

The Trust is committed to being as efficient as possible and tries to ensure that all expenditure is producing value for money. Nonetheless, historic levels of costs cannot be contained any longer. Significant improvements in efficiency cannot be achieved without investment and the Trust has obtained loan finance to support this.

## Legal fees

The nature of the threat to the Suburb from speculative applications by developers was described in the first issue of the Gazette.

Successful defence against these challenges has caused a sharp rise in legal fees and made extensive demands on staff time.

The cost of preparing to meet an action in the High Court is very high whether or not the case actually comes to court.

The proposal to amend the Scheme of Management (see below) will require the Trust to go to Court. A further, extended problem with trespass and nuisance to residents has also proved to be very expensive in the past year.

## Other sources of income

Opportunities to improve income from fees for services are still under investigation but the improvements are not expected to be very large. For example, under the Scheme of Management, fees for alterations to buildings can only reflect the Trust's costs in considering such applications.

There is very little opportunity for increasing the Trust's income outside the Scheme of Management other than by development. The Trust

## *What is the Management Charge?*

The Management Charge is the annual charge made on all freeholders to cover their share of the cost of the Trust's work in maintaining the appearance and character of the Suburb.

## *What is a surcharge?*

Because the Management Charge is based on an estimate, any underestimate for year one is met in year two by making a surcharge at the same time as the annual charge for year two.

Conversely, any surplus arising from an overestimate for year one is used to reduce the Management Charge in year two.

## *The reasons for the increase*

- A change in the way that management costs are allocated.
- The need to bring the Trust's systems up to date.
- The unprecedented level of legal fees.

Council has explored the possibility of development income from sites such as the North Square substation site but this was decisively rejected by residents in 2005.

## The future

**The Trust is very conscious that the proposed increase in the Management Charge will bear especially heavily on residents who live on low incomes.**

**The Trust therefore proposes to seek an alteration in the Scheme of Management so that the Management Charge can be applied using the bands employed by the Local Authority in levying Council Tax.**

It is expected that this would reduce the level of the Management Charge

for properties in the lowest Local Authority Bands below the present level of the Charge. However, the procedure for changing the Scheme of Management is complex and outside the control of the Trust. The earliest date that a banded Management Charge could be introduced is likely to be 2007-8.

## Aims

**The Trust Council intends:**

- **to put the Trust on a stable financial footing**
- **to make the Trust an even more effective defender of the character of the Suburb (and hence of property values)**
- **permanently to improve the channels of communication between residents and the Trust which they fund.**