

# LEE VALLEY REGIONAL PARK AUTHORITY

## EXECUTIVE COMMITTEE

22 MAY 2025 AT 10:30

### Agenda Item No:

5

### Report No:

E/884/25

## Q4 REVENUE BUDGET MONITORING 2024/25

Presented by the Head of Finance

### EXECUTIVE SUMMARY

This report summarises service spending for 2024/25 compared to budget. Figures are 'near final' and are only likely to be the subject of small changes during the remainder of the closure of accounts process. The year-end position shows a net under spend of £900,000 against the net revenue budget deficit of £166,000. The net surplus for the year is £734,000. The major variations are summarised in the table below.

This represents an improvement on the position reported to Members at Quarter 3 (Paper E/879/25) with explanations provided within this report. This improvement is mainly due to two additional caravan sales completing in Quarter 4, savings made against consultant and IT budgets, and additional property income. Budget totalling £20,000 is requested to be carried forward to 2025/26, which effectively reduces the net surplus to £714,000.

Description	Annual	Forecast	Variance
	Budget	Outturn	
Interest Payable / Receivable	928	757	-171
Minimum Revenue Provision	1,148	1,002	-146
Property	-1,462	-1,770	-308
Asset Protection, Maintenance & Development	298	403	105
Marina Growth Provisional Budget	300	0	-300
Marinas	-452	-531	-79
Caravan Sales	-11	-187	-176
Campsites	-563	-262	301
Business Support Services	2,719	2,638	-81
Parklands and Open Spaces	3,232	3,302	70
Sport & Leisure	1,122	1,106	-16
Leisure Services Contract	683	648	-35
Other	3,165	3,183	18
Levies	-10,966	-10,966	0

LSC Expired Voucher Provision	0	-57	-57
General Contingency	25	0	-25
<b>SUB-TOTAL</b>	<b>166</b>	<b>-734</b>	<b>-900</b>
Budget Carry Forward to 25/26	0	20	
<b>TOTAL</b>	<b>166</b>	<b>-714</b>	

## RECOMMENDATIONS

- Members Note: (1) the report;
- Members Approve: (2) the budget carry forward as stated in paragraph 21 of this report; and
- (3) the uses of the surplus generated in 2024/25 to fund the two additional fixed term posts, as detailed in paragraph 22.

## 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 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 shows a £734,000 surplus, which is a £900,000 improvement on budget.

## GENERAL ECONOMIC FACTORS

### 4 Inflation

March's inflation for the Retail Price Index (RPI) stood at 3.2% and Consumer Price Index (CPI) at 2.6%. The Bank of England expect inflation to rise again over the next year to around 3.7%, partly because of higher energy prices, before settling back down again to its 2% target (Bank of England Monetary Policy Committee Report May 2025). The Bank of England cut the base rate from 4.5% to 4.25% on 8 May 2025. Any future 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 consumption is in line with 2023/24. The new tariffs for October 2024 to September 2025 are better than the forecasts used when building the budget for 2024/25. 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 has saved £100,000. To note, pre-energy crisis prices were around 14p/kwh for electricity, and 2p/kwh for gas.

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, which reduces to £850,000 in 2025/26. 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.

## **MAIN VARIANCES FROM BUDGET**

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

## **FINANCING**

### **7 Interest Receivable (£170,000 additional income)**

Interest receivable has been increased due to a higher than anticipated cash holding, interest rates remaining higher than forecast for the year, along with effective treasury management. The cash holding included money for years 1 and 2 of the LSC utility risk share, that GLL didn't invoice for, and the Authority didn't pay, until quarter 3.

### **8 Contributions to Earmarked Reserves (£118,000 additional contribution)**

To support the National Grid's North London Reinforcement project, the Authority has leased the Cornmill Meadows car park for use as a works depot until 2028 (Paper E/877/25). This has generated additional income as shown against Property Income in paragraph 11, which is being ringfenced for future improvement works in the area.

### **9 Minimum Revenue Provision (£146,000 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 2008.

As previously reported, there is a saving against budget of £146,000.

## **CHIEF EXECUTIVE**

### **10 Communications (£20,000 underspend)**

The Communications budget for 2024/25 includes a one-off growth to carry out a stakeholder audit, including a review of stakeholder perception which is an Authority KPI that has not been measured for a number of years. This audit has not been carried out during this financial year, and therefore the budget will be requested to be carried forward to 2025/26 to allow the audit work to be completed.

## **CORPORATE SERVICES**

### **11 Property Management (£308,000 additional income)**

As explained above an additional income of £100,000 has been received for the lease of Cornmill Meadows car park to the National Grid.

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 the restrictions in place during the Covid pandemic no profit share payments were due. Their business has now recovered and the Authority will receive a profit share this year of £50,000 on top of the annual rental of £17,000, in addition to some back dated profit share payments.

The rateable value of Myddelton House, which is used to calculate business rates, has historically included Abercrombie Lodge. This has now been split out and the tenants of Abercrombie Lodge are directly liable for their rates bill. Following this change in valuation the Authority has received a rebate of £80,000 for two prior years where it has paid these rates.

### **12 Asset Protection, Maintenance & Development (£105,000 additional expenditure)**

The bulk of the additional expenditure is for asset condition surveys that will inform the 20-year asset management programme. The results of these surveys are being fed into the medium-term financial plan to forecast annual requirements and the necessary contributions.

## **BUSINESS SUPPORT SERVICES**

### **13 Information Technology (£103,000 reduced expenditure / increased income)**

Savings have been made on system licences and replacement of hardware where working life can be extended further than expected. Additional income has been generated from building IT support costs into event agreements where Authority staffing or infrastructure is being used.

## **SMALL VENUES**

### **14 Marinas (£79,000 budget surplus - £531,000 net income)**

Both marinas have performed well, achieving £531,000 net income, which is £79,000 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 (£300,000 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 was completed and presented to Members in October 2024. The impact of the review is included within the individual marina outturns above.

### **16 Campsites (£301,000 budget overspend - £262,000 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, although Autumn/Winter occupancy returned back to last year's levels.

At Dobbs Weir income has exceeded £1m for the first time, partly due to the investment in new accommodation. Although this is over 10% growth on last year it is behind target. There has been additional expenditure over the winter to ensure the campsite is at a high standard ready for the new season, recognised through an upgrade from a 3 to 4 star rating from VisitEngland, and strong early year bookings. The 2025/26 budgets for campsites have been built based on customer demand in 2024/25 and fees and charges increases.

### **17 Caravan Sales (£176,000 additional income)**

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. Four direct sales have been completed and they are reflected in the additional income.

## **LEISURE SERVICES CONTRACT**

### **18 Management Fee (£27,000 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 the 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 there was a loss of income of £8,834.

Some savings have been made against grounds maintenance budgets for the LSC venues, that offset the loss of income claims. This has been mainly at Lee Valley Ice Centre where the ongoing works at the venue has meant that the full schedule of grounds maintenance work has not been implemented this year.

## **FURTHER MOVEMENTS TO THE GENERAL FUND**

### **19 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.

### **20 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 a decision on the use.

### **21 Budget Carry Forwards**

As mentioned in paragraph 10, the 2024/25 budget included a provision of £20,000 for a stakeholder audit that has yet to be delivered. This will now be expended in 2025/26.

<b>Description</b>	<b>Budget Carry Forward</b>
Communications – Stakeholder Audit	20
<b>Total Impact on 2025/26 Budget</b>	<b>20</b>

### **22 Use of 2024/25 Surplus**

There are a number of areas that officers have identified as requiring funding, and it is recommended to Members to approve additional allocation in 2025/26 and 2026/27.

### **Additional Fixed Term Posts – Up to £250,000 over two years**

Officers identified two additional, initially two year, posts in the 2025/26 Revenue Budget and Levy Report (Paper A/4360/25):

- Arboriculture Officer; and
- Assistant Conservation Officer.

These two posts would support the Authority's open spaces management, and whilst the funding from existing reserves would be for an initial period, should these posts be determined as being required on a permanent basis, would be added to the Authority's establishment and incorporated into the base budget from 2027/28. Funding for 2025/26 would be £90,000 and 2026/27 £120,000, reflecting that the posts would not be filled until July this year. Additional provision of up to £40,000 over the two years would support any additional financial implication in respect of increased grounds maintenance or survey costs.

### **Remaining Surplus**

Initially, the remaining surplus from 2024/25 should be held in the General Fund. We do have a number of major projects in the pipeline over the coming years which will require funding, and officers will report back to Members on these and their funding requirements.

### **Asset Maintenance**

Over the past six months consultants have been engaged to conduct condition surveys on all the Authority's built operational assets, as well as the residential properties, and open spaces infrastructure (such as footpaths and bridges).

Whilst these surveys are now substantially complete, there are a few areas that are still waiting to conclude. Officers will fully report back to Members in the early autumn on the outcome of these, and the estimated costs associated with this asset management.

However, works requirements for 2025/26 have now been reviewed and, where appropriate, profiled to ensure that urgent works are delivered in the next 12 months. This has shown that, based on the revised programme, funding of the Asset Maintenance (AM) programme for 2025/26 will have a shortfall of around £375,000.

The Condition Survey report that will be presented to Members in the early autumn will set out the full 25-year maintenance programme funding requirements. This will also pick up on the Member led discussion on the creation of a Major Asset Infrastructure Fund to set aside funds for future capital works that may be required at our major sporting assets or other major infrastructure. At that time, it may be that an additional contribution to AM for 2025/26 from the General Fund is required so there is sufficient funding to deliver the programme

It should be noted that over the remaining term of the LSC, GLL also have an Asset Maintenance requirement. Funding of this programme has been included in the Leisure Operators Base Trading Account (LOBTA) and sufficient funding allocated for them to deliver their requirement.

## ENVIRONMENTAL IMPLICATIONS

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

## FINANCIAL IMPLICATIONS

- 24 Whilst this report presents a near final operational outturn position, there are likely to be a small number of changes to the final outturn during the year end closedown period. These are likely to revolve around movements for assets and liabilities but are expected to be minimal.

The final General Fund balance is expected to be around £5.3million as at the end of March 2025, after allowing for further adjustments outside of standard revenue monitoring for capital costs not yet charged to capital (i.e. Rammey Marsh groundwork costs and livestock valuation).

If approved, the 2025/26 budget will carry a deficit of c £90k, reflecting requirement to draw from reserves for the funding of the two additional posts.

## HUMAN RESOURCE IMPLICATIONS

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

## LEGAL IMPLICATIONS

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

## RISK MANAGEMENT IMPLICATIONS

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

## EQUALITY IMPLICATIONS

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

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## PREVIOUS COMMITTEE REPORTS

Executive	E/879/25	Q3 Revenue Budget Monitoring 2024/25	20 March 2025
Executive	E/869/24	Q2 Revenue Budget Monitoring 2024/25	19 December 2024
Executive	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	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
CFR	Capital Financing Requirement
MRP	Minimum Revenue Provision
RPI	Retail Price Index
CPI	Consumer Price Index
LOBTA	Leisure Operators Base Trading Account

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
OPERATIONAL SERVICES							
Chief Executive	-5	660	655	675	655	-20	(3%)
Corporate Services	-2,101	1,468	-633	-319	-633	-314	(98%)
Business Support Services	-22	2,661	2,639	2,719	2,638	-81	(3%)
Sport and Leisure	-268	1,375	1,107	1,122	1,107	-15	(1%)
Parklands and Open Spaces	-939	4,243	3,304	3,232	3,302	70	2%
Small Venues	-5,247	4,392	-855	-628	-855	-227	(36%)
Leisure Services Contract	-576	1,225	649	683	648	-35	(5%)
	-9,158	16,024	6,866	7,484	6,862	-622	(8%)
FINANCING							
Interest Receivable	-370	0	-370	-200	-370	-170	(85%)
Interest Payable & Bank Charges	0	1,127	1,127	1,128	1,127	-1	(0%)
Contributions to/from Earmarked Reserves	-268	1,933	1,665	1,547	1,665	118	8%
Financing of Capital Expenditure	0	71	71	71	71	0	0%
Minimum Revenue Provision (General)	0	351	351	413	351	-62	(15%)
Minimum Revenue Provision (Ice Centre)	0	580	580	600	580	-20	(3%)
Minimum Revenue Provision (Velo)	0	0	0	64	0	-64	(100%)
Levies on Local Authorities	-10,966	0	-10,966	-10,966	-10,966	0	0%
General Contingency	0	0	0	25			
Movement in General Fund				166	-680	-846	(510%)
LSC Expired Voucher Provision					-57		
General Provision for Bad Debts					3		
TOTAL MOVEMENT IN GENERAL FUND				166	-734	-900	

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
CHIEF EXECUTIVE							
Chief Executive	0	243	243	243	243	0	0%
PR / Communications	-5	417	412	432	412	-20	(5%)
TOTAL CHIEF EXECUTIVE	-5	660	655	675	655	-20	(3%)
CORPORATE SERVICES							
Legal Service	-4	499	495	549	495	-54	(10%)
Property Management	-2,081	311	-1,770	-1,462	-1,770	-308	(21%)
Planning and Strategic Partnerships	0	108	108	158	108	-50	(32%)
Asset Protection, Maintenance & Development	-16	419	403	298	403	105	35%
Committee Service	0	131	131	138	131	-7	(5%)
TOTAL CORPORATE SERVICES	-2,101	1,468	-633	-319	-633	-314	(98%)
BUSINESS SUPPORT SERVICES							
Financl Management	0	521	520	536	520	-16	(3%)
Human Resources Management	0	274	274	232	274	42	18%
Information Technology	-13	869	856	959	856	-103	(11%)
Corporate Insurances	0	512	512	514	512	-2	(0%)
Audit / Health & Safety	-9	257	248	248	248	0	0%
Non Distributed Costs	0	58	58	62	58	-4	(6%)
Corporate Training / Apprenticeships	0	62	62	60	62	2	3%
Project & Funding Delivery	0	108	108	108	108	0	0%
TOTAL BUSINESS SUPPORT SERVICES	-22	2,661	2,639	2,719	2,638	-81	(3%)
SPORT AND LEISURE							
Events	-201	282	80	78	80	2	3%
Sports Development	-37	103	66	107	66	-41	(38%)
Policy and Performance	0	748	748	712	748	36	5%
Learning & Engagement Service	-30	163	134	145	134	-11	(8%)
Community Access	0	79	79	80	79	-1	(1%)
TOTAL SPORT AND LEISURE	-268	1,375	1,107	1,122	1,107	-15	(1%)

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	313	313	318	313	-5	(2%)
Myddelton House Management	-24	358	333	370	333	-37	(10%)
Parklands							
River Lee Country Park	-67	450	383	361	383	22	6%
Gunpowder Park	-8	91	83	84	83	-1	(1%)
Countryside Areas	-182	1,826	1,644	1,605	1,644	39	2%
Abbey Gardens	-4	90	86	86	86	0	0%
Three Mills	-5	24	18	25	18	-7	(28%)
East India Dock and Bow Creek	-22	24	2	26	2	-24	(92%)
Leyton Marsh	0	0	0	0	0	0	0%
Broxbourne Riverside	-1	22	22	19	22	3	16%
Fisheries	-126	35	-91	-73	-91	-18	(25%)
Visitor Attractions							
Myddelton House	-175	414	239	195	239	44	23%
Rye House Gatehouse	-1	3	2	7	2	-5	(71%)
Park Projects							
Volunteers	0	57	57	57	57	0	0%
Biodiversity Management	0	127	127	126	127	1	1%
Farms							
Lee Valley Farm, Holyfieldhall	-256	395	139	80	139	59	74%
Initiatives and Partnerships							
King George Reservoir South	-14	14	-1	-1	-1	0	0%
Lee Valley Boat Centre	-41	0	-41	-41	-41	0	0%
Broxbourne Chalets	-13	0	-13	-12	-13	-1	(8%)
TOTAL PARKLAND AND OPEN SPACES	-939	4,243	3,304	3,232	3,302	70	2%
Small Venues							
Lee Valley Marina Springfield	-1,211	720	-490	-431	-490	-59	(14%)
Lee Valley Marina Stanstead	-912	871	-41	-21	-41	-20	(95%)
Marina Growth Provisional Budget	0	0	0	300	0	-300	(100%)
Lee Valley Waterworks Centre	-12	77	65	79	65	-14	(18%)
Lee Valley Campsite (Sewardstone)	-669	598	-71	-128	-71	57	45%
Lee Valley Caravan Park (Dobbs Weir)	-1,064	959	-105	-343	-105	238	69%
Lee Valley Leisure Centre Campsite	-578	513	-65	-76	-65	11	14%
Lee Valley Leisure Centre Golf Course	-122	182	60	19	60	41	216%
Almost Wild Campsite	-51	31	-21	-16	-21	-5	(31%)
Caravan Sales	-628	441	-187	-11	-187	-176	(1600%)
TOTAL SMALL VENUES	-5,247	4,392	-855	-628	-855	-227	(36%)

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
LEISURE SERVICES CONTRACT							
Management Fee	-576	28	-549	-576	-549	27	5%
LSC Venues Direct Costs	0	247	247	309	247	-62	(20%)
LSC Contingency (Utilities)	0	950	950	950	950	0	0%
TOTAL LSC VENUES AND BUSINESS SUPPORT	-576	1,225	649	683	648	-35	(5%)
TOTAL OPERATIONAL SERVICES	-9,158	16,024	6,866	7,484	6,862	-622	(8%)