

MID-YEAR BUDGET MONITORING

Head of Service: Lee Duffy, Chief Finance Officer
Wards affected: Nonsuch Ward;
Appendices (attached): 1. NJMC Accounts

Summary

This report advises the Nonsuch Park Joint Management Committee of the mid-year financial position for 2021/22 and the forecast outturn.

Recommendation (s)

The Committee is asked to:

- (1) **Note the mid-year financial position**

1 Reason for Recommendation

- 1.1 To make the JMC aware of the mid-year financial position for 2021/22 and the forecast outturn.

2 Background

- 2.1 The budget for the current financial year was agreed at January 2021's meeting of the Joint Management Committee. The budget is set out at Appendix 1 in the standard JMC accounts format.

3 Mid-Year Budget Monitoring

- 3.1 At the mid-year position, a deficit variance of £7,350 is forecast against the agreed net expenditure budget of £206,860. The forecast adverse variance is mainly due to the following reasons:
 - 3.1.1 Council tax for London Road Lodge is £5,880 overspent, as the property incurs a long-term empty premium charge. The lodge is expected to be let in the current financial year; however, the prospective tenant's planning application is currently pending. If approved and the property is successfully let, this overspend is not expected to re-occur. An update will be provided in the next Property Maintenance Update report to the JMC, due in January 2022.

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- 3.1.2 Flat 3 Mansion House is now let to Epsom & Ewell Borough Council for use as temporary accommodation. It is forecast that rent of £4,590 will be collected in the current year, with the full year's rental income budget of £9,180 becoming achievable from 2022/23.
- 3.1.3 The £2,000 budgeted filming income is forecast to be zero, however, it is expected that the £8,000 budgeted hire charges will be achieved in full.
- 3.1.4 These adverse variances are partially offset by a £3,000 underspend on the budget for LB Sutton project charges, which is not expected to be drawn upon.
- 3.1.5 The JMC has received all income due to date for lettings at Nursery Lodge and Mansion House.
- 3.1.6 The £6,575 additional cost of commercial property insurance is fully rechargeable to property tenants.
- 3.1.7 The staffing re-charges for operations and management are currently forecast on budget. Officers are working on a review of these support costs which will be reported back to the JMC in January 2022.

Maintenance Budgets Update

- 3.2 The cost of roads maintenance currently stands at £22,225, mainly due to increased pothole repairs required due to increased usage of the park. This exceeds the original £18,000 budget by £4,225, however, the increased spend has been funded by a transfer of £4,225 from the repairs and renewal fund, as agreed in the planned maintenance report to the JMC in January 2021.
- 3.3 The Mansion House windows replacement project is expected to complete in September 2021, at a projected cost of £80,000. This exceeds the original maintenance £77,000 budget by £3,000. This excess will also need to be funded from the repairs and renewals fund.
- 3.4 The scheduled roof maintenance project for the Mansion House public toilet has been deferred, due to on-going issues with the main roof to Mansion House. Further updates will be provided in the next Property Maintenance Update report to the JMC, due in January 2022.

4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.2 The principal risks that the JMC manages are as follows:

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- 4.2.1 Funding for repairs and maintenance, particularly at buildings and for potholes on roads;
- 4.2.2 Vacant properties / loss of rent;
- 4.2.3 Lack of resource to fund management plan;
- 4.2.4 The JMC mitigates these risks through the monitoring of buildings and roads by officers, and by managing relationships with tenants. The JMC also holds a working balance and a repairs and renewals reserve, which can be used to fund one-off, unexpected budget variances.

4.3 Crime & Disorder

- 4.3.1 None arising from the contents of this report.

4.4 Safeguarding

- 4.4.1 None arising from the contents of this report.

4.5 Dependencies

- 4.5.1 None arising from the contents of this report.

4.6 Other

- 4.6.1 None arising from the contents of this report.

5 Financial Implications

- 5.1 A deficit variance of £7,350 would decrease the working balance reserve to £76,270 at year-end. The working balance is an essential reserve for the JMC to meet any unbudgeted or unforeseen expenditure items. The repairs and renewals reserve balance is forecast to remain at £37,100, as £7,225 has been transferred from the reserve to cover the additional costs of roads and building maintenance, which offsets the £7,260 original budgeted contribution into the reserve.
- 5.2 Nonsuch Park Joint Management Committee are asked to note this mid-year monitoring position.
- 5.3 An updated 2021/22 forecast and draft 2022/23 budget will be presented to the JMC in January 2022.

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- 5.4 **Section 151 Officer's comments:** Financial implications are set-out in the body of the report. The forecast deficit is principally due to increased council tax charges at London Road Lodge (as the property has been empty for a sustained period); once the property is let-out, these increased charges are expected to cease. Officers will continue to monitor the budget and the next scheduled finance update to the JMC will be in January 2022.

6 Legal Implications

- 6.1 There are no specific legal implications arising from the contents of this report.
- 6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council, Green & Vibrant.
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** None
- 7.4 **Sustainability Policy & Community Safety Implications:** None
- 7.5 **Partnerships:** Both London Borough of Sutton and Epsom & Ewell are represented by Members on the Joint Management Committee.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Nonsuch Park Joint Management Committee Final Accounts 2020-21 – June 2021

Other papers:

- NJMC Finance Update and 2021/22 Budget Report – January 2021.
- Mid-Year Budget Monitoring Report Appendix 1