

**NONSUCH PARK JOINT MANAGEMENT COMMITTEE
25 JANUARY 2016**

BUDGET 2016/17

Report of the:

Treasurer to the Committee

Contact:

Lee Duffy

Urgent Decision?(yes/no)

If yes, reason urgent decision
required:

Annexes/Appendices (attached):

Annexe 1 - Detailed Estimates

Other available papers (not
attached):

None

REPORT SUMMARY

This report seeks approval to the Joint Management Committee's budget for 2016/17 and recommends precepts to be levied upon the constituent authorities.

RECOMMENDATION (S)

Notes

It is recommended that:-

- (1) The Joint Management Committee's revenue budget for 2016/17 is agreed as set out in the Annexe 1 to this report.**
- (2) Contributions of £99,400 are sought from both Epsom and Ewell Borough Council and the London Borough of Sutton for the financial year 2016/17.**

1 Introduction

1.1 This report provides:-

- A latest estimate of income and expenditure for the current financial year 2015/16
- A recommended budget for 2016/17

2 Forecast for 2015/16

2.1 The latest forecast of expenditure and income for the current year is included in Annexe 1.

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- 2.2 The forecast net expenditure of £265,974 is £3,850 below budget. The main reasons for this variance is due to the budget of £4,000 for Habitat Management Plan is not required this year as they are carried out every 5 years and this was completed in 2014/15.
- 2.3 Repairs for Flat 3 have started and are expected to be completed in January.
- 2.4 Based in these assumptions the forecast of the working balance at year end is approximately £109,729.

3 Budget for 2016/17

- 3.1 The Committee's estimates for 2016/17 are also attached in Annexe 1.
- 3.2 Net expenditure is forecast at £200,250, a decrease of £69,574 on the 2015/16 original budget.
- 3.3 The budget position for 2016/17 detailed at Annexe 1 is summarised below:-

	£000
Grounds Maintenance	97
Mansion House Maintenance	113
Staffing and central expenses	160
Less: Rent and other Income	(170)
Net Expenditure	200
Contributions from LBS/EEBC	(199)
Budget Deficit	1

- 3.4 The estimates have been prepared using the following assumptions:-
- 3.4.1 Grounds Maintenance: General maintenance and patrolling are carried out by the Epsom and Ewell Borough Council's operational services division.
- 3.4.2 Tree Maintenance: A provision of £12,300 has been made for the tree maintenance which reflects a saving due to the reduced price on the new contract. This will enable works to be completed at the same level as performed under the previous contract.
- 3.4.3 Planned Property Maintenance: Provision has been continued for maintenance to be carried out by Epsom and Ewell's facilities management contractor.

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3.4.4 Backlog Maintenance and Repairs: The draft budget for 2016/17 includes a provision of £70,000 towards on-going maintenance of properties in the park; this represents an increase of £10,000 on 2015/16 this has been funded by the anticipated rental income from the newly refurbished Flat 3.

3.4.5 Rent: The budget assumes rent income from occupied staff properties the lease of the ground floor of the Mansion House and the rent from Nursery Lodge. It also assumes 9 months of rental income from the newly refurbished Flat 3.

- 3.5 The current downside for financial risk remains the condition of the buildings, especially the Mansion House, as well as roads and parking surfaces. In the current year extra work to the Mansion circular roof light has been carried out.
- 3.6 The budget includes a provision of up to £5,000 for contribution to LB Sutton staffing costs should LBS provide the lead on a grant bid for repairs to the Mansion House or other bids that lever in external investment.

Contributions

- 3.7 The draft estimates for next year show a budget deficit of £1,000 after an increase in Borough contributions of 2% in 2016/17. The JMC will request that contributions of £99,400 be sought from each Borough for 2016/17.
- 3.8 Price inflation at November 2015 was -0.1% (consumer price index).
- 3.9 Variations in income can be calculated at £2,000 for each 1% increase or decrease in contribution levels.
- 3.10 Contributions are subject to confirmation by the Boroughs who have yet to finalise their budgets for 2016/17. Both Councils will experience further reduction in core government grant funding next year.

Working Balance

- 3.11 The JMC's estimated working balance at 31 March 2015 is £109,729 and the draft 2016/17 budget expects a £1,450 deficit.

4 Repairs and Renewals Fund

- 4.1 The balance of the fund at 31 March 2015 was £16,188. No contributions are budgeted for 2015/16 or planned for 2016/17.

5 Risk Assessment

- 5.1 The main risks that the JMC has been managing, as previously identified are:-

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- Funding needed for major repairs and maintenance
- Vacant properties / loss of rent
- Lack of resource to fund Management Plan

6 Audit of the Accounts 2014/15

- 6.1 The external auditors, BDO LLP, have completed the audit of the accounts for the year ended 31 March 2015.
- 6.2 No changes are required to the financial position for 2014/15 as reported in June 2015.

7 Conclusions

- 7.1 The JMC's financial position continues to improve with additional revenues from lettings being utilised to address the highest priority property repairs.
- 7.2 The budget strategy entails using operational cost savings and extra rent income to carry out phased repairs, so that the condition of property in the park can be improved over time, and to seek external funding for assistance with major works needed to the Mansion House.
- 7.3 Increases of contribution by 2% are requested from both Councils for 2016/17.