

**Report to** Mousehold Heath Conservators  
18 January 2019  
**Report of** Chief finance officer (Section 151 Officer)  
**Subject** Budget and Precept 2019/20

**Item**

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### **Purpose**

To set the budget and approve the precept for the Mousehold Heath Conservators budget 2019/20.

### **Recommendation**

To:

- 1) review the forecast balances position set out in paragraphs 3-4;
- 2) consider the risk management arrangements set out in paragraphs 5-9;
- 3) review the budget proposals set out in paragraph 10 and approve or amend the budgets in Appendix A accordingly; and
- 4) place a precept on Norwich City Council for the relevant amount for the financial year 2019/20 as per paragraph 11.

### **Corporate and service priorities**

The report helps to meet the corporate priority value for money services.

### **Financial implications**

The agreed precept will be for the financial year beginning 1 April 2019. This forms part of the General Fund budget requirement for Norwich City Council.

**Ward/s:** Crome

**Cabinet member:** Councillor Kendrick - Resources

### **Contact officers**

Vicki Reynolds (Service accountant)

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### **Background documents**

None

## Report

1. Each year Conservators are required to determine and approve the budget for Mousehold Heath, and to make a levy on Norwich City Council.
2. This report also sets out details of the budget and forecast outturn for the current financial year, 2018/19, which informs the precept and budget proposals within this report.

### Balances

3. The current forecast as at November 2018 is for a net underspend of £3,896 in 2018/19 to be added to the balance brought forward from previous years' precepts. The balances position for 1 April 2019 is therefore estimated at:

Balance brought forward at 1st April 2018	7,960
Impact of forecast outturn 2018/19	3,896
Use of reserves - pension deficit charge 2018/19	(2,808)
<b>Forecast Balance at 31st March 2019</b>	<b>9,048</b>

- The pension deficit charge is a repayment to the council relating to pension deficit costs charged to Mousehold Heath. At their meeting of 21 June 2013, the Conservators opted to take up the council's offer to spread the £28,077 pension deficit charge, incurred as a result of a contractor's failure, over 10 years. The Conservators' balance will therefore be reduced by the amount of £2,808 each year (2018/19 will be the sixth of ten instalments).
4. This level of balances represents 4% of the proposed budgeted expenditure (including accounting adjustments). Conservators may wish to consider the adequacy of this level in the light of the risks referred to in paragraphs below.

### Risk Management

5. The Conservators have previously expressed their wishes to consider, in conjunction with the budget and precept, risks to the financial position. These risks to the Conservators as the statutory decision-making body for the Heath, and to the council in implementing conservators' decisions, are incorporated within the council's own Risk Management Strategy (RMS).
6. The RMS requires that risks are considered at operational, tactical, and strategic levels, and escalated to an appropriate level for mitigation to be agreed and implemented.
7. Risks are managed and mitigation provided through, among other measures:
  - Ensuring that appropriate systems and procedures are in place to safeguard the health & safety of staff, residents, and visitors;
  - Taking steps to reduce the likelihood of adverse events occurring, through planning and risk assessment;
  - Mitigating against the financial impact through insurance against adverse events;
  - Holding sufficient reserves, both in the revenue Contingency and through the

maintenance of a prudent minimum level of balances, to meet unexpectedly arising costs. The adequacy of these reserves is itself risk-assessed annually.

8. Financial risks, such as overspends resulting from adverse events, are therefore considered and provided for by the council at a corporate level.
9. The Conservators' reserves are expected to amount to £9,048 (see paragraphs 3-4) which represents 4% of the proposed budgeted expenditure (including accounting adjustments). This provides an initial level of internal risk management resource, mitigating any need to call on the council for further support.

## Budgets

10. The following table summarises the proposed movements in the budget between the base budget carried forward from 2018/19, and the proposed budget for the 2019/20 financial year.

Base Budget 2018/19	227,003
A: Salary & pension cost increase	1,961
B: General repairs and maintenance increase	6,000
C: Contractual increases	1,417
D: Utility price increase	142
E: Depreciation charges	(1,719)
F: Changes in overhead recharges	206
<b>Proposed Budget 2019/20</b>	<b>235,010</b>

Reasons for these changes can be summarised as follows:

- a) The majority of this is due to increased pension charges to the council, both for added years and deficit. It also includes a staff pay increase.
- b) This is due to a pavilion and toilet condition survey identifying property maintenance liabilities over the next 25 years.
- c) This is due to the living wage effect on the contracts.
- d) This due to an increase in utility prices
- e) This is due to a change in the way depreciation is accounted for across the council.
- f) This is due to increased staff support costs council wide.

These changes can be seen in the detailed proposed budget for 2019/20 set out in Appendix 1.

## Precept

11. The precept required to fund this expenditure would be **£235,010** (18/19 £225,284). This would be an increase of £9,726 over the 2018/19 precept.
12. Should the Conservators wish to increase or decrease the level of balances, in light of the risk environment as discussed above, the proposed precept would need to be amended accordingly.

<b>Draft Budget 2019/20</b>			
<b>421020 Mousehold Heath Conservators</b>			
	<i>Base Budget</i>	<i>Draft Budget</i>	
	<i>2018/19</i>	<i>2019/20</i>	
<b>EXPENDITURE</b>			
<b>Employees</b>			
1405 Salaries Full Time	70,257	71,429	
1406 Salaries Employer PF Contrib'ns	9,239	9,397	
1935 Pension Added Years share	4,614	4,527	
1939 Pension Deficit Recovery share	13,321	14,093	
1990 Employee/Liability Insurance	568	514	
<b>Subtotal Employees</b>	<b>97,999</b>	<b>99,960</b>	A
<b>Premises</b>			
2100 General Repairs & Maintenance	9,000	15,000	B
2600 Grounds General Mtce & Upkeep	250	250	
2651 Grounds Maintenance contract	74,510	75,795	C
2655 Treeworks	4,380	4,380	
2810 Electricity	1,240	1,382	D
2851 Water Charges Metered	76	76	
2875 Contract Cleaning	7,297	7,429	C
2900 Fire Insurance Buildings/Conts	25	25	
<b>Subtotal Premises</b>	<b>96,778</b>	<b>104,337</b>	
<b>Transport</b>			
3080 Car and Cycle Allowances	800	800	
<b>Subtotal Transport</b>	<b>800</b>	<b>800</b>	
<b>Supplies &amp; Services</b>			
3259 Specialist Supplies	445	445	
3370 Equipment - Purchase	450	450	
3371 Equipment - Repairs/Maintenance	650	650	
3389 Other Equipment and Tools	550	550	
3550 Clothing and Uniforms General	500	500	
3804 Refreshments	745	745	
3815 Staff Conference & Course Fees	500	500	
3871 Projects	6,000	6,000	
4102 Other Contractual Services	7,110	7,110	
<b>Subtotal Supplies &amp; Services</b>	<b>16,950</b>	<b>16,950</b>	
<b>Capital Financing</b>			
5701 Depreciation	1,719	0	E
<b>Subtotal Capital Financing</b>	<b>1,719</b>	<b>0</b>	
<b>Subtotal EXPENDITURE</b>	<b>214,246</b>	<b>222,047</b>	
<b>INCOME</b>			
<b>Receipts</b>			
8123 Football	(1,404)	(1,404)	
9039 Other Rents	(15,000)	(15,000)	
9132 Catering Concessn Pitch & Putt	(1,800)	(1,800)	
<b>Subtotal Receipts</b>	<b>(18,204)</b>	<b>(18,204)</b>	
<b>Government Grants</b>			
7097 Government Grants: Specific	(2,204)	(2,204)	
<b>Subtotal Government Grants</b>	<b>(2,204)</b>	<b>(2,204)</b>	
<b>Subtotal INCOME</b>	<b>(20,408)</b>	<b>(20,408)</b>	
<b>INDIRECT</b>			
<b>Recharge Expenditure</b>			
4040 CDS IT Services Recharge	6,272	5,852	
5021 CDS Legal Services Recharge	640	250	
5022 CDS HR Services Recharge	4,600	4,504	
5024 Property Services Recharge	667	667	
5026 CDS Finance Services Recharge	6,337	6,827	
5044 CDS Management Support Recharge	7,133	7,684	
5047 CDS Comms + Research Recharge	2,429	2,500	
5097 Recharge from AHOs/One Stop Shops	5,087	5,087	
<b>Subtotal Recharge Expenditure</b>	<b>33,165</b>	<b>33,371</b>	F
<b>Subtotal INDIRECT</b>	<b>33,165</b>	<b>33,371</b>	
<b>Total Mousehold Heath Conservators</b>	<b>227,003</b>	<b>235,010</b>	
<b>Less depreciation</b>	<b>(1,719)</b>	<b>0</b>	
<b>Proposed precept 2019/20</b>	<b>225,284</b>	<b>235,010</b>	