

**LEE VALLEY REGIONAL PARK AUTHORITY**

**EXECUTIVE COMMITTEE**

**19 SEPTEMBER 2024 AT 10:30**

**Agenda Item No:**

**5**

**Report No:**

**E/860/24**

**Q1 REVENUE BUDGET MONITORING 2024/25**

Presented by the Head of Finance

**EXECUTIVE SUMMARY**

This report summarises monitoring of revenue expenditure to July 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 early year-end position shows a projected net under spend of £247,000 against the net revenue budget deficit of £166,000. The net surplus for the year is forecast as £81,000. The major variations currently projected are summarised in the table below.

Description	Annual Budget	Forecast Outturn	Variance
Interest Payable / Receivable	928	863	-65
Campsites	-573	-583	-10
Marinas	-452	-499	-47
Parklands and Open Spaces	3,232	3,269	37
Leisure Services Contract	683	707	24
Minimum Revenue Provision	1,148	992	-156
Sport & Leisure	1,122	1,177	55
Other	4,719	4,716	-3
Levies	-10,966	-10,966	0
Marina Growth Provisional Budget	300	300	0
LSC Expired Voucher Provision	0	-57	-57
<b>SUB-TOTAL</b>	<b>141</b>	<b>-81</b>	<b>-222</b>
General Contingency	25	0	-25
<b>TOTAL</b>	<b>166</b>	<b>-81</b>	<b>-247</b>

## RECOMMENDATIONS

- Members Note:
- (1) the report;
  - (2) the revision to the agreed loss of income payment relating to the barrier installation at Lee Valley VeloPark, to be paid to Greenwich Leisure Limited as detailed in paragraph 14 of this report; and
  - (3) the loss of income payment relating the Kayak Slalom Ramp at Lee Valley White Water Centre, to be paid to Greenwich Leisure Limited as detailed in paragraph 14 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 £81,000 surplus, which is a £247,000 improvement on budget.

## GENERAL ECONOMIC FACTORS

### 4 Inflation

July's inflation for the Retail Price Index (RPI) stood at 3.6% and Consumer Price Index (CPI) at 2.2%. The Bank of England expect inflation to rise slightly in the second half of the year to around 2.75% before settling back down again to its 2% target next year (Bank of England Monetary Policy Committee Report, May 2024). The Bank of England reduced the base rate to 5.00% on 1 August, the first cut in rates for four years. 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 2023 and has fixed prices until September 2024.

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 latest forecast from Laser for the October tariff provides a positive outlook with both gas and electricity prices now expected to fall more than anticipated when setting the budget.

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 have been achieved across the LSC venues due to the LED investment projects and good management practices across the venues. 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 all pay points above 43, and an increase of 2.5% on London Weighting. Unison and Unite members voted to reject the offer, GMB members voted to accept the offer.

The 2024/25 budget included provision for a 4% pay award. The current offer represents an approximate 3.5% increase, which equates to a saving of £45,000 against the approved budget. This is not yet reflected in the outturn.

## MAIN VARIANCES FROM BUDGET

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

### FINANCING

#### 8 Interest Receivable (£65,000 additional income)

Interest receivable has been increased due to a higher than anticipated cash holding and effective treasury management. This includes money that will be owed to GLL that they have not yet invoiced for (Management Fee, Year 1 and Year 2 Utilities risk share and investment projects at venues).

#### 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 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 redevelopment 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**.

## **SPORT AND LEISURE**

### **10 Policy and Performance (£55,000 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 & safety. This has contributed towards the positive financial performance at the venues. This expenditure will be incorporated within the £300,000 included in the budget for the marina review once that has been concluded.

## **PARKLANDS AND OPEN SPACES**

### **11 Countryside Areas (£37,000 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**

### **12 Marinas (£47,000 additional income)**

Both marinas are performing well. At Springfield the chandlery business continues to grow, and 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.

We are currently carrying out a review at both marinas, and following a presentation to Members in November 2023 a report will be brought back to Executive. The budget includes £300,000 for the impact of this review, which is unlikely to all be spent as any agreed changes will take effect midway through the year.

### **13 Campsites (£10,000 additional 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. An additional £34,000 is now forecast to be generated through sales of caravans on existing plots. 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 income from these planned sales is shown in the outturn, along with the corresponding capital financing, as detailed in the capital budget monitoring report (Paper E/861/24). Site fees from these new pitches will be shown in the revenue outturn if that stage is completed before March 2025.

## **LEISURE SERVICES CONTRACT**

### **14 Management Fee (£18,000 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. Members are asked to note this revision to the payment to GLL.

The Executive Committee (Paper E/743/21) approved the capital project to build a new Kayak Slalom Ramp at Lee Valley White Water Centre. This was completed in May 2023. The contractors were required to return to site in January 2024 to carry out remedial work which meant that the Olympic Course could not be used for four days. A loss of income payment is due to GLL, and a figure of £7,500 has been agreed. This has already been accrued for in the 2023/24 accounts but has not yet been paid to GLL. Members are asked to note this payment to GLL.

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

### **15 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.

### **ENVIRONMENTAL IMPLICATIONS**

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

### **FINANCIAL IMPLICATIONS**

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

### **HUMAN RESOURCE IMPLICATIONS**

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

### **LEGAL IMPLICATIONS**

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

### **RISK MANAGEMENT IMPLICATIONS**

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

### **EQUALITY IMPLICATIONS**

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

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### **PREVIOUS COMMITTEE REPORTS**

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
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### **LIST OF ABBREVIATIONS**

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

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
<b>OPERATIONAL SERVICES</b>							
Chief Executive	0	195	195	675	673	(2)	(0%)
Corporate Services	(785)	413	(372)	(319)	(325)	(6)	(2%)
Business Support Services	(12)	737	725	2,719	2,720	1	0%
Sport and Leisure	(198)	451	253	1,122	1,177	55	5%
Parklands and Open Spaces	(251)	1,298	1,047	3,292	3,269	37	1%
Small Venues	(2,073)	1,549	(524)	(928)	(1,483)	(305)	(54%)
Leisure Services Contract	0	(1,985)	(1,985)	683	707	24	4%
	<b>(3,319)</b>	<b>2,658</b>	<b>(661)</b>	<b>7,184</b>	<b>6,788</b>	<b>(396)</b>	<b>(6%)</b>
<b>FINANCING</b>							
Interest Receivable	(125)	0	(125)	(200)	(273)	(73)	(37%)
Interest Payable & Bank Charges	0	(103)	(103)	1,128	1,198	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%
Financing of Capital Expenditure (Sewardstone)	0	0	0	0	450	450	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	(3,655)	0	(3,655)	(10,966)	(10,966)	0	0%
Marina Growth Provisional Budget	0	0	0	300	300		
General Contingency	0	0	0	25			
Movement in General Fund				<b>166</b>	<b>(26)</b>	<b>(192)</b>	<b>(11.6%)</b>
LSC Expired Voucher Provision					(57)		
Provision for Bad Debts					2		
<b>TOTAL MOVEMENT IN GENERAL FUND</b>					<b>(81)</b>		

OPERATIONAL OUTFURN SUMMARY  
 YEAR 2024/25  
 PERIOD: 04 (July 2024)

LEE VALLEY REGIONAL PARK AUTHORITY

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
<b>CHIEF EXECUTIVE</b>							
Chief Executive	0	78	78	249	245	2	1%
PR / Communications	0	117	117	492	428	(4)	(1%)
<b>TOTAL CHIEF EXECUTIVE</b>	<b>0</b>	<b>195</b>	<b>195</b>	<b>675</b>	<b>673</b>	<b>(2)</b>	<b>(0%)</b>
<b>CORPORATE SERVICES</b>							
Legal Service	0	155	155	549	548	(1)	(0%)
Property Management	(784)	115	(668)	(1,462)	(1,452)	10	1%
Planning and Strategic Partnerships	0	38	38	158	194	(24)	(15%)
Asset Protection, Maintenance & Development	(1)	63	62	298	307	9	3%
Committee Service	0	42	42	138	138	0	0%
<b>TOTAL CORPORATE SERVICES</b>	<b>(785)</b>	<b>413</b>	<b>(372)</b>	<b>(319)</b>	<b>(325)</b>	<b>(6)</b>	<b>(2%)</b>
<b>BUSINESS SUPPORT SERVICES</b>							
Financial Management	0	130	130	536	536	0	0%
Human Resources Management	0	77	77	292	292	0	0%
Information Technology	(3)	235	232	959	957	(2)	(0%)
Corporate Insurances	0	239	239	514	514	0	0%
Audit / Health & Safety	(9)	(15)	(24)	248	248	0	0%
Non Distributed Costs	0	17	17	62	62	0	0%
Corporate Training / Apprenticeships	0	15	15	60	61	1	2%
Project & Funding Delivery	0	39	39	108	110	2	2%
<b>TOTAL FINANCIAL SERVICES</b>	<b>(12)</b>	<b>787</b>	<b>725</b>	<b>2,719</b>	<b>2,720</b>	<b>1</b>	<b>0%</b>
<b>SPORT AND LEISURE</b>							
Events	(163)	125	(38)	78	92	14	18%
Sports Development	(13)	33	20	107	107	0	0%
Policy and Performance	0	238	238	712	759	41	6%
Learning & Engagement Service	(21)	46	25	145	145	0	0%
Community Access	(1)	9	8	80	80	0	0%
<b>TOTAL SPORT AND LEISURE</b>	<b>(198)</b>	<b>451</b>	<b>253</b>	<b>1,122</b>	<b>1,177</b>	<b>55</b>	<b>5%</b>



	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
<b>PARKLANDS AND OPEN SPACES</b>							
<b>Management</b>							
Operational Management	0	102	102	318	318	0	0%
Myddelton House Management	(8)	165	157	370	380	10	3%
<b>Parklands</b>							
River Lee Country Park	(32)	102	70	361	336	(25)	(7%)
Gunpowder Park	(2)	22	20	84	82	(2)	(2%)
Countryside Areas	(49)	547	498	1,605	1,642	37	2%
Abbey Gardens	(2)	22	20	86	85	(1)	(1%)
Three Mills	(3)	6	3	25	22	(3)	(12%)
East India Dock and Bow Creek	0	8	8	26	28	2	8%
Leyton Marsh	0	0	0	0	0	0	0%
Broxbourne Riverside	0	5	5	19	19	0	0%
Fisheries	(31)	22	(9)	(73)	(77)	(4)	(5%)
<b>Visitor Attractions</b>							
Myddelton House	(71)	143	73	195	223	28	14%
Rye House Gatehouse	0	2	2	7	7	0	0%
<b>Park Projects</b>							
Volunteers	0	19	19	57	57	0	0%
Biodiversity Management	0	40	40	126	126	0	0%
<b>Farms</b>							
Lee Valley Farm, Holyfieldhall	(21)	86	65	80	75	(5)	(6%)
<b>Initiatives and Partnerships</b>							
King George Reservoir South	(7)	7	0	(1)	(1)	0	0%
Lee Valley Boat Centre	(21)	0	(21)	(41)	(41)	0	0%
Broxbourne Chalets	(4)	0	(4)	(12)	(12)	0	0%
<b>TOTAL PARKLAND AND OPEN SPACES</b>	<b>(251)</b>	<b>1,298</b>	<b>1,047</b>	<b>3,232</b>	<b>3,269</b>	<b>37</b>	<b>1%</b>
<b>Small Venues</b>							
Lee Valley Marina Springfield	(433)	229	(204)	(431)	(454)	(23)	(5%)
Lee Valley Marina Stanstead	(317)	304	(13)	(21)	(45)	(24)	(114%)
Lee Valley Waterworks Centre	(2)	29	27	79	87	8	10%
Lee Valley Campsite (Sewardstone)	(366)	182	(184)	(128)	(127)	1	1%
Lee Valley Caravan Park (Dobba Weir)	(583)	263	(320)	(343)	(318)	25	7%
Lee Valley Leisure Centre Campsite	(259)	167	(91)	(76)	(80)	(4)	(5%)
Lee Valley Leisure Centre Golf Course	(65)	52	(13)	19	13	(6)	(32%)
Almost Wild Campsite	(24)	18	(6)	(16)	(14)	2	13%
Caravan Sales	(24)	305	281	(11)	(495)	(484)	(4400%)
<b>TOTAL SMALL VENUES</b>	<b>(2,073)</b>	<b>1,549</b>	<b>(524)</b>	<b>(928)</b>	<b>(1,433)</b>	<b>(505)</b>	<b>(54%)</b>

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	
<b>LEISURE SERVICES CONTRACT</b>							
Management Fee	0	(2,063)	(2,063)	(576)	(558)	18	3%
LSC Venues Direct Costs	0	78	78	309	315	6	2%
LSC Contingency (Utilities)	0	0	0	950	950	0	0%
<b>TOTAL LSC VENUES AND BUSINESS SUPPORT</b>	0	(1,985)	(1,985)	683	707	24	4%
<b>TOTAL OPERATIONAL SERVICES</b>	(3,319)	2,558	(661)	7,184	6,788	(396)	(6%)