

## **NJMC FINANCE REPORT & BUDGET 2024/25**

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	Nonsuch Ward;
<b>Appendices (attached):</b>	1 – 2023/24 Forecast and 2024/25 Proposed Budget

### **Summary**

This report provides a forecast for 2023/24 and seeks the Joint Management Committee's approval of both the 2024/25 budget and the recommended contributions to be sought from the constituent authorities.

### **Recommendation (s)**

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

- (1) Note the latest 2023/24 forecast position;**
- (2) Agree the revenue budget for 2024/25 as set out in Appendix 1;**
- (3) Agree to seek contributions of £111,000 from both Epsom and Ewell Borough Council and the London Borough of Sutton for the financial year 2024/25, as set-out in section 5.**

### **1 Reason for Recommendation**

- 1.1 To make the JMC aware of the current financial position for 2023/24 and to agree a budget for 2024/25.

### **2 Background**

- 2.1 This report provides the latest estimate of income and expenditure for the current financial year 2023/24 and a recommended budget for 2024/25.

### **3 Forecast for 2023/24**

- 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 is due to come in on budget at year end overall. The main individual variances to note are as follows:

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- 3.3 Commercial tenanted property insurance was put out to tender, which resulted in a lower premium which is recharged to the tenant.
- 3.4 London Road Lodge – the lease has been completed and associated income of £6,000 is forecast in 2023/24 with a step up to £16,500 for 2024/25. This has created a favourable variance of £2,500 during this financial year, as budgeted income was £3,500.
- 3.5 Rent reviews are due in this financial year for Nursery lodge and Mansion House. The property agency fees involved are estimated at £3,000, however this fee will be recovered through higher rental income in future years.
- 3.6 Expenditure on building maintenance includes museum roof repairs, which are part funded by the £44,000 contribution from LB Sutton.

### 4 Budget for 2024/25

- 4.1 The estimates for 2024/25 are also attached in Appendix 1.
- 4.2 Initially, it had been projected that a 6% increase in contributions from both Councils would be required for the JMC to set a balanced budget in 2024/25, taking account of inflationary pressures and the impact on park/property management costs.
- 4.3 However, during the budget setting process LB Sutton (LBS) informed officers that owing to its financial challenges, there would need to be a £17,000 (or 15%) reduction in its contribution for 2024/25. Matched by EEBC, this would equate to a £34,000 (or £47,560 in real terms) reduction in income for the NJMC next year, as set out in columns B & C (blue section) below.
- 4.4 As such a loss of resource would have a significant adverse impact on the quality of park and property maintenance at Nonsuch, officers engaged with the Head of Parks & Open Spaces at LB Sutton, who has worked positively to try to find a compromise position. This engagement has resulted in an updated proposal being received from LB Sutton, as summarised from column D (in green) in the following table:

Contributions to Nonsuch Park JMC	2023/24 Actual Contributions (A)	2024/25 Initial Contributions Proposal			2024/25 Updated Contributions Proposal		
		2024/25 with 6% inflationary increase (B)	Initial LB Sutton Proposal (C)	Real terms reduction (C-B)	Updated LB Sutton Proposal (D)	Real terms reduction (D-B)	Cash reduction (D-A)
EEBC	£113,040	£119,820	£96,040	-£23,780	£111,000	-£8,820	-£2,040
LB Sutton	£113,040	£119,820	£96,040	-£23,780	£111,000*	-£8,820	-£2,040
<b>Total</b>	<b>£226,080</b>	<b>£239,640</b>	<b>£192,080</b>	<b>-£47,560</b>	<b>£222,000</b>	<b>-£17,640</b>	<b>-£4,080</b>

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- 4.5 LB Sutton now proposes to reduce its overall contribution next year by just £2,040 in cash terms to £111,000, \*consisting £103,000 revenue and £8,000 capital funding. The capital element would be applied to support the JMC's property maintenance work programme.
- 4.6 While this updated proposal still represents in real terms a funding reduction overall of £17,640 for the JMC, it is a significantly improved position compared to the original £47,560 real terms reduction.
- 4.7 The JMC can partially mitigate a real terms reduction of £17,460, as the new London Road Lodge lease is due to generate additional budgeted income of £13,000 next year. Furthermore, if the JMC's property maintenance budget of £84,160 is frozen for one year in cash terms, the JMC can produce a balanced budget that otherwise maintains the standard of parks maintenance at Nonsuch.
- 4.8 The proposed 2024/25 budget is detailed at Appendix 1 and summarised in the following table:

<b>2024/25 Budget</b>	<b>£,000</b>
Grounds	<b>114</b>
Mansion House	<b>172</b>
Staffing and central expenses	<b>189</b>
Less: Rent and other income	<b>(253)</b>
Net Expenditure	<b>222</b>
Contributions from LBS/EEBC	<b>(222)</b>
Budget Surplus/Deficit	<b>0</b>

- 4.9 The 2024/25 budget has been prepared using the following key assumptions:
- 4.10 General operational costs of maintaining and managing Nonsuch park, excluding the property maintenance budget (which has been frozen), have been increased with inflation where appropriate.
- 4.11 The new letting at London Road Lodge will generate income of £16,500 in 2024/25. Two rent reviews due at both Mansion House and Nursery Lodge will further increase revenue next year. At this point, an external advisor is being used to assess rental values.

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- 4.12 A budgeted contribution of £3,000 to the working balance reserve has been planned in order to replenish this reserve over time. The working balance is used to finance small annual variances to budget, providing a crucial contingency for unforeseen, unavoidable expenditure.

### **5 Contributions**

- 5.1 The budget estimates for next year show a balanced budget, factoring in contributions of £111,000 from each Council. These contributions are subject to confirmation by both Councils.

### **Working Balances/Reserves**

- 5.2 The JMC's working balance at 31 March 2024 is forecast to remain at £65,719.
- 5.3 The Repair and Renewals fund at 31 March 2024 is forecast to increase from £21,743 to £30,433 due to the in-year £8,690 budgeted contribution to this reserve. This balance is used for small unavoidable maintenance expenditure.

### **6 Risk Assessment**

#### Legal or other duties

- 6.1 The principal risks that the JMC manages are as follows:
- 6.1.1 Vacant properties/loss of rent;
  - 6.1.2 Limited funding for repairs and maintenance, particularly at buildings and for pot holes on roads;
  - 6.1.3 Limited resources to fund management plan;
  - 6.1.4 Reduced contributions from LB Sutton and/or Epsom & Ewell Borough Council in future years, in what is a challenging financial environment for local government.
  - 6.1.5 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.
- 6.2 Crime & Disorder
- 6.2.1 None arising from the contents of this report.
- 6.3 Safeguarding
- 6.3.1 None arising from the contents of this report.

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### 6.4 Dependencies

6.4.1 None arising from the contents of this report.

### 6.5 Other

6.5.1 None arising from the contents of this report.

## 7 Financial Implications

7.1 A grant from LB Sutton of £44,000 was utilised this year which contributed towards the Mansion House Museum Roof repair. The JMC is forecast to come in on budget for 2023/24 overall.

7.2 **Section 151 Officer's comments:** Financial implications are set-out in the body of the report. Officers will continue to monitor the budget and the next scheduled finance update to the JMC will be the final accounts for 2023/24 in June 2024. Officers will also continue to engage with counterparts at LB Sutton ahead of 2025/26 budget setting, to ensure any issues are identified and addressed at an early stage.

7.3 Officers should continue to pursue income generation initiatives where viable, to increase/diversify the JMC's revenue and mitigate the risk of reduced local authority funding. However, for any new initiative the JMC will need to consider the upfront implementation and ongoing cost (including how/whether this can be resourced), alongside the risks and expected benefits on a business case basis.

## 8 Legal Implications

8.1 There are no legal implications arising from this report.

8.2 **Legal Officer's comments:** As above.

## 9 Policies, Plans & Partnerships

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

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

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

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

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

## 10 Background papers

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

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### **Previous reports:**

- [Nonsuch Mid year budget monitoring report](#) -16 October 2023
- [Nonsuch Final Accounts 2022-23](#) – Monday 1 June 2023
- [Nonsuch Planned Maintenance Report and New Priority Works](#) for 2023-24 – Monday 27 March 2023

### **Other papers:**

- None.