



LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

19 DECEMBER 2024 AT 10:30

Agenda Item No:

5

Report No:

E/869/24

Q2 REVENUE BUDGET MONITORING 2024/25

Presented by the Head of Finance

EXECUTIVE SUMMARY

This report summarises monitoring of revenue expenditure to October 2024. It compares income and expenditure to the approved budget and includes a projection indicating the likely outturn position against the annual budget for the year ended 31 March 2025.

The year-end position shows a projected net under spend of £566,000 against the net revenue budget deficit of £166,000. The net surplus for the year is forecast as £400,000. The major variations currently projected are summarised in the table below.

Description	Annual Budget	Forecast Outturn	Variance
Interest Payable / Receivable	928	836	-92
Minimum Revenue Provision	1,148	992	-156
Campsites	-574	-689	-115
Property	-1,462	-1,544	-82
Marinas	-452	-482	-30
Sport & Leisure	1,122	1,169	47
Parklands and Open Spaces	3,232	3,256	24
Leisure Services Contract	683	730	47
Asset Protection, Maintenance & Development	298	408	110
Other	5,884	5,897	13
Levies	-10,966	-10,966	0
Marina Growth Provisional Budget	300	50	-250
LSC Expired Voucher Provision	0	-57	-57
SUB-TOTAL	141	-400	-541
General Contingency	25	0	-25
TOTAL	166	-400	-566

RECOMMENDATIONS

- Members Note:
- (1) the report; and
 - (2) the loss of income payment of £8,834 for the Lee Valley VeloPark barrier remedial works to be paid to Greenwich Leisure Limited as detailed in paragraph 17 of this report.

BACKGROUND

- 1 The Executive Committee recommended a budget for 2024/25 at its meeting in January 2024 (Paper E/838/24). Members approved this at the Authority meeting on 18 January 2024 (Paper A/4346/24). This report compares forecast income and expenditure to 31 March 2025 with the budget.
- 2 The summary financial position of each Authority service or facility is shown in Appendix A to this report.
- 3 The net revenue budget, which included £155,000 of budget carried forward from 2023/24, was set at a deficit of £166,000. The year-end position is forecast as £400,000 surplus, which is a £566,000 improvement on budget.

GENERAL ECONOMIC FACTORS

4 Inflation

October's inflation for the Retail Price Index (RPI) stood at 3.4% and Consumer Price Index (CPI) at 2.3%. The Bank of England expect inflation to rise slightly again this year to around 2.75% before settling back down again to its 2% target next year (Bank of England Monetary Policy Committee Report August 2024). The Bank of England reduced the base rate to 5.00% on 1 August and then to 4.75% on 7 November. Any further rate cuts are expected to be introduced slowly to keep inflation under control.

5 Energy Costs

The Authority purchases energy through the Laser framework that has secured energy prices below market rates and has protected the Authority from the worst of the energy price increases over the last year. The current agreement started in October 2024 and has fixed prices until September 2025.

The 2024/25 energy budgets were built based on actual energy consumption, energy tariffs secured to September 2024, and Laser's forecast at that time for the new tariff from October 2024.

Consumption across Authority venues is being monitored closely and overall there has been slightly reduced consumption compared to last year. The new tariffs for October 2024 to September 2025 have now been received and are better than the forecasts used when building the budget. Electricity prices have reduced by 25% to an average of 21p per kwh and gas prices by nearly 50% to 4p per kwh. Overall this is forecast to save £60,000, which is included within the outturn.

As part of the shared risk position for utilities at the Leisure Services Contract (LSC) venues, the Authority takes the risk for tariff and Greenwich Leisure Ltd (GLL) takes the risk for utility consumption. This arrangement ended after the

first two contract years, however both parties would like to extend this for the remainder of the contract. A deed of variation is currently being drafted to give effect to this revision of the utilities provisions in the LSC, as approved by Members in June 2024 (Paper E/859/24).

The 2024/25 budget includes £950,000 to cover this tariff risk. To date consumption savings of approximately 25% have been achieved across the LSC venues due to the LED investment projects and good management practices. The new arrangement will take these LED savings into account as part of a consumption benchmarking process and will benefit the Authority.

6 Pay Award

In May the National Employers made a full and final offer for the 2024/25 pay award of an increase of £1,290 on all National Joint Council (NJC) pay points 2 to 43, an increase of 2.5% on London Weighting, with a recommendation of an increase of 2.5% on all pay points above 43. Unison and Unite members initially voted to reject the offer, but following strike ballots in October Unison members joined GMB members in accepting the offer, giving the necessary majority for the offer to be accepted.

Members approved the 2.5% pay rise for senior officers at Executive Committee on 21 November 2024 (Paper E/868/24).

The 2024/25 budget included provision for a 4% pay award. The offer represents an approximate 3.4% increase, which equates to a saving of £41,800 against the approved budget.

MAIN VARIANCES FROM BUDGET

- 7 The main variances against this year's budget are described below.

FINANCING

8 Interest Receivable (£100,000 additional income)

Interest receivable has been increased due to a higher than anticipated cash holding, interest rates remaining higher than forecast for the year, as well as effective treasury management. The cash holding included money that will be paid to GLL for years 1 and 2 utility risk share that, as at Q2, had not yet been invoiced for.

9 Minimum Revenue Provision (£156,000 saving against budget)

Under the Prudential Code we are required to make a statutory provision for repayment of debt, be that external or internal, used to finance capital expenditure. This is based on a calculation of the Capital Financing Requirement (CFR) as at the prior year balance sheet date, and is known as Minimum Revenue Provision (MRP). Each capital project that is not fully financed will have its own CFR, and the calculation of MRP will be different. In addition, there is also a legacy CFR for capital expenditure prior to regulation changes in 2007.

The savings against the budget are threefold:

- expected expenditure on the Lee Valley VeloPark Gym did not occur in 2023/24 and therefore there is no MRP charge in 2024/25, with a saving

of **£64,000**. This will, however, now occur at a higher amount from 2025/26 and the following six years of the LSC;

- expenditure on Lee Valley Ice Centre development to March 2024 was around £1million less than budgeted, the majority relating to the retention sums withheld due to the Buckingham administration, as well as fit out costs. The majority of this will be expended in 2024/25. This resulted in a reduction in MRP of **£30,000**; and
- a review of the pre-2007 CFR and MRP identified an error in the budget calculation whereby Lee Valley Ice Centre and Long Term Asset CFR has been incorrectly included. The correction results in a saving against the budget of **£62,000**.

CORPORATE SERVICES

10 Property Management (£82,000 additional income)

The Authority has leased land in Cheshunt to the Youth Hostel Association since 2004 when they built their 'London Lee Valley' hostel. The Authority receives a fixed rental and profit share arrangement. Due to restrictions in place during the Covid pandemic no profit share payments were due. Their business has now recovered and the Authority will be receiving a profit share this year, including some back dated payments.

11 Asset Protection, Maintenance & Development (£110,000 additional expenditure)

The additional expenditure is mainly for a contract that has been awarded for asset condition surveys that will inform the 20-year asset management programme. Once these surveys have been delivered, it will subsequently feed into the medium-term financial plan to forecast annual requirements and the necessary contributions.

SPORT AND LEISURE

12 Policy and Performance (£41,000 additional expenditure)

This additional expenditure is mainly for a business support post that was not included within the budget, which was brought in to support the non-LSC venues, predominately Marinas but also Campsites, and help to raise standards of quality and health and safety. This has contributed towards the positive financial performance at the venues.

PARKLANDS AND OPEN SPACES

13 Countryside Areas (£49,000 additional expenditure)

Additional expenditure relates to fly tipping, increased cost of meadow cuts, and electrical installation to allow three new car parks to be added to the car parking management contract.

SMALL VENUES

14 Marinas (£30,000 budget surplus - £482,000 net income)

Both marinas are performing well, forecast to achieve £482,000 net income, which is £30,000 better than budget. At Springfield we have benefitted from commission on a good level of customer boat sales. At Stanstead the

rechargeable works business is performing well, where there has been a focus on accepting smaller jobs with a quicker turnaround to maximise engineer productivity.

15 **Marina Review Growth Budget (£250,000 budget saving)**

In November 2023 Members were presented with an initial review of the marinas that aimed to ensure a sustainable business model that can meet quality and health and safety standards and continue to deliver a surplus for the Authority. It proposed a growth in staffing at both marinas to enable these objectives. A £300,000 growth budget was included in the 2024/25 budget, but officers were asked to review the proposed restructure and make savings.

The review has now been completed and was presented to Members in October 2024. The impact during 2024/25 is only expected to be £50,000 mainly due to the implementation of the new structure coming late in the financial year. It is estimated that the cost in 2025/26 will be around £160,000.

16 **Campsites (£115,000 budget surplus - £688,000 net income)**

Occupancy levels across the campsites have been down on last year which has impacted income. This is linked to the wetter and colder start to the year and has particularly impacted touring pitches. The rental units, including lodges, pods and Airbnb accommodation, have proved more resilient to the weather and are more in line with last year.

The budget for caravan sales was set prudently as no Authority direct caravan sales could be reasonably foreseen during the year, with an assumption that there would be some commission from customer pre-owned caravan resales. Two direct sales have now been completed and they are reflected in the additional income. More sales are anticipated this year and will be included in future outturn reports when they are confirmed.

Members approved a project to create additional visitor accommodation at Sewardstone Campsite in April (Paper A/4351/24). This project is currently at the planning stage, which once completed will allow for 10 additional holiday home pitches to be built. The sales of 10 new holiday homes on these pitches will generate funds that will be used to finance capital expenditure for new holiday pods and a woodland zone at the campsite. The outturn does not currently include the income from caravan sales, corresponding capital financing or site fees from the new pitches as the delays in planning mean that these are now expected during the 2025/26 financial year.

LEISURE SERVICES CONTRACT

17 **Management Fee (£47,000 additional expenditure)**

The third year of the LSC commenced on 1 April 2024. The Authority is due to receive a management fee payment of £576,000 from GLL this year. Adjustments to the management fee are explained below.

In July 2023 Members approved a capital project to refurbish the track wall and safety barrier at Lee Valley VeloPark (Paper A/4340/23). This was originally planned for December 2023 but was pushed back to August 2024. Members approved a loss of income figure of £23,743 based on the December dates (Paper A/4341/23), but the revised timeline has resulted in a reduced loss of income of £18,774, as reported to Executive in September (Paper E/860/24).

The contractor was required to return to complete remedial works in October, for which a loss of income has been agreed with GLL at £8,834. This is expected to be covered by the contractor but is currently shown in the outturn until finalised.

Additional costs have also been incurred for electricity to feeder pillars in Queen Elizabeth Olympic Park that are outside of the red lines of the venues, which includes back dated invoices.

FURTHER MOVEMENTS TO THE GENERAL FUND

18 LSC Expired Voucher Provision (£57,000 reduced expenditure)

When the LSC commenced in April 2022 there were a high number of unredeemed gift vouchers which had been extended during the periods of restrictions due to Covid-19. The LSC allowed for the Authority to reimburse GLL for any voucher redemptions. A provision of £150,000 was made in the accounts for the expected value of voucher redemptions, based on historic redemption rates. The actual redemption rates were lower, and vouchers to the value of £93,000 were redeemed. All of these vouchers had expired by the end of March 2024, so the remaining balance of £57,000 will be moved back to the General Fund.

19 Legacy Donation

Members were advised in September that a legacy donation had been left to the Authority. The donation of £268,000 has now been received. Officers are considering an appropriate use of this money and will report back to Members.

Whilst this will initially be classed as a revenue receipt, it has not been included within the General Fund outturn position, but has been ring-fenced pending the decision on its use.

ENVIRONMENTAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 21 These are dealt with in the body of the report.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 24 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

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

Author: Keith Kellard, 01992 709 864, kkellard@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/860/24	Q1 Revenue Budget Monitoring 2024/25	19 September 2024
Authority	A/4346/23	2023/24 Revenue Budget & Levy	18 January 2024
Executive Committee	E/838/24	2023/24 Revenue Budget & Levy	18 January 2024

APPENDIX ATTACHED

Appendix A Detailed outturn forecast

LIST OF ABBREVIATIONS

LSC	Leisure Services Contract
GLL	Greenwich Leisure Limited
NJC	National Joint Council
CFR	Capital Financing Requirement
MRP	Minimum Revenue Provision

YEAR 2024/25

PERIOD: 07 (October 2024)

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
OPERATIONAL SERVICES							
Chief Executive	0	368	368	675	672	-3	(0%)
Corporate Services	-1,247	742	-505	-319	-280	39	12%
Business Support Services	-28	1,174	1,146	2,719	2,721	2	0%
Sport and Leisure	-234	784	550	1,122	1,169	47	4%
Parklands and Open Spaces	-433	2,250	1,817	3,232	3,257	25	1%
Small Venues	-3,439	2,631	-808	-928	-1,073	-145	(16%)
Leisure Services Contract	0	-1,902	-1,902	683	730	47	7%
	-5,381	6,047	666	7,184	7,196	12	0%
FINANCING							
Interest Receivable	-203	0	-203	-200	-300	-100	(50%)
Interest Payable & Bank Charges	0	119	119	1,128	1,136	8	1%
Contributions to/from Earmarked Reserves	0	1,545	1,545	1,547	1,547	0	0%
Financing of Capital Expenditure	0	71	71	71	71	0	0%
Minimum Revenue Provision (Pre-2007)	0	351	351	413	351	-62	(15%)
Minimum Revenue Provision (Ice Centre)	0	570	570	600	570	-30	(5%)
Minimum Revenue Provision (Velo)	0	0	0	64	0	-64	(100%)
Levies on Local Authorities	-6,397	0	-6,397	-10,966	-10,966	0	0%
Marina Growth Provisional Budget	0	0	0	300	50	-250	(83%)
General Contingency	0	0	0	25			
Movement in General Fund				166	-345	-511	(308%)
LSC Expired Voucher Provision					-57		
Provision for Bad Debts					2		
TOTAL MOVEMENT IN GENERAL FUND					-400		

YEAR 2024/25

PERIOD: 07 (October 2024)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance		
	Income	Expenditure	Net			£000s	%	
CHIEF EXECUTIVE								
Chief Executive	0	138	138	243	245	2	1%	
PR / Communications	0	230	230	432	427	-5	(1%)	
TOTAL CHIEF EXECUTIVE	0	368	368	675	672	-3	(0%)	
CORPORATE SERVICES								
Legal Service	0	268	268	549	584	35	6%	
Property Management	-1,246	191	-1,055	-1,462	-1,544	-82	(6%)	
Planning and Strategic Partnerships	0	64	64	158	134	-24	(15%)	
Asset Protection, Maintenance & Development	-1	144	144	298	408	110	37%	
Committee Service	0	75	75	138	138	0	0%	
TOTAL CORPORATE SERVICES	-1,247	742	-505	-319	-280	39	12%	
BUSINESS SUPPORT SERVICES								
Financial Management	0	248	248	536	539	3	1%	
Human Resources Management	0	132	132	232	233	1	0%	
Information Technology	-4	403	399	959	956	-3	(0%)	
Corporate Insurances	-15	239	224	514	514	0	0%	
Audit / Health & Safety	-9	22	13	248	248	0	0%	
Non Distributed Costs	0	26	26	62	62	0	0%	
Corporate Training / Apprenticeships	0	40	40	60	60	0	0%	
Project & Funding Delivery	0	64	64	108	109	1	1%	
TOTAL FINANCIAL SERVICES	-28	1,174	1,146	2,719	2,721	2	0%	
SPORT AND LEISURE								
Events	-185	175	-9	78	83	5	6%	
Sports Development	-20	57	37	107	107	0	0%	
Policy and Performance	0	414	414	712	753	41	6%	
Learning & Engagement Service	-28	89	62	145	146	1	1%	
Community Access	-1	49	48	80	80	0	0%	
TOTAL SPORT AND LEISURE	-234	784	550	1,122	1,169	47	4%	

YEAR 2024/25

PERIOD: 07 (October 2024)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance		
	Income	Expenditure	Net			£000s	%	
PARKLANDS AND OPEN SPACES								
Management								
Operational Management	0	178	178	318	318	0	0%	
Myddelton House Management	-11	254	243	370	368	-2	(1%)	
Parklands								
River Lee Country Park	-39	181	142	361	330	-31	(9%)	
Gunpowder Park	-2	55	52	84	90	6	7%	
Countryside Areas	-109	951	842	1,605	1,654	49	3%	
Abbey Gardens	-2	43	42	86	85	-1	(1%)	
Three Mills	-3	12	9	25	22	-3	(12%)	
East India Dock and Bow Creek	0	15	15	26	28	2	8%	
Leyton Marsh	0	0	0	0	0	0	0%	
Broxbourne Riverside	0	11	11	19	20	1	5%	
Fisheries	-33	31	-2	-73	-97	-24	(33%)	
Visitor Attractions								
Myddelton House	-114	229	114	195	229	34	17%	
Rye House Gatehouse	0	2	2	7	7	0	0%	
Park Projects								
Volunteers	0	31	31	57	57	0	0%	
Biodiversity Management	0	71	71	126	127	1	1%	
Farms								
Lee Valley Farm, Holyfieldhall	-60	176	115	80	73	-7	(9%)	
Initiatives and Partnerships								
King George Reservoir South	-11	10	0	-1	-1	0	0%	
Lee Valley Boat Centre	-41	0	-41	-41	-41	0	0%	
Broxbourne Chalets	-8	0	-8	-12	-12	0	0%	
TOTAL PARKLAND AND OPEN SPACES	-433	2,250	1,817	3,232	3,257	25	1%	
Small Venues								
Lee Valley Marina Springfield	-708	399	-309	-431	-454	-23	(5%)	
Lee Valley Marina Stanstead	-546	490	-56	-21	-28	-7	(33%)	
Lee Valley Waterworks Centre	-2	48	45	79	87	8	10%	
Lee Valley Campsite (Sewardstone)	-530	326	-204	-128	-137	-9	(7%)	
Lee Valley Caravan Park (Dobbs Weir)	-809	483	-326	-343	-350	-7	(2%)	
Lee Valley Leisure Centre Campsite	-403	305	-98	-76	-80	-4	(5%)	
Lee Valley Leisure Centre Golf Course	-98	87	-10	19	10	-9	(47%)	
Almost Wild Campsite	-35	22	-13	-16	-21	-5	(31%)	
Caravan Sales	-308	471	163	-11	-100	-89	(809%)	
TOTAL SMALL VENUES	-3,439	2,631	-808	-928	-1,073	-145	(16%)	

YEAR 2024/25

PERIOD: 07 (October 2024)

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
LEISURE SERVICES CONTRACT							
Management Fee	0	-2,036	-2,036	-576	-549	27	5%
LSC Venues Direct Costs	0	134	134	309	329	20	6%
LSC Contingency (Utilities)	0	0	0	950	950	0	0%
TOTAL LSC VENUES AND BUSINESS SUPPORT	0	-1,902	-1,902	683	730	47	7%
TOTAL OPERATIONAL SERVICES	-5,381	6,047	666	7,184	7,196	12	0%