

# HOLLY LODGE ESTATE PLOT-OWNER'S HALF YEARLY GENERAL MEETING

## 20<sup>th</sup> NOVEMBER 2019

### FINANCE REPORT

Plot-owners are invited to review the Estate's financial forecast for the year ending 30<sup>th</sup> November 2020 and the financial plan for the five following years. The reports will be available at the meeting on November 20<sup>th</sup> as hard copies and also on the HLE website from 11<sup>th</sup> November. Our treasurer Justyn Trenner, who was elected to the role in June, succeeding Peter Jacobs, and accountant Daniel Virgili will be available to provide a more detailed commentary than follows here and to answer questions at the meeting.

We must record our thanks for the considerable work over a number of years by Peter Jacobs and appreciate his support to Justyn as he, in turn, learns our ropes.

For next year and going forward a new approach is being taken with exceptional / occasional expenditure. Rather than charging the full cost to the current year's expenditure it is being funded from the reserves and charged to expenses over a number of years. Continuing the practice in recent years Camden contributed 46% of the cost of maintaining the common parts of the Estate in 2019 and our forecasts assume this will continue. Charging exceptional items to reserves and refunding in following years will allow us to protect Camden from sudden changes in their contribution.

Overall the Estate continues to be well positioned to maintain and restore the Common Parts. Finances are strong and we have an excellent team of employees, officers and Committee working together to care for the Estate's fabric.

#### *EXPENDITURE*

1. Overall the committee will, we estimate, have spent some £346,400 by the year ending 30 November 2019 as against a budget of £345,200 – an overrun of some £1,400, or 0.4% and compared to £384,996 for 2017/18, a decrease of 10.3% (last year we had the unexpected expense of the new Hut).
2. The main budget overspend, of £21,500, has been on parking management since the Spring, implemented to address evening parking abuses and antisocial behaviour, against a main saving of £20,400 on small projects and estate maintenance.
3. Other modest overspends related to postage and stationery, roads and pavements and legal and professional fees; modest underspends mainly related to provisions for trees and gardens.

#### *INCOME*

Income, at £337,000, is very slightly (£2,000) below budget but in line with that of last year.

EMF contributions from Plot-owners were strong at £153,000, a decrease of £2,000 on the previous year.

#### *RESERVES*

Cash balances are forecast to be £556,000 at year end 2018/19 compared with £571,000 at year end 2017/18.

### **PROPOSED ESTATE MAINTENANCE FUND CONTRIBUTION 2019/20 AND USE OF RESERVES**

The EMF Contribution has remained at £600 since 2016 which itself was a reduction of £50 from the prior years and a peak of £670 a few years ago.

Inevitably, we have reached a point where we need to be prepared to invest more in our assets and infrastructure. In particular, we have a risk of subsidence in the Estate Yard and our main vehicle needs to be replaced. We also wish to invest in the availability of Electric Vehicle Charging.

We are, therefore, proposing to use approximately 25% of our reserves to manage these costs and restore our reserves over an appropriate period.

As an example, the new groundsmen's truck, estimated at £32,000, which is planned for 2020 will be charged over six years. Exceptional major infrastructure items foreseen for next year of £90,000 will be charged over 12 years and include stabilising the yard - part of which is slipping west – rebuilding a retaining wall in the lower park and rebuilding a gate pier which has minimal foundations in the ornamental park.

For the EV Charging infrastructure, which is planned to be self-funding (an expense of £35,000 for 2019/20), we will charge the reserves and repay from the revenue from provision of electricity, projected over eight years.

We are able to do this using the reserves due to the continuing careful management of Estate funds. We will continue that husbanding and the balance of funds remains strong. Even after these expenses, we will have more than £400,000 in our reserves, or more than 13 months' operating expenditures' reserves. The Committee believes that this ensures that there are adequate funds to undertake the necessary maintenance and restoration

programmes whilst retaining sufficient funds for contingencies, bearing in mind that there is no possibility of borrowing in the event of unexpected requirements.

The Committee, therefore, proposes to a modest increase in the Estate Maintenance Fund (EMF) contribution to £630 for 2019/20, and aims to maintain this level, as is set out in the forecast, barring unforeseen events, for the next four years.

***Justyn Trenner***  
***Treasurer***

