

# LEE VALLEY REGIONAL PARK AUTHORITY

## EXECUTIVE COMMITTEE

20 MARCH 2025 AT 10:30

Agenda Item No:

**5**

Report No:

**E/879/25**

### Q3 REVENUE BUDGET MONITORING 2024/25

Presented by the Head of Finance

#### EXECUTIVE SUMMARY

This report summarises monitoring of revenue expenditure to January 2025. 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 £772,000 against the net revenue budget deficit of £166,000. The net surplus for the year is forecast as £606,000. The major variations currently projected are summarised in the table below.

Description	Annual	Forecast	Variance
	Budget	Outturn	
Interest Payable / Receivable	928	759	-169
Minimum Revenue Provision	1,148	1,002	-146
Property	-1,462	-1,612	-150
Asset Protection, Maintenance & Development	298	441	143
Caravan Sales	-11	-101	-90
Campsites	-563	-520	43
Marinas	-452	-488	-36
Marina Growth Provisional Budget	300	0	-300
Parklands and Open Spaces	3,232	3,291	59
Sport & Leisure	1,122	1,130	8
Leisure Services Contract	683	696	13
Other	5,884	5,819	-65
Levies	-10,966	-10,966	0
LSC Expired Voucher Provision	0	-57	-57
<b>SUB-TOTAL</b>	<b>141</b>	<b>-606</b>	<b>-747</b>
General Contingency	25	0	-25
<b>TOTAL</b>	<b>166</b>	<b>-606</b>	<b>-772</b>

## RECOMMENDATION

Members Note: (1) the 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 £606,000 surplus, which is a £772,000 improvement on budget.

## GENERAL ECONOMIC FACTORS

### 4 Inflation

December's inflation for the Retail Price Index (RPI) stood at 3.5% and Consumer Price Index (CPI) at 2.5%. The Bank of England expect inflation to rise slightly again over the next year to around 2.75% before settling back down again to its 2% target (Bank of England Monetary Policy Committee Report November 2024). The Bank of England cut the base rate from 4.75% to 4.5% on 6 February 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 last year. The new tariffs for October 2024 to September 2025 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. 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. 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 increase 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 (£155,000 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 for years 1 and 2 of the LSC utility risk share, that GLL invoiced for, and the Authority paid, during quarter 3.

### 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.

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 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 **£20,000**;
- A review of the pre-2008 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**.

## **CHIEF EXECUTIVE**

### **10 Communications (£30,000 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 (£150,000 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 the 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.

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 prior years where it has paid these rates.

### **12 Asset Protection, Maintenance & Development (£143,000 additional expenditure)**

The bulk of the additional expenditure is 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**

### **13 Policy and Performance (£37,000 additional expenditure)**

This additional expenditure is 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.

## **PARKLANDS AND OPEN SPACES**

### **14 River Lee Country Park (£41,000 additional income)**

Additional income has been generated from filming and site hire. Although these income sources are one-offs and not guaranteed in future years, we are confident that demand will continue and have built realistic income targets into the 2025/26 budget.

### **15 Countryside Areas (£59,000 additional expenditure)**

Following an incursion on Lee Park Way and large fly-tip, officers are working to clear the waste which has been identified as contaminated. The awkwardness of the location and need to keep the site secure is adding to the cost.

## **VISITOR ATTRACTIONS**

### **16 Myddelton House (£65,000 additional expenditure)**

The gardens have required additional expenditure on maintenance this year. This is due to a backlog of required work built up since Covid years and works following a break-in and storm damage.

## **SMALL VENUES**

### **17 Marinas (£36,000 budget surplus - £488,000 net income)**

Both marinas are performing well, forecast to achieve £488,000 net income, which is £36,000 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.

### **18 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 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. This £50,000 is included within the individual marina outturns above. It is estimated that the cost in 2025/26 will be around £160,000.

### **19 Campsites (£43,000 budget overspend - £520,000 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 is back to last year's levels. The rental units, including lodges, pods and Airbnb accommodation have proved more resilient to the weather and are more in line with last year.

## **20 Caravan Sales (£90,000 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. Two direct sales have now been completed and they are reflected in the additional income. Two more sales are anticipated this year, which would add a further estimated £70,000 net income to this forecast.

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 sale 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**

### **21 Management Fee (£13,000 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 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.

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**

### **22 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.

## **23 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.

## **24 Sinking Fund**

Members have previously discussed creation of an Olympic Asset Sinking Fund to set aside funds for future capital works that may be required at our major sporting assets. Without a reserve to fund this spend, the Authority, without any significant capital receipt, would potentially need to borrow.

Subject to the final year end outturn, it is recommended to allocate around £0.5m from the existing General Fund reserve, currently forecast to be at £5.4m at year end, as a new ring-fenced reserve, effective from April 2025.

Members will also need to consider how this reserve will be funded in future years, and what expenditure can be charged against it.

Due to the significant movement and creation of a new Sinking Fund, this would require Authority approval for both the sum involved and the policy around funding and use of the reserve.

## **ENVIRONMENTAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

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

## **HUMAN RESOURCE IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

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

## **EQUALITY IMPLICATIONS**

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

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Author: Keith Kellard, 01992 709 864, [kkellard@leevalleypark.org.uk](mailto:kkellard@leevalleypark.org.uk)

## **PREVIOUS COMMITTEE REPORTS**

Executive	E/869/24	Q2 Revenue Budget Monitoring 2024/25	19 December 2024
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



	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
OPERATIONAL SERVICES							
Chief Executive	0	486	486	675	646	-29	(4%)
Corporate Services	-1,595	1,014	-581	-319	-394	-75	(24%)
Business Support Services	-14	1,898	1,884	2,719	2,708	-11	(0%)
Sport and Leisure	-273	1,030	757	1,122	1,130	8	1%
Parklands and Open Spaces	-585	2,887	2,302	3,232	3,291	59	2%
Small Venues	-4,060	3,406	-654	-628	-988	-360	(57%)
Leisure Services Contract	0	-160	-160	683	696	13	2%
	-6,527	10,561	4,034	7,484	7,089	-395	(5%)
FINANCING							
Interest Receivable	-272	0	-272	-200	-355	-155	(78%)
Interest Payable & Bank Charges	0	652	652	1,128	1,114	-14	(1%)
Contributions to/from Earmarked Reserves	0	1,545	1,545	1,547	1,565	18	1%
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	580	-20	(3%)
Minimum Revenue Provision (Velo)	0	0	0	64	0	-64	(100%)
Levies on Local Authorities	-8,225	0	-8,225	-10,966	-10,966	0	0%
General Contingency	0	0	0	25			
Movement in General Fund				166	-551	-717	(432%)
LSC Expired Voucher Provision					-57		
Provision for Bad Debts					2		
TOTAL MOVEMENT IN GENERAL FUND				166	-606	-772	

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance		
	Income	Expenditure	Net			£000s	%	
CHIEF EXECUTIVE								
Chief Executive	0	183	183	243	244	1	0%	
PR / Communications	0	303	303	432	402	-30	(7%)	
TOTAL CHIEF EXECUTIVE	0	486	486	675	646	-29	(4%)	
CORPORATE SERVICES								
Legal Service	0	375	375	549	533	-16	(3%)	
Property Management	-1,579	257	-1,322	-1,462	-1,612	-150	(10%)	
Planning and Strategic Partnerships	0	82	82	158	109	-49	(31%)	
Asset Protection, Maintenance & Development	-16	201	185	298	441	143	48%	
Committee Service	0	99	99	138	135	-3	(2%)	
TOTAL CORPORATE SERVICES	-1,595	1,014	-581	-319	-394	-75	(24%)	
BUSINESS SUPPORT SERVICES								
Financl Management	0	366	366	536	528	-8	(1%)	
Human Resources Management	0	172	172	232	232	0	0%	
Information Technology	-5	619	614	959	956	-3	(0%)	
Corporate Insurances	0	512	512	514	512	-2	(0%)	
Audit / Health & Safety	-9	52	43	248	250	2	1%	
Non Distributed Costs	0	45	45	62	65	3	5%	
Corporate Training / Apprenticeships	0	49	49	60	56	-4	(7%)	
Project & Funding Delivery	0	83	83	108	109	1	1%	
TOTAL FINANCIAL SERVICES	-14	1,898	1,884	2,719	2,708	-11	(0%)	
SPORT AND LEISURE								
Events	-205	234	29	78	84	6	8%	
Sports Development	-33	64	30	107	79	-28	(26%)	
Policy and Performance	0	557	557	712	749	37	5%	
Learning & Engagement Service	-34	121	87	145	138	-7	(5%)	
Community Access	-1	54	53	80	80	0	0%	
TOTAL SPORT AND LEISURE	-273	1,030	757	1,122	1,130	8	1%	

	Actual To Date			Annual Net Budget	Proposed Net Outturn	Variance	
	Income	Expenditure	Net			£000s	%
PARKLANDS AND OPEN SPACES							
Management							
Operational Management	0	235	235	318	314	-4	(1%)
Myddelton House Management	-14	294	280	370	378	8	2%
Parklands							
River Lee Country Park	-48	239	192	361	320	-41	(11%)
Gunpowder Park	-7	66	59	84	83	-1	(1%)
Countryside Areas	-137	1,262	1,125	1,605	1,664	59	4%
Abbey Gardens	-2	50	48	86	88	2	2%
Three Mills	-5	16	11	25	17	-8	(32%)
East India Dock and Bow Creek	0	18	17	26	27	1	4%
Leyton Marsh	0	0	0	0	0	0	0%
Broxbourne Riverside	0	10	10	19	20	1	5%
Fisheries	-118	32	-87	-73	-97	-24	(33%)
Visitor Attractions							
Myddelton House	-128	296	168	195	260	65	33%
Rye House Gatehouse	-1	2	1	7	7	0	0%
Park Projects							
Volunteers	0	43	43	57	57	0	0%
Biodiversity Management	0	94	94	126	126	0	0%
Farms							
Lee Valley Farm, Holyfieldhall	-63	216	153	80	81	1	1%
Initiatives and Partnerships							
King George Reservoir South	-11	14	3	-1	-1	0	0%
Lee Valley Boat Centre	-41	0	-41	-41	-41	0	0%
Broxbourne Chalets	-10	0	-10	-12	-12	0	0%
TOTAL PARKLAND AND OPEN SPACES	-585	2,887	2,302	3,232	3,291	59	2%
Small Venues							
Lee Valley Marina Springfield	-907	527	-380	-431	-474	-43	(10%)
Lee Valley Marina Stanstead	-687	653	-34	-21	-14	7	33%
Marina Growth Provisional Budget	0	0	0	300	0	-300	(100%)
Lee Valley Waterworks Centre	-11	55	44	79	82	3	4%
Lee Valley Campsite (Sewardstone)	-597	427	-171	-128	-137	-9	(7%)
Lee Valley Caravan Park (Dobbs Weir)	-913	662	-251	-343	-296	47	14%
Lee Valley Leisure Centre Campsite	-472	383	-89	-76	-68	8	11%
Lee Valley Leisure Centre Golf Course	-106	121	15	19	39	20	105%
Almost Wild Campsite	-35	23	-12	-16	-19	-3	(19%)
Caravan Sales	-332	555	223	-11	-101	-90	(818%)
TOTAL SMALL VENUES	-4,060	3,406	-654	-628	-988	-360	(57%)

	Actual To Date			Annual	Proposed	Variance	
	Income	Expenditure	Net	Net Budget	Net Outturn	£000s	%
LEISURE SERVICES CONTRACT							
Management Fee	0	-348	-348	-576	-549	27	5%
LSC Venues Direct Costs	0	188	188	309	295	-14	(5%)
LSC Contingency (Utilities)	0	0	0	950	950	0	0%
TOTAL LSC VENUES AND BUSINESS SUPPORT	0	-160	-160	683	696	13	2%
TOTAL OPERATIONAL SERVICES	-6,527	10,561	4,034	7,484	7,089	-395	(5%)