

## **NJMC FINANCE REPORT & BUDGET 2023/24**

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	Nonsuch Ward;
<b>Appendices (attached):</b>	1 – 2022/23 Forecast and 2023/24 Proposed Budget

### **Summary**

This report provides a forecast for 2022/23 and seeks the Joint Management Committee's approval of both the 2023/24 budget and the recommended contributions to be sought from the constituent authorities.

### **Recommendation (s)**

#### **The Committee is asked to:**

- (1) Note the latest 2022/23 forecast position;**
- (2) Agree the revenue budget for 2023/24 as set out in Appendix 1;**
- (3) Agree to seek contributions of £113,040 from both Epsom and Ewell Borough Council and the London Borough of Sutton for the financial year 2023/24.**

#### **1 Reason for Recommendation**

- 1.1 To make the JMC aware of the current financial position for 2022/23 and to agree a budget for 2023/24.

#### **2 Background**

- 2.1 This report provides the latest estimate of income and expenditure for the current financial year 2022/23 and a recommended budget for 2023/24.

#### **3 Forecast for 2022/23**

- 3.1 The latest forecast of expenditure and income for the current year is shown at Appendix 1, which is the standard accounts format for NJMC.
- 3.2 The forecast at Q3 shows a projected deficit of £2,453. The main variances to budget are explained in the following paragraphs.

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- 3.3 Council tax for London Road Lodge is £6,787 over budget, as we await lease completion by the new tenant. Until the letting is complete, the JMC retains liability for council tax. This lease is expected to be signed in 2023. The first nine months will be rent free and thereafter £3,500 per quarter for the next year.
- 3.4 One-off legal costs of £10,000 are anticipated to finalise the lease agreement for London Road Lodge.
- 3.5 Electricity costs are over budget by £8,851 which have been caused by global energy price increases. 59% of the increase will be recharged to the Mansion House tenant.
- 3.6 Based on the latest forecast, at year-end the working balance will change from £79,180 to £76,727 to cover the forecast deficit of £2,453. The Repair and Renewals balance is forecast to increase from £14,101 to £21,361 due to the in-year budgeted contribution to this reserve.

#### 4 Budget for 2023/24

- 4.1 The estimates for 2023/24 are also attached in Appendix 1.
- 4.2 Net expenditure for 2023/24 is budgeted at £226,080 which represents an increase of £12,800 on the 2022/23 budget and is summarised in the following table:

<b>2023/24 Budget</b>	<b>£'000</b>
Grounds	112
Mansion House	174
Staffing and central expenses	185
Less: Rent and other income	(244)
Net Expenditure	226
Contributions from LBS/EEBC	(226)
Budget Surplus/Deficit	0

- 4.3 The 2023/24 budget has been prepared using the following assumptions:
- 4.4 General operational costs of maintaining and managing Nonsuch Park, including staffing recharges have been increased with inflation where appropriate.

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- 4.5 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.
- 4.6 A contribution to the repair and renewals fund of £8,690 has been budgeted in order to replenish this fund over time.
- 4.7 Utility costs have been budgeted to increase by 100%, with 59% of the increased costs at Mansion House expected to be rechargeable to the tenant.

### Contributions

- 4.8 The budget estimates for next year show a balanced budget, after 6% increases in the precepts to £113,040 from each Council. These increases are subject to confirmation by both Councils.

### Working Balances/Reserves

- 4.9 The working balance at 31 March 2023 is forecast to change from £79,180 to £76,727.
- 4.10 The Repair and Renewals fund at 31 March 2023 is forecast to increase from £14,101 to £21,361.

## **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
  - 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

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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 2023 is forecast to £76,727. The working balance is an essential reserve for the JMC to meet any unbudgeted or unforeseen expenditure items.

6.2 **Section 151 Officer's comments:** Financial implications are set-out in the body of the report. The forecast deficit in 2022/23 is principally due to increased electricity costs, council tax and one-off costs to complete the lease at London Road Lodge. Officers will continue to monitor the budget and the next scheduled finance update to the JMC will be the final accounts for 2022/23 in June 2023.

## 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.

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.

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### 9 Background papers

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

#### **Previous reports:**

- Nonsuch Park Joint management committee Final Accounts 2021/22,  
20 June 2022

#### **Other papers:**

- None.