

FINAL ACCOUNTS 2016/17

<u>Report of the:</u>	Treasurer to the Joint Management Committee
<u>Contact:</u>	Lee Duffy
<u>Annexes/Appendices</u> (attached):	Annexe 1: 2016/17 Accounts & Budget 2017/18 Update Annexe 2: Financial Statements 2016/17
<u>Other available papers</u> (not attached):	Final Account Working Papers

REPORT SUMMARY

This item comprises a report on the Joint Management Committee's final accounts for the financial year 2016/17 and the financial statements as at 31 March 2017. An update on the 2017/18 budget is also provided.

RECOMMENDATIONS

Notes

That the final accounts for 2016/17 be received.

That the revised changes to the 2017/18 budget be approved

1 Introduction

1.1 The accounts for the year ended 31 March 2017 are attached at Annexe 1. The Annexe shows income and expenditure for the year compared to the original budget and latest forecast that was contained in the 2017/18 budget report.

1.2 The financial statements for 2016/17 are attached at Annexe 2.

2 Accounts for 2016/17

2.1 In overall terms, there was a surplus of income over expenditure which has generated a surplus of £19,515 which will be transferred to the working balance.

2.2 This surplus of £19,515 arose from variances against budget for both income and expenditure items relating to Nonsuch. The following paragraphs provide commentary explaining the key variances that make up the net surplus.

NONSUCH PARK JOINT MANAGEMENT COMMITTEE
26 JUNE 2017

- 2.3 Gross expenditure at £345,521 was £31,073 less than budgeted for the following main reasons:-
- 2.3.1 No expenditure was incurred during the year against a budget of £6,600 for Living Woodland expenses. However, any expenditure was budgeted to be fully funded from matching grant income; for 2016/17 no grant funding was received.
 - 2.3.2 A £4,111 underspend on the purchase of Memorials.
 - 2.3.3 A £12,563 underspend on commercial tenanted insurance for Nonsuch Mansion House as this is to be recovered fully from Bovingdons Catering Ltd, as per the service charge agreement. This was not incorporated into the 2016/17 budget at the time of its approval, this is also to be backdated for 2015/16.
 - 2.3.4 A £5,000 provision for LB Sutton management charges was not drawn upon, creating an underspend.
 - 2.3.5 A £2,996 underspend resulted on petrol and diesel oil.
 - 2.3.6 A £2,723 underspend on operational equipment and tools for repairs and maintenance.
 - 2.3.7 Despite there being no expenditure on asbestos surveys, this budget is still needed because it's a yearly requirement. As the surveys are overdue for 2016-17, the costs will be doubled in the 2017-18 year.
- 2.4 There were also a number of overspends for the year which can be summarised as follows: on building and maintenance works, totalling £7,650 above budget for Mansion House and Nonsuch Grounds. The car park works, totalling £67,244, consumed much of these original budgets. This variance had been reduced by a £6,394 virement from the Nonsuch reserve budget, as agreed at the 21st November 2016 Joint Management Committee, to part-fund urgent health and safety works: replacement windows at Sparrow farm lodge, two windows at Castlemain lodge and five yearly electrical tests to Nonsuch Mansion and the Tractor shed.
- 2.5 Income excluding precepts, was £166,235 and £3,715 less than budget for the following reasons:
- 2.5.1 As mentioned in 2.2.1, there was no grant income for Living Woodland expenses.
 - 2.5.2 The rental income from the flats fell short by £9,480 as one of the flats remains vacant.
 - 2.5.3 Memorial receipts income was £3,021 below budget.
- 2.6 However, there were some additional income streams above budget that assisted the net shortfall in income detailed in 2.5:

NONSUCH PARK JOINT MANAGEMENT COMMITTEE
26 JUNE 2017

- 2.6.1 A £5,000 contribution from Bovingdons Catering Ltd for structural costs, as per the contract.
- 2.6.2 Classic Events paid us £5,000 for hire charges which was not expected to occur at the time of budgeting.
- 2.6.3 The rental income from Nursery Lodge was above budget at £11,063 and following a rent review on 25th November 2017 the rent will be £14,750 p.a. moving forward.

3 Nonsuch Working Balances

- 3.1 The balances brought forward for 2016-17 were £123,585.
- 3.2 As part of the review of the 2016-17 accounts it has come to light that a correction was required to the balance brought forward figure of £123,585 due to an accounting record change. This has resulted in the balance brought forward being reduced by £8,813 as detailed in 3.4 below. This has to be corrected for 2016-17.
- 3.3 Combined with the surplus for 2016-17 as detailed in 2.1, this gives a revised working balance carried forward figure for 2016-17 of £134,287.
- 3.4 This is broken down as follows:

Balance b/f 1/4/16	£123,585
Correcting adjustment	- <u>£8,813</u>
Revised balance b/f 1/4/16	£114,772
Surplus for 2016-17	£19,515
Balance c/f 31/3/17	<u>£134,287</u>

4 Repairs and Renewals Fund

- 4.1 The balance on the fund was £16,486 at 31 March 2017 calculated as follows:-

	£
Balance b/f 1 April 2016	16,312
Interest on balance	166
Balance c/f 31 March 2017	<u><u>16,486</u></u>

5 Revised budget 2017-18

5.1 As reported at the last Committee Meeting on 30/01/2017 and following investigation of some of the variances identified in the closing of accounts process for 2016-17, it is recommended that the 2017-18 budget is adjusted to bring this into line with the actual spending and income patterns likely to be incurred in 2017-18.

5.2 As a result of this exercise the following budget adjustments are recommended to the Committee for its revised budget for 2017-18.

5.3 The key changes are:

Petrol, diesel and oil budget has been reduced to £1,500

The equipment operational equipment budget has been reduced to £1,000

The purchase of Memorials' budget has been reduced to £3,000

The building and maintenance budget increased by £6,000

The commercial tenanted insurance budget has been reduced to £1,100 (as this is now paid for almost entirely by Bovingdons Catering Ltd). The £1,100 provides for insurance cover for Flat 1 that they lease.

The grounds/Memorial income budget has reduced to £3,500

The service charge income budget has been increased to £5,000 (contribution from Bovingdons Catering Ltd to structural repairs at Nonsuch Mansion – effective from 2016/17).

The hire charges income budget has been increased to £6,000

The Nursery Lodge income budget has been increased to £14,750 due to a rent review on 25th November 2017 which extends to future years

5.4 As a result of this exercise the following budget adjustments are recommended to the Committee for its revised budget for 2017-18. The net result of these changes means that there will now be a projected contribution to working balances of £16,815 for 2017-18. The Committee should also note that a budget of £15,000 may be required in 2016-17 for the consultancy fees if the National Heritage Lottery fund bid is to go ahead and therefore the Committee may wish to earmark this surplus for that purpose.

6 Financial Implications

6.1 The working balance stood at £134,287 as at 31 March 2016 (£123,585 reported at 31 March 2016 – corrected to £114,772. See paragraph 3.4).

NONSUCH PARK JOINT MANAGEMENT COMMITTEE
26 JUNE 2017

- 6.2 The summary income and expenditure account and balance sheet is attached at Annexe 2.
- 6.3 The main debtor is Epsom and Ewell Borough Council who hold the working balance and the renewals fund reserve. The Council credits interest on these sums on the average return on the Council's investments.

7 Internal Audit

- 7.1 Nonsuch Park Joint Management does not require an internal Audit for 2016/17.

8 Conclusions

- 8.1 The JMC's working balance of £134,287 is considered above the minimum threshold to be deemed adequate for this purpose (this would be approximately £40,000 at 9% of gross expenditure).
- 8.2 The current financial position and any budget implications has been covered in previous financial reports to the Committee and the proposed revised budget for Nonsuch Joint Management Committee is contained within this report.
- 8.3 Nonsuch Joint Management Committee agreed at the November 2016 meeting to allocate £15,000 from the revenue budget to appoint consultants to support the completion and submission of the HLF bid application and the overall 2017-18 budget allows for this purpose (see paragraph 5.4).

WARD(S) AFFECTED: Nonsuch Ward; (EEBC)