

NJMC FINANCE REPORT & BUDGET 2022/23

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	Nonsuch Ward;
Appendices (attached):	1 – 2021/22 Forecast and 2022/23 Proposed Budget

Summary

This report provides an updated forecast for 2021/22 and seeks the Joint Management Committee's approval of both the 2022/23 budget and the recommended precept to be levied on the constituent authorities.

Recommendation (s)

The Committee is asked to:

- (1) Note the latest 2021/22 forecast position;**
- (2) Agree the revenue budget for 2022/23 as set out in Appendix 1;**
- (3) Agree to seek contributions of £106,640 from both Epsom and Ewell Borough Council and the London Borough of Sutton for the financial year 2022/23.**

1 Reason for Recommendation

- 1.1 To make the JMC aware of the current financial position for 2021/22 and to agree a budget for 2022/23.

2 Background

- 2.1 This report provides the latest estimate of income and expenditure for the current financial year 2021/22 and a recommended budget for 2022/23.

3 Forecast for 2021/22

- 3.1 The latest forecast of expenditure and income for the current year is shown at Appendix 1, which is in the standard accounts format for NJMC.
- 3.2 The forecast at Q3 now shows a forecast deficit of £16,350, which represents an adverse movement of £9,000 since Q2. The main variances to budget are explained in the following paragraphs.

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- 3.3 At Q2, the Mansion House windows replacement project had been expected to complete in September 2021, at a projected cost of £80,000. However, owing to additional scaffolding required to bridge over the café marquee roof to repair high level dangerous render, and necessary ornamental stonework repairs, the projected cost is now £96,350. This exceeds the £80,000 maintenance budget by £16,350 and this excess will need to be funded from the repairs and renewals fund.
- 3.4 Commercial tenanted property insurance is £7,540 over budget following a revaluation of the insured amounts and Bovingdon's occupation of the additional floor. The increased sum will be recharged out to the tenants.
- 3.5 Council tax for London Road Lodge is £5,880 over budget, as the prospective tenant's planning application remains pending. Until the letting is complete, the JMC retains liability for council tax. If approved and the property is successfully let, this overspend is not expected to re-occur in 2022/23.
- 3.6 Cleaning costs for the estate are projected to exceed the budget by £5,980, principally owing to Covid-19 and the frequency of cleaning has increased in Mansion House as Bovingdons have occupied another floor. Memorial income has overachieved the budget by £4,090, as excess memorial benches already in stock have been utilised to meet increased demand.
- 3.7 Based on the latest forecast, at year-end the working balance would remain unchanged at £83,620. The Repair and Renewals balance would decrease from £37,100 to £20,750 to fund the additional £16,350 costs on the Mansion House windows replacement project.

4 Budget for 2022/23

- 4.1 The estimates for 2022/23 are also attached in Appendix 1.
- 4.2 Net expenditure for 2022/23 is budgeted at £213,280 which represents an increase of £6,420 on the 2021/22 budget and is summarised in the following table:

2022/23 Budget	£'000
Grounds	108
Mansion House	143
Staffing and central expenses	183
Less: Rent and other income	(220)
Net Expenditure	213

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Contributions from LBS/EEBC	(213)
Budget Surplus/Deficit	0

- 4.3 The 2022/23 budget has been prepared using the following assumptions:
- 4.4 Inflation of 3.1% (September 2021 CPI) has been applied to general operational costs of maintaining and managing Nonsuch Park, including staffing recharges.
- 4.5 The cleaning contract budget has been increased by £2,400 to reflect increased cleaning requirements due to Covid-19.
- 4.6 The provision for projects has been maintained at £3,000, this budget is provided to support any capital bids or project work. Apart from this £3,000, the budget does not include provision for one-off workstreams that are over and above the standard support provided to the JMC. Should any additional workstreams be agreed in future, the budget implication will need to be considered at the time.
- 4.7 A contribution to the repair and renewals fund of £7,260 has been budgeted in order to replenish this fund over time.

Contributions

- 4.8 The budget estimates for next year show a balanced budget, after 3.1% increases in the precepts to £106,640 from each Council. These increases are subject to confirmation by both Councils.

Working Balances/Reserves

- 4.9 The working balance at 31 March 2022 is forecast to remain at £83,620.
- 4.10 The Repair and Renewals fund at 31 March 2022 is forecast to reduce from £37,100 to £20,750.

5 Risk Assessment

Legal or other duties

- 5.1 Impact Assessment
- 5.2 The principal risks that the JMC manages are as follows:
- 5.2.1 Funding for repairs and maintenance, particularly at buildings and for potholes on roads.
- 5.2.2 Vacant properties / loss of rent
- 5.2.3 Lack of resource to fund management plan

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5.2.4 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.

5.3 Crime & Disorder

5.3.1 None arising from the contents of this report.

5.4 Safeguarding

5.4.1 None arising from the contents of this report.

5.5 Dependencies

5.5.1 None arising from the contents of this report.

5.6 Other

5.6.1 None arising from the contents of this report.

6 Financial Implications

6.1 The working balance at 31 March 2022 is forecast to remain at £83,620. 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 reduce to £20,750, as £16,350 will be used to cover the additional costs of the Mansion House Windows Project.

6.2 **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 and additional costs of £16,350 at Mansion House. Officers will continue to monitor the budget and the next scheduled finance update to the JMC will be the final accounts for 2021/22 in June 2022.

7 Legal Implications

7.1 There are no legal implications arising from this report.

7.2 **Legal Officer's comments:** None arising from the contents of this report.

8 Policies, Plans & Partnerships

8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council, Green & Vibrant.

8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

8.3 **Climate & Environmental Impact of recommendations:** None.

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8.4 **Sustainability Policy & Community Safety Implications:** None.

8.5 **Partnerships:** London Borough of Sutton and Epsom and Ewell Borough Council have shared responsibility for managing Nonsuch Park.

9 Background papers

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

Previous reports:

- Mid-Year Budget Monitoring Report, 18 October 2021

Other papers:

- Property Maintenance report, a separate item on this Committee's agenda of 24 January 2022.