Change in assumptions

As described in the Funding level changes section.

Change in market conditions

As described in the Funding level changes section.

Change in Employee rate

As the LGPS is a balance of cost scheme, members contribute at a certain rate of pensionable salary (depending on the salary band they fall within) and the employers pay the remainder of the calculated cost of benefits. This item measures the effect of the change in average member contribution rates on the employer's contribution rate (e.g. if the employer's employees average contribution rate reduced (as a percentage of pensionable salary), then all things equal, the employer would have to contribute at a higher rate).

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Other

This item reflects any other changes in the employer's primary rate. These could be in relation to changes in the membership structure, changes in funding policy, or pooling of future service costs. This will also include the impact of any change in employer category since the previous valuation. More details are available on request.

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your pension our world

London Pensions Fund Authority Funding Strategy Statement

October 2022



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This Funding Strategy Statement ("FSS") is a summary of London Pensions Fund Authority's approach to funding liabilities in respect of the Fund. It is not an exhaustive statement of policy on all issues.

For more information please contact corporate@lpfa.org.uk

London Pensions Fund Authority

Funding Strategy Statement

Introduction

This is the Funding Strategy Statement (FSS) of the London Pensions Fund Authority Pension Fund (the Fund), for which the London Pensions Fund Authority (LPFA) is the Administering Authority. It was prepared in collaboration with the Fund's actuary, Barnett Waddingham (the Fund Actuary), and after consultation with the employers participating in the Fund.

This FSS, together with LPFA's Admission and Cessation Policy and Contribution Review Policy, facilitates use of flexibilities under Regulations 64A and 64B of the LGPS Regulations 2013. The FSS has been prepared with regards to the 2016 CIPFA Pensions Panel Guidance on Preparing and Maintaining a Funding Strategy Statement. The Fund Actuary has had regard to this statement in carrying out the 2022 valuation of the Fund.

Regulatory framework

Members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers fund the liabilities in respect of their own employees.

This FSS forms part of a regulatory framework which includes:

- the Local Government Pension Scheme Regulations 2013,
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014;
- the Public Service Pensions Act 2013;
- the Rates and Adjustments Certificate, which is issued in addition to the Fund's actuarial valuation report;
- actuarial factors for valuing early retirement costs and the cost of buying extra service or pension;
- the Investment Strategy Statement (ISS); and
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

This is the framework within which the Fund Actuary carries out actuarial valuations to set employers' contributions and provides recommendations to LPFA when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers that are required to make payments to the Fund either under the LGPS Regulations or under any other legal agreement between the employer and LPFA.

Purpose of the Funding Strategy Statement in policy terms

The purpose of the FSS is as set out by the Department for Communities and Local Government and the 2016 CIPFA Pensions Panel Guidance on preparing and maintaining a Funding Strategy Statement:

- "to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework taking into account the requirement to set contributions so as to ensure solvency and long-term cost efficiency under relevant legislation and the desirability of maintaining as nearly constant a primary employer contribution rate as possible*"; and
- to take a prudent longer-term view of funding those liabilities."

These objectives are desirable individually but may be mutually conflicting. This statement, therefore, sets out how LPFA has balanced the conflicting aims of ensuring solvency, affordability of contributions, transparency of processes, desirability of stability of employers' contributions and prudence in the funding basis.

Aims and purpose of the Fund

The aims of the Fund are to:

- manage employers' liabilities effectively;
- ensure that sufficient resources are available to meet all liabilities as they fall due;
- safeguard the Fund against the consequences of employer default;
- set contributions to ensure Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile to the Fund and LPFA and employers' risk profiles (Public Service Pensions Act);
- enable employer contribution rates to be kept as stable as possible and at reasonable cost to the taxpayers, scheduled, designated, resolution and admitted bodies (LGPS Regulations);
- seek returns from investments within reasonable risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of scheme benefits, transfer values, costs, charges, and expenses.**

* As set out in 2016 CIPFA Pensions Panel Guidance and defined in regulation 62 of the Local Government Pension Scheme Regulations 2013.

** As set out in the 2016 CIPFA Pensions Panel Guidance and defined in the Local Government Pension Scheme Regulations and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Responsibilities of the key parties

The sound management of the Fund can only be achieved if all interested parties exercise their statutory duties and responsibilities conscientiously and diligently. Although a number of these parties, including investment fund managers and external auditors, have responsibilities to the Fund, the following are of particular relevance for the FSS.

The Administering Authority (LPFA) should:

- collect employer and employee contributions, investment income and other amounts due to the Fund;
- operate a pension fund paying benefits as they become due;
- invest monies in accordance with the Regulations and agreed strategy;
- ensure that cash is available to meet liabilities as and when they fall due;
- manage the valuation process in consultation with the Fund Actuary;
- notify employers of the expected timing of key events and actions related to completion of the valuation process;
- prepare and maintain an FSS and an ISS, both after proper consultation with interested parties, including participating employers;
- monitor the Fund's performance and funding and amend the FSS and ISS accordingly;
- take measures to safeguard the Fund against the consequences of employer default;
- manage potential conflicts of interest arising from its dual role as fund administrator and a scheme employer;
- enable the Local Pension Board to review the valuation process as set out in their terms of reference.

Each employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate in accordance with LGPS Regulations;
- pay all ongoing contributions, including employer contributions determined by the Fund Actuary and set out in the Rates and Adjustments Certificate, promptly by the due date;
- develop policies on discretions and exercise discretions as permitted within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain including payment of penalties for late payment;
- notify LPFA promptly of all changes to membership or other changes that might affect future funding;
- comply with the valuation timetable where required and respond to communications as necessary to complete the process;
- follow all requirements laid down in the Pensions Administration Strategy;
- send timely and accurate data to LPFA, as required;
- discharge their responsibility for compensatory added years which LPFA pays on their behalf and is subsequently recharged to the employer;

- comply with The Pensions Regulator requirements outlined within any relevant codes of practice;
- pay any exit payments required under the LGPS Regulations on ceasing participation in the Fund;

The Fund Actuary should:

- prepare valuations including the setting of employers' contribution rates having regard to the FSS and LGPS Regulations;
- set contribution rates in order to secure the Fund's solvency and long-term cost efficiency having regard to the desirability of maintaining as nearly constant a contribution rate as possible;
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters;
- provide advice and valuations on the exiting of employers from the Fund;
- assist LPFA in assessing whether any increase is required in an individual employer's contributions under Regulation 64(4) of the LGPS Regulations 2013;
- agree a timetable for the valuation process with LPFA and provide timely advice and results.

Solvency and long-term cost efficiency

The principal issues facing the solvency of the Fund include the ability to finance liabilities as and when they arise, the volatility of employer contribution rates, the pace at which deficits are recovered (or surpluses used up), and the returns on the Fund's investments within reasonable risk parameters.

Securing solvency and long-term cost efficiency are regulatory requirements; maintaining as constant as possible employer contribution rates is a desirable outcome. LPFA will prudentially seek to ensure the income stream from contributions and investments are sufficient to achieve the aim of paying benefits as and when they fall due.

All Fund employers are expected to fully meet their pension obligations outlined within the LGPS Regulations using the methodology applied by the Fund Actuary.

Actuarial valuation as at 31 March 2022

The assumptions, methodology, and policy for setting contributions for the actuarial valuation as at 31 March 2022 are set out in Annex 1.

LPFA may, at its discretion, deviate from the policy set out in Annex 1 where doing so would be in the best interest of the Fund and/or employers collectively.

Amending contributions between actuarial valuations

Where appropriate, LPFA may exercise its power to amend contributions under Regulation 64A of the LGPS Regulations 2013. LPFA's policy on amending contributions between valuations is set out in its Contribution Review Policy.

Ceasing participation in the Fund

LPFA's policy in relation to employers ceasing participation in the Fund is set out in its Admission and Cessation policy.

On the cessation of an employer's participation in the Fund, the Fund Actuary will carry out an actuarial valuation to determine the assets and liabilities in respect of the benefits held in respect of the exiting employer's current and former employees, as required by the LGPS Regulations.

The assumptions used for the cessation valuation will not necessarily be the same as the long-term funding assumptions used for ongoing actuarial valuations. In particular, cessation valuations will reflect the amount of funding support available after the employer ceases participation. The value of the liabilities on a minimum risk basis will be a relevant consideration in some circumstances. Details of the methodology used to value liabilities on a minimum risk basis and the relevant assumptions as at 31 March 2022 are set out in Annex 1.

Following the cessation of an employer in the Fund, LPFA may consider entering into a Deferred Debt Agreement under Regulation 64(7B) of the LGPS Regulations 2013. LPFA may also consider spreading any exit payment under Regulation 64B of the LGPS Regulations 2013. LPFA's policy on Deferred Debt Agreements and its policy on spreading exit payments are set out in its Admission and Cessation Policy.

Links to Investment policy

Funding and investment strategy are inextricably linked. LPFA's investment strategy is set after taking investment advice and is set out in its Investment Strategy Statement.

LPFA does not account for each employer's assets separately. Instead, the Fund Actuary is required to notionally apportion the assets between the employers at each actuarial valuation using the income and expenditure figures in relation to each employer. In addition, any bulk transfers between employers or individual transfers of which the Fund Actuary is aware are allowed for through notional transfers between the employers. This approach aims to broadly replicate the assets that would have resulted had each employer participated in their own ring-fenced section but some approximations are required with regard to internal transfers and the timing of cashflows.

The limitations in the process of notionally apportioning assets are recognised but, having regard to the extra administration cost of formally segregating assets, LPFA considers that the Fund Actuary's approach addresses the risks of employer cross-subsidies to an acceptable degree.

Key risks and controls

LPFA has an active risk management programme in place to identify, measure and control key financial, demographic, regulatory, climate change, and governance risks as well as employer and liquidity risk. The key risks are summarised in Annex 2 and are reviewed regularly.

Consultation and publication

LPFA has prepared and updated the FSS in collaboration with the Fund Actuary and consulted the employers in the Fund through written correspondence. The FSS has been published on the LPFA website and printed copies are available on request.

An electronic copy of the FSS has been sent to each employer, the Fund Actuary, the Department for Levelling Up, Housing and Communities, and the Local Pension Board.

Scheme members will be informed of the publication and the key elements of the strategy.

A summary of the funding principles which underpin the strategy will also be published in the LPFA Annual Report and Accounts.

Monitoring and review

The key funding principles will be monitored on an annual basis and a statement of significant variance will be incorporated into the actuarial report as part of the LPFA Annual Report and Accounts.

As a policy statement, the FSS is reviewed in detail at least every three years ahead of completion of the triennial valuation, with the next full review due to be completed by 31 March 2026 in order to inform the 31 March 2025 actuarial valuation.

The FSS will be reviewed in the event of any significant or material change arising prior to the next valuation and a revised statement issued accordingly.

Annex 1

Assumptions, methodology, and contribution policy for the actuarial valuation as at 31 March 2022

Financial assumptions

The financial assumptions used to calculate liabilities are derived to some extent from observable investment market statistics. These statistics are smoothed by using the average of the daily observations over the period 1 January 2022 to 30 June 2022. Asset values are also smoothed in a consistent way.

The smoothed financial assumptions adopted for the valuation as at 31 March 2022 are set out below.

Discount rate

The discount rate reflects an assumed best-estimate rate of future investment returns based on LPFA's long-term investment strategy, with a margin for prudence deducted from this best-estimate view. For the 2022 valuation, the best-estimate of future investment returns is assessed by the Fund Actuary as 6.3% pa.

The margin for prudence, and therefore the discount rate, depends on the covenant grade applied to the employer in accordance with LPFA's Employer Risk Management Framework. A higher margin for prudence is applied where the employer is assessed as posing a higher risk to the Fund.

The margin for prudence is considered in the context of the best-estimate return (which would represent no margin for prudence) and the yield available on UK government bonds (which would represent the maximum margin for prudence). For the 2022 valuation, the smoothed UK government bond yield is assessed as 1.9% pa.

The discount rate assumptions as at 31 March 2022 are set out below.

Covenant grade	Discount rate (% pa)	Relative to best-estimate (% pa)	Relative to government bond yields (% pa)
A	5.4%	(0.9%)	3.5%
B1	5.0%	(1.3%)	3.1%
B2	4.7%	(1.6%)	2.8%
C1	4.3%	(2.0%)	2.4%
C2	4.0%	(2.3%)	2.1%
D	1.9%	(4.4%)	0.0%

Employers that provide security to LPFA (or any other form of covenant support such as a bond or guarantee) can improve their covenant grade and benefit from a higher discount rate. Further details of this are provided in LPFA's Employer Risk Management Framework.

For the purpose of the assessing funding levels and setting contribution rates at the 2022 valuation, covenant support will be reflected in the discount rate where it is fully in place by 28 February 2023. Covenant support put in place after this date will be addressed in line with LPFA's Contribution Review policy

Consumer Prices Index (CPI) inflation

CPI inflation is assumed to be 2.9% pa

Future CPI inflation is assumed to be a flat rate that is the same in each future year. The assumption is set by considering the level of inflation implied by the prices of 20-year government bonds. A deduction is made to reflect an expectation that future CPI inflation will be lower than implied by government bond yields.

Increases in pensionable pay

Pensionable pay increases are assumed to be 3.9% pa

This assumption reflects an expectation that over the long term pensionable pay will increase in line with CPI plus 1% pa. It affects the value of past service liabilities for active members with pre-2014 service but does not affect the primary contribution rate.

This assumption includes an allowance for promotional salary increases.

Demographic assumptions

The demographic assumptions used to calculate the liabilities are based on statistical analysis of recent membership patterns, and judgement about how these patterns might develop in future. Demographic assumptions are set for the Fund as a whole and do not depend on the employer's individual circumstances.

The main demographic assumptions as at 31 March 2022 are set out below.

Current and future longevity

The valuation liabilities have been calculated using Club Vita 2021 mortality tables, which assign a mortality assumption to each individual member based on characteristics that can affect how long the member might live. These tables are then adjusted by a suitable multiplier to reflect the Fund's unique mortality experience.

Allowance is made for members' mortality to improve in the future, using the 2021 version of the CMI model with a 5% loading to the 2020 and 2021 weight parameters, 0% initial addition to improvement parameter, a smoothing parameter of 7.0 and a long-term rate of improvement of 1.25% pa.

Members leaving active service

The assumed rates of leaving employment and death before retirement are in line with the most recent study of national LGPS experience, as assessed by the Government Actuary's Department.

No allowance has been made for individual member transfers out based on member experience up to the 2022 valuation date.

Retirement patterns

The assumed rates of ill-health retirements reflect the Fund's specific recent experience. The assumption is set at 50% of the most recent study of national LGPS experience, as assessed by the Government Actuary's Department.

75% of ill-health retirements assumed to be at Tier 1, 15% at Tier 2 and 10% at Tier 3.

For each tranche of benefit, members have an age at which they are able to take their benefits unreduced. This is:

- their "Rule of 85" age for service prior to 1st April 2008,
- their "Rule of 85" age (for older members) or 65 (for younger members) for service between 1st April 2008 and 31st March 2014, and
- their State Pension Age (but with some transitional protection for members in service at 31 March 2012) for service after 1st April 2014.

It is assumed that each member will retire at the average of these ages (weighted by accrued pension).

Annex 1

Assumptions, methodology, and contribution policy for the actuarial valuation as at 31 March 2022

The capitalised cost of early retirements, other than on ill-health terms up to the levels of experience assumed by the Fund Actuary, and augmentation of service or pension will be funded by the employer by lump sum payment at the time of retirement.

At retirement members are assumed to commute 50% of the maximum pension allowed by HMRC at a rate of 12:1. This assumption is based on an analysis of recent commutation rates for LPFA members at retirement.

Dependants

75% of males and 70% of females are assumed to have an eligible dependant at retirement or earlier death. For members that have already retired, allowance is made for their dependant to have died since retirement.

Allowance for the McCloud/Sargeant judgement

On 20th December 2018 a judgement was made by the Court of Appeal in relation to two employment tribunal cases (McCloud and Sargeant), which were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015.

The Court of Appeal ruled that the transitional protection offered to some members as part of the scheme reforms amounted to unlawful discrimination.

For the 2022 valuation, it is assumed that legislation will be brought forward to implement the proposals outlined in the written ministerial statement made on 13 May 2021. The liabilities in respect of each member will be valued in line with these proposals. This will involve projecting each active member's benefits to retirement and comparing it with the equivalent final salary benefit. Where the data required for accurate calculations is not available, estimates will be made by the Fund Actuary.

Minimum risk basis

In addition to the ongoing valuation, which is based on the assumptions set out above, the liabilities of each employer are also assessed on an alternative "minimum risk" basis. The purpose of this minimum risk valuation is to assess the level of assets that would be required in the event that the employer ceases participation in the Fund and responsibility for the liabilities is not passed to another employer.

The assumptions adopted for the minimum risk valuation are the same as for the ongoing valuation, except that:

- the employer is assumed to cease participation in the Fund on the valuation date and all active members are assumed to become deferred pensioners;
- the assets and CPI inflation assumption are based on investment market conditions on the valuation date rather than being smoothed (this results in a CPI inflation assumption of 3.0% pa as at 31 March 2022); and
- the discount rate is set in line with the 20-year spot yield on conventional gilts as at the valuation date, less a deduction for expenses (this results in a discount rate of 1.8% pa as at 31 March 2022).

Reflecting employer circumstances

The circumstances of each employer's participation in the Fund are taken into account in the areas outlined below.

New entrant status

For many employers in the Fund, all eligible employees can build up benefits in the LPFA Fund. However, in some cases restrictions are placed on employees becoming members of the Fund. For valuation purposes, each employer is assessed by LPFA as being either open or closed to new entrants. This assessment is based on the provisions included in any admission agreement and recent experience of the number of new members joining the Fund.

The open or closed status of the employer affects other elements of the assumptions and methodology as described elsewhere in this document.

Projected cessation basis

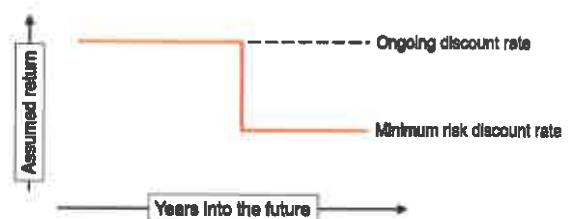
Where an employer is assessed as being closed to new entrants, it is likely that the number of active members will reduce over time until none remain. When the last active member leaves pensionable service, the employer ceases participation in the Fund and LPFA will follow the process set out in its Admission and Cessation policy.

In some cases, the Admission and Cessation policy may require employers to make an exit payment to the Fund sufficient to result in full funding on a minimum risk basis. The amount of the payment is dependent on the specific circumstances of the employer, but it can be large relative to ongoing contributions.

In order to avoid a large and potentially unexpected exit payment, a "projected cessation" approach can be adopted for the valuation. Under this approach the discount rate is set as follows:

Future year	Investment returns assumed to be received during the year
Years between the valuation date and when the last active member is expected to leave service	The ongoing discount rate applicable for the employer's covenant grade
Years in which no active members are expected to remain in service	The minimum risk discount rate

This is illustrated graphically below.



The period of time until the last active member is expected to leave service is determined by the Fund Actuary, based on professional judgement, the membership profile of the employer's remaining active members, and the demographic assumptions adopted for the valuation.

This approach is likely to result in higher employer liabilities and contributions during the period until the last active member leaves service but can reduce the amount of the exit payment required when the employer ceases participation in the Fund significantly.

Annex 1

Assumptions, methodology, and contribution policy for the actuarial valuation as at 31 March 2022

For the 2022 valuation, LPFA will engage with employers that are both closed to new entrants and assessed as being required to make an exit payment under LPFA's Admission and Cessation policy when the employer ceases participation in the Fund. In these cases, LPFA will adopt a projected cessation approach unless the employer's circumstances justify an alternative approach.

Treatment of related employers

Some employers within the Fund are closely related to one another. For example they may be part of the same group structure or have a commercial relationship such as an outsourcing contract. In these situations, it is possible to reflect the relationship between employers in the valuation. For example:

- The overall funding position of the employers can be combined (so that they both receive the same funding level and contribution rate)
- The future service rate can be combined (so that they pay the same primary rate but different secondary rates depending on their separate funding levels)
- The required contributions can be apportioned between the employers (for example a service provider may pay a specified rate, with the outsourcing employer paying the balance)

Where employers are related, combining or apportioning funding arrangements is permitted, subject to consent from all affected employers and LPFA.

Setting the primary contribution rate

The primary contribution rate is the value of the liabilities being accrued each year by active members, net of member contributions, expressed as a percentage of pensionable payroll.

The primary rate is calculated by the Fund Actuary based on the profile of each employer's active members and the employer's new entrant status.

- For employers that are open to new entrants the primary rate will be based on the projected unit method of calculation.
- For employers that are closed to new entrants the primary rate will be based on the projected unit method of calculation with an appropriate control period, where the control period is the period over which the membership is assumed to age. The control period may reflect the length of a contract, the time to the next valuation, or the expected time to cessation as determined by the Fund Actuary.

The primary rate payable by each employer will be subject to a minimum of 12% of pensionable pay.

Neither primary rate contributions nor member contributions are permitted to be paid in advance.

Setting the secondary contribution rate

The secondary contribution rate is an adjustment to the primary rate intended to affect the employer's funding position. For the 2022 valuation, LPFA's approach to setting the secondary rate in respect of each employer depends on the funding position of its liabilities in the Fund. The secondary rate will be:

- positive (i.e. deficit contributions) where the employer's funding level is less than 100%,
- negative (i.e. a reduction to contributions) where the employer's funding level is greater than 120%,
- nil where the employer's funding level is between 100% and 120%.

These three possible outcomes are described further below.

Where the employer funding level is less than 100%

In this situation there is a valuation deficit that must be addressed. A positive secondary rate will be calculated in order to address the deficit over time. These contributions are expressed as cash sums, increasing each year in line with the assumed rate of pensionable pay increases. LPFA will consider requests to express the contributions as a percentage of pensionable pay where the employer is open to new entrants and can demonstrate a stable or increasing active membership and pensionable payroll.

Secondary rate contributions will be set using the following process in order:

1. Where the valuation is carried out using a projected cessation basis, contributions will be spread over the remaining period until the last active member is expected to leave service.
2. Where a Deferred Debt Agreement or other funding agreement is in place, contributions are set in line with that agreement.
3. Secondary rate contributions will be set such that the employer's total contributions are maintained at the existing level (increasing in line with the assumed rate of pensionable pay increases) where this is expected to address the deficit over a period of less than 10 years from the valuation date.
4. Where an employer's admission agreement has a remaining term of less than 10 years (for example where the admission agreement is linked to an outsourcing contract), the secondary rate contributions will be spread over the remaining term of the admission agreement.
5. In all other cases, secondary rate contributions will be spread over a period of 10 years from the valuation date.

This approach is intended to:

- Address ongoing funding deficits within a period of 10 years, or sooner where this can be achieved without increasing existing contribution levels or where the employer's admission agreement is due to come to an end.
- Recognise that employers that are subject to a projected cessation approach, Deferred Debt Agreement, or other funding agreement are typically seeking to achieve a higher funding target than ongoing employers, and it can therefore be appropriate to spread contributions over a longer period than 10 years.

Annex 1**Assumptions, methodology, and contribution policy for the actuarial valuation as at 31 March 2022**

LPFA will consider requests to pay secondary contributions in advance where this is requested by the employer. Where contributions are paid in advance, the Fund Actuary will determine the appropriate amount to result in equivalent present value.

Where the employer funding level is greater than 120%

In this situation LPFA considers that the liabilities are sufficiently well funded that employer contributions can be reduced by setting a negative secondary contribution rate. Negative secondary contribution rates are expressed as a percentage of pensionable pay. There is no option to express the negative secondary rate as a cash sum.

The secondary rate contributions will be set by identifying the amount of assets in excess of 120% of the liabilities. This amount is then spread over a 10-year period (such that the funding level is expected to be 120% in 10 years' time). The maximum negative secondary rate is -10% of pensionable payroll.

Where the employer has an admission agreement that is guaranteed by another entity, that entity's consent to the secondary rate will be required.

LPFA may, at its discretion, set the secondary rate to fully offset the primary rate where the employer is fully funded on a minimum risk basis.

Where the employer funding level is greater than 100% and less than 120%

In this situation the secondary rate will be nil. There is no deficit to address, and the surplus is not sufficiently large for LPFA to consider it appropriate to reduce employer contributions. In taking this stance, LPFA is seeking to strike a balance between the desire for contribution stability and the need to take a prudent long-term view of funding liabilities

Annex 2

Summary of key risks & controls

The Fund's primary objective is to ensure that over the long term the Fund will meet all liabilities as they fall due. The Fund is exposed to a large number of risks, the three most significant of which are outlined below.

Funding risk

This is the risk that the value of assets and/or the value of liabilities change in such a way that contributions are required from employers at an unaffordable level. This risk is managed in several ways, including:

- Selecting an appropriate investment strategy after taking appropriate advice. Further details of how the investment strategy is intended to manage funding risk is set out in LPFA's Investment Strategy Statement.
- The use of a funding risk management framework to set metrics intended to identify and manage emerging funding risks at an early stage.
- Regular funding valuations to assess the Fund's financial position.
- The cost control mechanism included within the benefit structure of the LGPS provides a limit on the potential increase in contributions.

Operational risk

This is the risk of failing to have adequate structures in place to ensure LPFA meets its obligations to members and employers. The operational delivery of the Fund is carried out by the Local Pensions Partnership Administration (LPPA) on LPFA's behalf. Much of the ongoing management of operational risk therefore lies with LPPA. LPFA carries out oversight of LPP's risk management by:

- Putting in place service level agreements to ensure delivery in line with required standards.
- Reviewing regular reporting from LPP identifying issues and potential risks.
- Monthly meetings between LPFA Officers and the head of LPPA's risk management team.

Controls to manage operational risk within LPFA include:

- Business Continuity Plans in place in respect of LPFA's internal functions.
- Cyber risk controls in place via LPFA's outsourced IT service.

External influence risk

This is the risk that issues outside LPFA's control affect the ability to deliver obligations. For example, this would include the risk of additional liabilities (such as created by the McCloud judgement) or issues that affect the ability of employers to make contributions to the Fund (such as climate change, the COVID-19 pandemic or challenges relating to the UK's exit from the EU). This risk is addressed by:

- Adopting an employer risk management framework setting out how LPFA measures and manages employer-related risks.
- Regular contact with external stakeholders and industry bodies to identify upcoming issues and influence them to the extent possible.



Employer Name: Lee Valley Regional Park Authority
Employer Number: LP00403

26th July 2022 (By email)

Dear Keith,

LPFA Valuation March 2022 – Your organisation’s covenant grade

We are writing to inform you of the covenant grade that we intend to use for the valuation of your organisation’s obligations to the LPFA Pension Fund (the Fund).

The covenant grade affects how much your organisation will pay in contributions to the LPFA Fund over the period 1 April 2023 to 31 March 2026. The stronger your grading, the lower your contributions.

In line with our Employer Risk Management Framework, we have awarded a Covenant Grade of:

Grade A

This is the strongest grade that we award. We have awarded this grade based on our understanding that your organisation is one of the following:

- a government body,
- an academy trust,
- a school operated by a local education authority, or
- guaranteed by one of the organisations above.

Please contact us if this is not the case.

If you have any questions, please do not hesitate to get in touch with the team using the following details.

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Employer Covenant Manager
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London Pensions Fund Authority | 169 Union Street | London | SE1 0LL

www.lpfa.org.uk

Kind regards,

A handwritten signature in black ink that reads "Robert Branagh". The signature is written in a cursive style with a prominent initial 'R'.

Robert Branagh
Chief Executive Officer
London Pensions Fund Authority

London Pensions Fund Authority | 169 Union Street | London | SE1 0LL

www.lpfa.org.uk