

MID-YEAR BUDGET MONITORING REPORT

Head of Service/Contact: Lee Duffy, Treasurer to the Conservators
Annexes/Appendices (attached): **Annex 1** – Mid-year monitoring 2019/20
Other available papers (not attached): None

Report summary

This item reports on the income and expenditure as at 31 August 2019 and seeks guidance on the preparation of the budget and precept for 2020/21.

Recommendation (s)

That the Conservators:

- (1) Note the mid-year income and expenditure position as at 31 August 2019;**
- (2) Provide guidance on the preparation of the budget for 2020/21;**
- (3) Note the conclusion of the 2018/19 external audit of the accounts.**

1 Background

1.1 The Conservators budget for 2019/20 was agreed at the meeting of 28 January 2019.

1.2 This report:

1.2.1 Informs the Conservators of income and expenditure at 31 August 2019;

1.2.2 Provides the Conservators with the opportunity to give guidance on the preparation of the 2020/21 budget;

1.2.3 Informs the Conservators of the conclusion of the 2018/19 audit of the accounts.

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2 Mid-Year Income and Expenditure

- 2.1 The attached budget monitoring statement at **Annex 1** shows income and expenditure from 1 April 2019 to 31 August 2019 and provides a forecast outturn position for 2019/20.
- 2.2 Net expenditure is forecast at £416,803, which would result in an overspend of £9,543 against the budget of £407,260. This is mainly due to planned spend of £6,300 for consultants fees in support of the EAFRD funding bid, which the Conservators have budgeted to fund over a four year period.
- 2.3 Increased costs in respect of cleaning and repairs and maintenance have also been incurred at the Downskeepers Hut and Tattenham Corner Conveniences, following new contracts for cleaning and facilities management. Increased expenditure has also been incurred for the disposal of waste as the Jockey Club are now invoicing for skips used on the Travellers caravan site.
- 2.4 The working balance stood at £66,224 at 31 March 2019. The latest forecast of the working balance at 31 March 2020 is £63,261 (which includes the contribution to the working balance of £6,580).

3 Budget Estimates 2020/21

- 3.1 The final column of **Annex 1** provides an indicative budget position for 2020/21. This indicative budget has been prepared ahead of the Council finalising its service estimates and the figures are provisional. Based on the indicative budget, a 2.0% increase in precepts would be required to set a balanced budget for next year.
- 3.2 The main provisional changes from 2019/20 are:
 - 3.2.1 For the Downskeepers Hut, repairs and maintenance and cleaning recharges have increased since new contracts started on 1 April 2019. The budget for repairs and maintenance has increased from £1,345 to £2,250. Cleaning of the hut was not included in the previous contract, therefore, no budget had been set historically for cleaning recharges; this has now been included at £3,940.
 - 3.2.2 Similarly, for the Tattenham Conveniences, repairs and maintenance recharges have increased from £700 to £2,530; however, cleaning recharge budgets have decreased from £11,000 to £9,850.
 - 3.2.3 The Council's Senior Surveyor has confirmed that the new facilities management and cleaning contracts allow for more staff and additional services, and therefore costs have increased since last year.

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- 3.2.4 A review of costs across all sites included in the cleaning contract is being undertaken to ensure service provision is at an appropriate level. The Senior Surveyor will advise on any revisions in due course. Provisionally, the 2020/21 budgets incorporate the current monthly charge plus inflation of 2%.
- 3.3 The forecast provides a useful basis to identify the main issues that should be addressed in the budget report in January 2020, and early consideration of the recommended precepts for 2020/21 and any options the Conservators would like to have included in the budget report.
- 3.4 The total provisional increase in the budget from 2019/20 to 2020/21 is £8,150.
- 3.5 A decision will be required in January 2020 on the requested increases in contributions to cover this amount across the three preceptors. An increase in each preceptor's contribution of 2% would create a balanced budget which incorporates an annual contribution to the working budget of £6,580.
- 3.6 Inflation is currently at 1.7% (August 2019 consumer price index). The Government's current inflation target is 2%.

4 Financial and Manpower Implications

- 4.1 **Chief Finance Officer's comments:** Precepts contributions totalling £407,260 in 2019/20 are met by the Borough Council (60%), Epsom Racecourse (30%) and the Training Board (10%).
- 4.2 A 2% increase, if approved by the Conservators and the preceptors, would provide additional contributions of £8,150 in 2020/21 to be met by the Borough Council (+£4,880), Epsom Racecourse (+£2,460) and the Training Board (+£810).
- 4.3 The Repairs and Renewals Fund for vehicles and equipment stood at £36,001 as at 31 March 2019.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 There are no legal implications arising from this report.
- 5.2 **Monitoring Officer's comments: none arising from the contents of the report.**

6 Risk Assessment

- 6.1 The forecast working balance of £63,261 for 2019/20 is considered adequate for the purpose of meeting unforeseen expenditure and providing a stable level of contribution.

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7 Audit of the Accounts 2018/19

- 7.1 The external auditors, PKF Littlejohn LLP, have completed the audit of the account for the year ended 31 March 2019.
- 7.2 The auditors concluded that the accounts had been prepared in accordance with proper practices and raised no matters of concern. As such, no changes are required to the financial position for 2018/19 as reported in June 2019.
- 7.3 The accounts and audit documents have been published on the Council's website in accordance with the requirements of the Accounts and Audit Regulations 2015.

8 Conclusion and Recommendations

- 8.1 The Conservators are requested to note the latest income and expenditure position.
- 8.2 The Conservators are asked to provide guidance on the preparation of the 2020/21 budget, including any options on precepts needed to maintain a balanced budget and any other options they would like covered in the budget report.
- 8.3 The Conservators are also asked to note the conclusion of the 2018/19 audit of the account.

Ward(s) Affected: College Ward; Woodcote Ward;