

Report for Decision

Report to Mousehold Heath Conservators
14 January 2011

Report of Head of Finance

Subject Budget & Precept 2010/11

Item

4

Purpose

The purpose of this report is for the Conservators to set the budget and approve the precept for the Mousehold Heath Conservators budget 2011/12.

Recommendations

It is recommended that the Conservators:

1. Review the budget options set out in paragraphs 4-5 and accordingly approve 2011/12 budgets as set out in Appendix A;
2. Resolve to place a precept on Norwich City Council in the relevant amount for the financial year beginning 1st April 2011;
3. Consider the risk management arrangements set out in paragraphs 6-9.

Financial Consequences

The agreed precept will be for the financial year beginning 1st April 2011. This forms part of the General Fund Budgetary Requirement for Norwich City Council.

Strategic Objective/Service Priorities

The report helps to achieve the corporate objective to achieve strong financial management and stability, together with the service plan priority to improve Budget Preparation, Balancing and Monitoring to provide members (and officers) with relevant accurate and timely financial information to assist them in formulating policy and allocating resources, and to enable the Head of Finance to exercise the additional statutory responsibilities contained in the Local Government Act 2003, i.e. to advise on the robustness of estimates and adequacy of reserves, and to monitor performance against budget.

Contact Officers

Mark Smith, Finance Control Manager

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Background Documents

Working papers

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. At the meeting of 10 December, in order to further inform discussions at this meeting, the Conservators asked for:
 - a) Details of 2009/10 expenditure and income
 - b) An updated budget report for the current financial year
 - c) Illustration of a budget option incorporating unavoidable growth, and making savings to contribute toward the Council's resource gap of an overall 6.29%
 - d) Illustration of a budget option incorporating unavoidable growth, and standstill budgets elsewhere (specifically for works and dayworks)
3. This additional information has been incorporated to Appendix A to this report. Commentary on the budget options referred to in paragraph 2(c) and 2(d) above is provided in the following paragraphs.
4. **Option 1** The following table summarises the movement in the budget between the original budget for 2010/11, and a "savings" budget for the 2011/12 financial year as set out in paragraph 2(c).

Base Budget 2011/12 carried forward from 2009/10	193,424
Salary & pension cost increase	3,656
Grounds & Tree Maintenance contractual increases & dayworks savings	4,448
Electricity contractual increases	80
Cleaning contractual increases	322
Savings on Day To Day Repairs	- 9,000
Estimated 6.29% reduction in support services & overhead costs	- 1,835
Proposed Budget & Precept for 2011/12	191,095

5. **Option 2** The following table summarises the movement in the budget between the original budget for 2010/11, and a "standstill" budget for the 2011/12 financial year as set out in paragraph 2(d).

Base Budget 2011/12 carried forward from 2009/10	193,424
Salary & pension cost increase	3,656
Grounds & Tree Maintenance contractual increases	4,635
Electricity contractual increases	80
Cleaning contractual increases	322
Estimated 6.29% reduction in support services & overhead costs	- 1,835

6. 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).
7. 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.
8. 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,
9. Financial risks, such as overspends resulting from adverse events, are therefore considered and provided for by the council at a corporate level.

Budget Head	2009/10		2010/11 (to 30 November)						2011/12 Option 1 (Savings)			2011/12 Option 2 (Standstill)		
<i>Mousehold Heath</i>	<i>Annual Budget</i>	<i>Annual Actual</i>	<i>Budget 2010/11</i>	<i>Budget To Nov '10</i>	<i>Actual To Nov '10</i>	<i>Variance To Nov '10</i>	<i>Forecast 2010/11</i>	<i>Forecast Variance</i>	<i>Option 1 Budget</i>	<i>Change £</i>	<i>Change %</i>	<i>Option 2 Budget</i>	<i>Change £</i>	<i>Change %</i>
EXPENDITURE														
Employees														
1405 Salaries Full Time	61,010	54,966	45,622	30,411	38,057	7,646	57,085	11,463	53,507	7,885	17.28%	53,507	7,885	17.28%
1406 Salaries Employer PF Contrib'ns	0	4,928	8,899	5,933	3,445	-2,488	5,168	-3,731	4,670	-4,229	-47.52%	4,670	-4,229	-47.52%
1948 FRS17 Adjustment	0	-4,364	0	0	0	0	0	0	0	0	0.00%	0	0	0.00%
Subtotal Employees	61,010	55,530	54,521	36,344	41,502	5,158	62,253	7,732	58,177	3,656	6.71%	58,177	3,656	6.71%
Premises														
2651 Grounds Maintenance contract	60,907	59,711	60,907	40,600	41,123	523	65,170	4,263	68,168	7,261	11.92%	68,168	7,261	11.92%
2653 Schedule of Rates/Dayworks	8,227	6,619	8,227	5,480	2,712	-2,768	8,087	-140	5,227	-3,000	-36.47%	5,414	-2,813	-34.19%
2655 Treeworks	4,067	840	4,067	2,704	223	-2,482	3,998	-69	4,254	187	4.60%	4,254	187	4.60%
2810 Electricity	650	255	518	344	165	-179	248	-270	598	80	15.44%	598	80	15.44%
2850 Water Charges Unmetered	750	0	750	496	0	-496	0	-750	750	0	0.00%	750	0	0.00%
2853 Sewerage Charge Metered	750	0	750	496	0	-496	0	-750	750	0	0.00%	750	0	0.00%
2875 Contract Cleaning	6,653	6,561	6,653	4,432	0	-4,432	6,653	0	6,975	322	4.84%	6,975	322	4.84%
T100 Day to Day Repairs (Tenants)	38,087	39,008	39,436	26,288	0	-26,288	39,436	0	30,436	-9,000	-22.82%	39,436	0	0.00%
Subtotal Premises	120,091	112,994	121,308	80,840	44,223	-36,618	123,592	2,284	117,158	-4,150	-3.42%	126,345	5,037	4.15%
Transport														
3080 Car and Cycle Allowances	1,000	864	960	640	467	-173	701	-259	960	0	0.00%	960	0	0.00%
Subtotal Transport	1,000	864	960	640	467	-173	701	-259	960	0	0.00%	960	0	0.00%
Supplies & Services														
3389 Other Equipment and Tools	0	1,214	0	0	10	10	16	16	0	0	0.00%	0	0	0.00%
3399 Stationery Recharges	300	0	290	192	213	21	320	30	290	0	0.00%	290	0	0.00%
3550 Clothing and Uniforms General	200	138	190	120	152	32	227	37	190	0	0.00%	190	0	0.00%
3570 DPP Printing Costs	300	130	300	200	0	-200	0	-300	300	0	0.00%	300	0	0.00%
3715 Mobile Phone Rentals & Calls	200	174	190	120	0	-120	175	-15	190	0	0.00%	190	0	0.00%
3910 Advertising General	1,000	0	960	640	122	-518	183	-777	960	0	0.00%	960	0	0.00%
Subtotal Supplies & Services	2,000	1,656	1,930	1,272	497	-775	921	-1,009	1,930	0	0.00%	1,930	0	0.00%
Capital Charges														
5701 Depreciation (Operational Assets)	0	637	637	0	0	0	637	0	637	0	0.00%	637	0	0.00%
Subtotal Capital Charges	0	637	637	0	0	0	637	0	637	0	0%	637	0	0%
Subtotal EXPENDITURE	184,101	171,681	179,356	119,096	86,689	-32,408	188,104	8,748	178,862	-494	-0.28%	188,049	8,693	4.85%
INCOME														
Receipts														
7825 Non-Gov't Grants [CARRY FORWARD]	0	8,240	0	0	-10,773	-10,773	-9,223	-9,223	0	0	0.00%	0	0	0.00%
8552 Catering Concessions	-1,800	0	0	0	0	0	0	0	0	0	0.00%	0	0	0.00%
9039 Other Rents	-13,000	-13,000	-13,269	-8,848	-9,750	-902	-13,000	269	-13,269	0	0.00%	-13,269	0	0.00%
9132 Catering Concessn Pitch & Putt	0	-1,800	-1,837	-1,232	-1,350	-118	-1,800	37	-1,837	0	0.00%	-1,837	0	0.00%
Subtotal Receipts	-14,800	-6,560	-15,106	-10,080	-21,873	-11,793	-24,023	-8,917	-15,106	0	0.00%	-15,106	0	0.00%
Subtotal INCOME	-14,800	-6,560	-15,106	-10,080	-21,873	-11,793	-24,023	-8,917	-15,106	0	0.00%	-15,106	0	0.00%
INDIRECT														
Centrally Managed														
P100 Programmed Maint(ES/Prop Grp)	0	223	0	0	113	113	170	170	0	0	0.00%	0	0	0.00%
Subtotal Centrally Managed	0	223	0	0	113	113	170	170	0	0	0.00%	0	0	0.00%
Recharge Expenditure														
1935 Annual Added Years Payments	1,900	2,838	1,900	0	0	0	1,900	0	1,780	-120	-6.29%	1,780	-120	-6.29%
1990 Employee/Public Liab Insurance	374	225	374	0	0	0	374	0	350	-24	-6.29%	350	-24	-6.29%
3710 Telephones General	100	121	100	64	0	-64	100	0	94	-6	-6.29%	94	-6	-6.29%
4040 Norwich Connect Recharge	9,200	9,860	9,200	0	0	0	9,200	0	8,621	-579	-6.29%	8,621	-579	-6.29%
4041 Payroll Services Recharge	100	41	100	0	0	0	100	0	94	-6	-6.29%	94	-6	-6.29%
5000 Accommodation Recharge	2,900	0	2,900	0	0	0	2,900	0	2,718	-182	-6.29%	2,718	-182	-6.29%
5021 Legal Services Support Charge	700	780	700	0	0	0	700	0	656	-44	-6.29%	656	-44	-6.29%
5022 Personnel Services Support	1,900	4,240	1,900	0	0	0	1,900	0	1,780	-120	-6.29%	1,780	-120	-6.29%
5024 Property Services Support Charge	2,400	4,487	2,400	0	0	0	2,400	0	2,249	-151	-6.29%	2,249	-151	-6.29%
5026 Financial Services Support Charge	3,300	4,408	3,300	0	0	0	3,300	0	3,092	-208	-6.29%	3,092	-208	-6.29%
5044 Org Development Support	0	1,391	0	0	0	0	0	0	0	0	0.00%	0	0	0.00%
5047 Communications+Research	700	1,520	700	0	0	0	700	0	656	-44	-6.29%	656	-44	-6.29%
5050 C'ttee Secretariat Support	5,600	0	5,600	0	0	0	5,600	0	5,248	-352	-6.29%	5,248	-352	-6.29%
Subtotal Recharge Expenditure	29,174	29,911	29,174	64	0	-64	29,174	0	27,339	-1,835	-6.29%	27,339	-1,835	-6.29%
Subtotal INDIRECT	29,174	29,911	29,174	64	0	-64	29,174	0	27,339	-1,835	-6.29%	27,339	-1,835	-6.29%
Total Mousehold Heath Conservators	198,475	195,255	193,424	109,080	64,929	-44,152	193,425	1	191,095	-2,329	-1.20%	200,282	6,858	3.55%

Post-Precept Budget Adjustments

546

Mousehold Heath Conservators Precept	198,475		193,970						191,095	-2,329	-1.20%	200,282	6,858	3.54%
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