

Netherne Management Limited
Company Number: 04026814
Registered Office: One Jubilee Street, Brighton, BN1 1GE

Directors Report for the year ending 31 December 2018

Summary

- Debt continues to fall, with people in arrears starting to pay their service charges, selling up or (in some cases) being repossessed.
- Our reserves have continued to fall with various improvements, repairs and works; and are expected to continue to fall with further expenditure projected in the coming years.
- As a result of our declining reserves position, future service charge budgets will need to include a new line item for “contribution to reserves”. This, along with the usual inflationary pressures, is likely to mean 2020 service charges could be over 10% higher than 2019 charges.
- Major works to attend to the damp issues at the Village Hall were concluded.
- 2018 was a maintenance focussed year for the Leisure Centre, with a new boiler, air handling unit and roof repairs. Poolside lighting was also changed.
- Much progress has been made to reduce the amount of goats rue in the amenity fields. Work has begun to create a flower meadow.
- Significant work required to repair the tarmac footpath (from the pavilion to the playground), which is badly weathered.
- The Pavilion Café has been successfully trading for over 18 months, and the pavilion is a popular venue for private hire and events. Disability access is being improved.
- Following the EGM and members’ vote in March 2019, the CCTV project has been suspended.
- Netherne’s crime figures remain low compared to the rest of Surrey and indeed the rest of the UK.
- With falling passenger numbers / fare income, ticket prices for the Netherne Bus are likely to increase again from 2020.

Your Directors remain committed to managing our village properly in a cost effective manner. We expect that, just like every other year, 2019 will prove to be another busy year for the NML directors. Running NML is something that we do voluntarily and in our own time, because we want to make Netherne an even better place to live than it already is. We are human and not infallible, but we always have the good of the village at the centre of all our decisions.

We know that communication with our members is important, and have several channels available. We have the NML Member Facebook group. You can also stay in touch with us by signing up for our regular email updates, which are issued by bcc from nmlupdates@gmail.com. We have also started “Director clinics” at the pavilion, on Saturdays, once a quarter.

Sadly, the low level of interest in village matters amongst our members was acutely demonstrated by the turnout at the March 2019 EGM. Nonetheless, we keep our fingers crossed for a decent turnout at the forthcoming AGM on 22 May 2019.

The Directors of Netherne Management Limited:

Steven Buczek Alex Rodell Lee Ronan Rajen Shah Lee Sheldon Gary Smith

16 May 2019

Debtors

At the end of 2017, the level of debt (unpaid service charges/costs) was under close management and control. We noted that further inroads into our debt would only occur when some of our perennial debtors started to pay their service charges on time, or left the village.

We are pleased to report that our biggest debtor is now paying their service charges and arrears, and our second biggest debtor has just sold up and moved out of the village, settling all arrears and a large legal bill in the process 😊 During the year, another of our perennial debtors had their property repossessed, so that problem also went away. As at the date of this report, our total debt is estimated to be around £15,000.

Given the low level of debt, and in the interest of brevity, we do not propose to say much more on our debt position, other than imploring all members to please settle their accounts, however small, so that we do not have to continue to chase them for these sums. We also recommend that all members set up direct debit mandates to settle their ongoing service charges, so that the situation of inadvertently forgetting to pay on time does not arise.

Finances: Reserves and Service Charges

In our paper dated 15 February 2019, entitled “EGM paper on proposal for CCTV in Netherne” (which was posted out to all members, as well as circulated by email and Facebook), we included a detailed explanation of our current and projected reserves position, and the impact this would have on future service charges. We are aware that some members did not read this important paper, and so we reproduce below the main content from that paper:

NML Reserves are funds held to meet the cost of large, non-regular repair and maintenance work, and the costs of improvements to the Estate, Village Hall and Leisure Centre. Such costs are not expected to occur every year and so, historically, they have not been budgeted for in the service charge budget. Instead, such costs have been met from reserves. Examples of such costs are decorating costs (which will occur every few years), the Hooley Footpath Lighting Project (a one off project, not expected to recur), the Village Hall damp works (another one off project), the pool cover (replaced every few years), new gym equipment and boiler replacement costs. The existence of reserves has meant that service charge budgets have not been volatile from year to year.

We need reserves to meet the costs of sometimes unexpected expenditure as and when it arises. If we did not have readily available cash, we would be unable to pay all of our bills in a timely fashion. We would have to defer expenditure and projects, and run the risk of asking our members for increased (and volatile) service charges. It would be a very undesirable situation, with NML once again limping along from day to day on a hand to mouth existence.

Our reserves are supported by a number of sources of **non-service charge income**. In 2018 these were:

▪ Exit Fees	£26,000
▪ Annual Estate Rent charges	£11,000
▪ Leisure Centre memberships	£14,000
▪ Village hall, pavilion and pool hire	£20,000
▪ Telephone mast rent	£9,000
▪ Interest	£2,000

Whilst exit fee income in 2018 was £6,000 lower than in 2017 (probably reflective of a more subdued property market), this was more than offset by a doubling of our income from hall/pavilion/pool hire, as well as about £4,000 more in leisure centre memberships. Note however that some of the leisure centre membership income was still being used to cover gym equipment lease fees.

NML reserves have been falling, as our reserve expenditure has always exceeded the non-service charge income streams mentioned above. The declared reserves in our accounts have been as follows:

End of Year	Reserves
2013	£708,000
2014	£666,000
2015	£541,000
2016	£539,000
2017	£355,000

At the end of 2018, following further expenditure during 2018, our reserves position is estimated to be £300,000.

There will always be some unexpected items of expenditure each year, met from reserves. Many costs that we have incurred in the last few years will not be repeated – such as the Playground extension, Hall damp works, Hooley footpath lighting, and boulders (traveler deterrent).

We have looked at what we have spent in the last five years (2014 to 2018) to see what we may need to spend (again) during the next five years (2019 to 2024). There are also some costs that we may have to incur for the first time during this time period – in particular new roofs for the hall and leisure centre. In February 2019 our estimate was that during the next five years we may have a further £450,000 of reserve expenditure, for the ongoing maintenance of our estate and facilities. This figure will be revisited and recast at the end of each year as part of the budget setting process.

It can be seen that our current reserves position (£300,000) is less than projected future expenditure (£450,000) over the next five years. However, we can still expect to receive the non-service charge income streams mentioned above, which are variable but currently of the order of £75,000 per annum.

Even after allowing for these non-service charge income streams, we project that our reserves position in five years time will have declined to £225,000, which we consider to be a dangerously low level.

Given this projection, the Board have determined that from 2020 onwards we will have to ask members for increased service charges, with the addition of a new line item in the service charge budget for “contribution to reserves”. The aim of such additional contributions would be to stabilise our reserves and maintain them at current levels. Such increases will only take effect from 2020. The exact level of these additional contributions will be determined at the end of each year as part of the budget setting process. As a guide, we currently expect the new line item in future service charge budgets may mean an extra £70 a year service charges in 2020 for each (private ownership) NML member. There will also be the usual inflationary increases to factor into next year’s service charge budget, so members could easily see a total service charge increase of over 10% next year.

Village Hall

Over the last year the Village Hall has returned to its previous splendour after having major works conducted on the surrounding drainage basin and the tower. Throughout all of these works the hall has remained the base for many clubs and groups including dance classes, badminton/table tennis and ‘Stay and Play’. The hall remains open for hire and is an excellent venue to host parties or events. During the year there are regular events organised by NoTHRA which are open to all residents; these are communicated via social media and leaflet drops.

Should residents be interested in hiring the Village Hall for private events, this can be arranged by contacting Laura Ritchie at SHW on 0207-389-1514 or lritchie@shw.co.uk

Looking ahead, the Village Hall will need further ad-hoc repair work to individual broken or missing tiles. Each individual repair can be quite costly; if the repairs increase in frequency the Directors will be reviewing whether it is more financially viable in the long run to invest in a new roof. We will, of course, keep residents regularly updated on this matter.

Leisure Centre

2018 was a maintenance focused year for the Leisure Centre. During this period a new boiler was installed, along with a new Air Handling Unit (this controls the poolside air temperature). In addition, repairs were carried out to the roof which were unfortunately significantly greater than initially expected.

Due to nearly 50% of the poolside lighting failing the decision was made to change all the lights to a new long-life fitting and bulb (we anticipate this will achieve a saving of >£5k over the next 10 years). Although this created a lovely relaxed atmosphere it was agreed that during swimming lessons and when it was dark outside this lower level of light could do with a boost. For this reason, additional lights were installed at the end of the pool. These lights will be utilised as/when required.

In last year's report we talked about the revalidation exercise of our active membership. We are pleased to say this has ensured that only eligible members are using the facility. It has also resulted in increased revenue from our paying members of approximately £4,000 a year (from £10k to £14k). As noted in the finance section, such revenue streams provide very valuable support to our reserves.

Looking ahead, we hope 2019 will be a quieter year on the maintenance front, notwithstanding the plastering and painting poolside. We are currently exploring how we can get the tennis courts used more, thanks to a new resident offering to provide coaching.

Cricket Pavilion

The Pavilion continues to be a popular venue for residents to hire for private parties and events. The Pavilion Café has now been successfully trading for 18 months, providing hot beverages and delicious cakes to residents, friends & family on a Friday and Saturday each week. With the recent installation of a projector screen, we have already had several family movies run during school breaks, with more planned for the summer and autumn.

We are also trying to improve disability access for our residents and customers who would welcome some ramps and support to more easily enter and leave the building. Whilst this has, surprisingly, been a challenging project to complete, we very much hope these will be available for use in a short while, in plenty of time to enjoy the Pavilion over the summer.

Should residents be interested in hiring the Pavilion for private events, this can be arranged by contacting Laura Ritchie at SHW on 0207-389-1514 or lritchie@shw.co.uk

NOTHRA ran a very well received family fun day last year, with the Pavilion as the hub of activities. The Residents' Association team are gearing up for another such event this summer, so please do note down Saturday 27th July for the next Netherne Family Fun day!

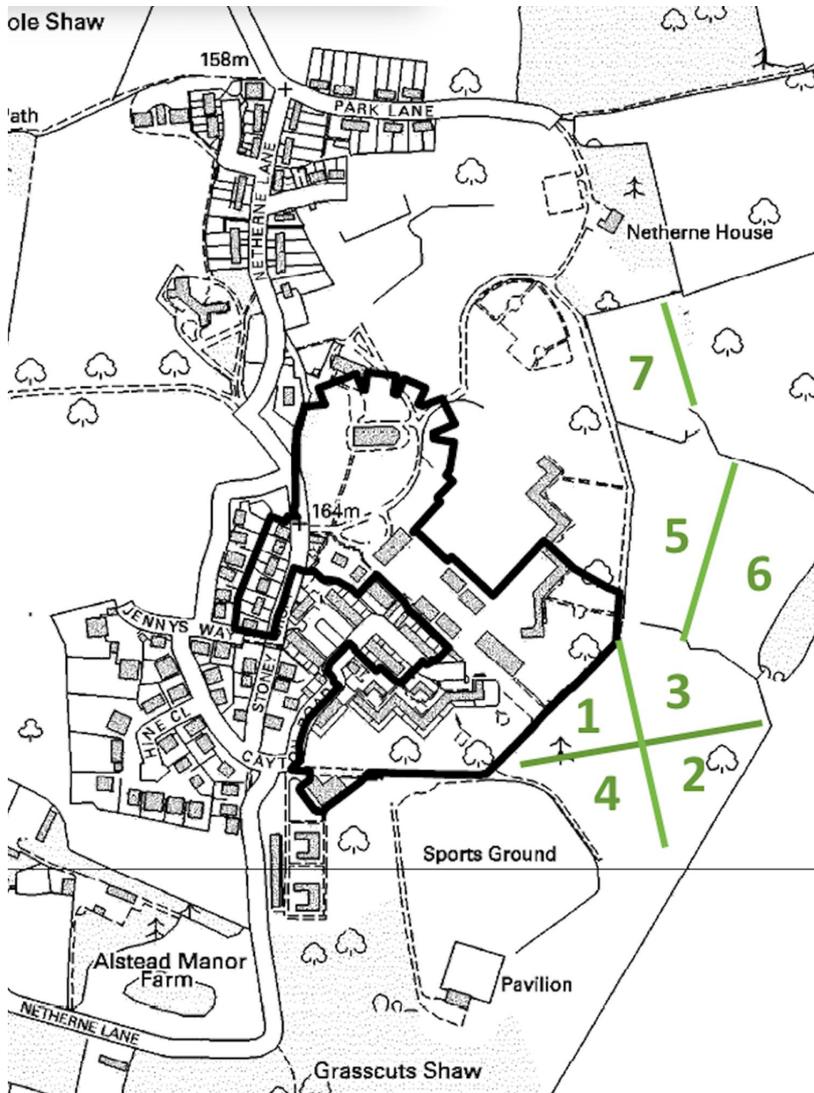
Unfortunately, Franklin Lewin, a local cricket team which had been basing themselves at the Village for their home matches, is no longer playing and has disbanded. If anyone knows of any local teams looking for a base to play (or maybe you want to restart our very own Netherne Cricket club) please don't hesitate to contact one of the Directors or Laura at SHW directly.

Estate

Significant progress has been made to reduce the amount of the goats rue plant that had all but taken over the areas around the amenity fields. Whilst we may never completely eliminate this issue, the problem is greatly reduced, and it has enabled us to commence work on sowing seeds in April to create a flower meadow on the estate. This will be sited on the ground (which we technically refer to as field 7 – see below) on the left-hand side of the foot path that leads from Bowen Way, all the way to the children's play area and the cricket pitch, ending at the Villas.

The flower meadow will consist of similar seeds to those flowers seen growing in 'Happy Valley' and we should start to see the fruits of this work later in the year. As previously reported, some additional park benches have been installed in early 2019 to allow residents to stop and enjoy the wonderful landscape that we have on our doorstep. One of these benches has been dedicated to a former NML Director and resident of the Village, Robert Murdoch, who sadly passed away last year and whose suggestion it had been, to add further seating for residents.

We will also commence a cyclical cut of fields 1 & 2, then 3 & 4 – so that every year a diagonal section of the land will be cut, whilst the other two fields are left to grow naturally. Field 5 will continue to be cut twice a year, to help reduce the goats rue issue further; Field 6 will be left alone in 2019 from a cutting perspective. We will keep an eye on this area to see if any further goats rue removal work is required



We are also aware that some sections of the tarmac footpath, especially from the Villas to the playground area, are badly weathered and marked with a number of potholes. Three companies quoted to carry out repairs; the lowest estimate received so far is in the region of +£60k to repair in one hit! We are exploring carrying out this work in three phases and have recently contacted a fourth company, on the recommendation of a resident in the village, to get a final quotation. Our intention is to provide an update and timetable of plans at the AGM on 22 May.

Estate Security

CCTV

Following the EGM and members' vote in March 2019, this project has been suspended. Currently, there are no plans to reinstate this project, but the works carried out to date remain available to be revisited should this be seen as a viable option.

Netherne Crime Figures 2018/19

Crime figures remain low compared to the rest of Surrey and indeed the rest of the UK. Netherne does suffer from low levels of anti-social behaviour and the Directors are conscious that this remains an issue for residents. Residents are encouraged to make use of reporting facilities available, be that online or via the phone.

More detailed figures will be presented to members at the AGM. It is also hoped that one of the local members of the community police team will be in attendance at the end of the presentations. In addition, the security director continues to have quarterly meetings with the local police so that information exchange can take place.

Looking after Netherne

The directors now hold quarterly Directors Clinics at the Pavilion on a Saturday. Whilst a couple of these have been primarily security focussed (in relation to the CCTV project), it is an opportunity for members to pop along and ask questions of the directors about Netherne in general. The next one will be June 2019; exact date will be communicated at the AGM.

Towards the end of 2018/19 and going into the new financial year, the security director will be looking at ways to 'target harden' Netherne for travelling criminals and/or anti social behaviour. Some works carried out to date include security signage placed around the village, the use of private security patrols and ensuring our gates around the village remain locked. This is especially important as Surrey, including some areas within Reigate & Banstead, has suffered from unlawful encampments. We cannot overstate the amount of crime and disorder this type of activity can attract, plus the quality of life issues for affected residents, and so we all have a duty to remain vigilant. Another area worth exploring is forming a Neighbourhood Watch within Netherne; this requires commitment and buy-in from residents and can be something we can explore via NothRA.

General Security Advice

Residents are encouraged to re-read the previous security updates that we have issued for some detailed general security advice. However, there will be a couple of slides dedicated to this at the AGM to remind residents that, by working together, we can remain a safe village.

Netherne Community Bus Company

The Bus Company is a separate company from NML, but has the same Board of Directors. The Netherne Bus began operations in April 2012, offering a peak time service to and from Coulsdon South station. The only funding for the Netherne Bus is fare income; in particular it does not form part of the NML service charges. This means that we have to try and cover the operating costs of the Bus from ticket sales, to avoid eroding the Bus Company assets.

We took the decision to increase ticket prices from March 2018. We know that increased ticket prices is never "good news" but with increased costs and in order to continue operating the service for years to come we could not keep prices as they were. A book of ten adult tickets now costs £20 and a book of child tickets costs £10. We committed to a two year price freeze on ticket prices until 2020, when they will next be reviewed. There does seem to have been a drop off in passenger numbers, and therefore fare income. We can only speculate as to the reasons for this but potentially with more home working the bus service just isn't used/needed as much as in previous years. The implications of this trend are unfortunately too clear for those passengers who do still use the bus – ticket prices will have to go up again next year.