

Report for Decision

Report to	Mousehold Heath Conservators 13 January 2012	Item
Report of	Head of finance	4
Subject	Budget & precept 2012-13	

Purpose

The purpose of this report is for the Conservators to set the budget and approve the precept for the Mousehold Heath Conservators budget 2012/13.

Recommendations

It is recommended that the Conservators:

1. Review the budget proposals set out in paragraphs 3-11 and the balances position set out in paragraphs 12-13;
2. Approve 2012/13 budgets as set out in the options shown in Appendix A or as amended;
3. Resolve to place a precept on Norwich City Council in the relevant amount for the financial year beginning 1st April 2012;
4. Note the risk management arrangements set out in paragraphs 15-18.

Financial Consequences

The agreed precept will be for the financial year beginning 1st April 2012. This forms part of the General Fund Budgetary Requirement for Norwich City Council.

Strategic Objective/Service Priorities

The report helps to achieve the corporate priorities of a safe and clean city and ensuring value for money, together with the service plan priority to improve financial management and 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

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Background Documents

Working papers

Report

Budget

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. A separate report on this agenda sets out details of the budget & expenditure and forecast outturn for the current financial year, 2011/12, which informs the precept and budget proposals within this report.
3. The budget requirement for 2011/12 has increased over the original budget and precept for 2011/12 due to updated support services and overhead costs, as shown below:

Precept 2011/12	191,095
Increase in support services & overhead costs 2011/12	3,050
Budget 2011/12	194,145

4. The following table summarises the proposed movements in the budget between the base budget carried forward from 2011/12, and the initial draft budget for the 2012/13 financial year shown in Appendix 1. These incorporate ongoing pressures from 2011/12.

Base Budget 2011/12	194,145
A: Salary & pension cost increase	9,194
B: Grounds & Tree Maintenance contractual increases	4,438
C: Cleaning contractual increases	197
D: Rental Income budget adjustments	306
E: Decrease in support services & overhead costs	1,890
Draft Budget for 2012/13	210,170

Precept

5. The difference between the 2011/12 precept and the draft budget shown under paragraph 5 totals:

Precept 2011/12	191,095
Proposed Costs for 2012/13	210,170
Required Increase in Precept 2012/13	19,075

6. This level of draft budget, incorporating changes in the subjective codes to improve clarity, is shown in Appendix 1 as **Option 1**.
7. This potential 10% increase in the precept occurs at a time when the Council's finances continue to be under considerable pressure. To be able to set a balanced budget for 2012-13, the council has had to identify £4.6 million of savings and whilst front line services have been protected as far as possible, service reductions are proposed following an extensive public consultation during 2011.
8. In January 2011 when the Conservators agreed the 2011-12 budget, Conservators were mindful of the current financial climate and accordingly reduced expenditure to reflect the impact that the precept has on the council's overall budget.
9. Conservators have also reflected at recent meetings that the increased use of mechanical equipment by the two Mousehold wardens and their ability to undertake a greater proportion of day to day work themselves has resulted in a reduction in expenditure from some works. This will have contributed to the budget underspend in the past two financial years. The balance brought forward in April 2011 was of £42,134 and in April 2010 it was £10,773.
10. When agreeing the budget for 2012-13, Conservators are requested to consider whether the £19,075 increase in costs could be met from the savings within the existing budget, resulting in a standstill in the precept. It is estimated that the works proposed for 2012-13 which are detailed in a separate report can be met by this reduced budget provision.
11. The detailed proposed budget for 2012/13 with the options considered in paragraph 11 above are set out in Appendix 1 as **Option 2**.

Balances

12. The forecast balances position for the Mousehold Heath Conservators is as follows:

Balance brought forward from 2010/11	- £42,134
Precept 2011/12	- £191,095
Forecast Outturn 2011/12	£198,398
Forecast balance carried forward to 2012/13	- £34,831

13. The approval of the precept shown under each option in Appendix 1 would maintain the forecast level of balances if income and expenditure remain within budget. The approval of higher or lower precepts would respectively increase or decrease the levels of balances forecast to be carried forward to 2013/14 and subsequent years.

Risks

14. 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).

15. 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.
16. 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,
17. Financial risks, such as overspends resulting from adverse events, are therefore considered and provided for by the council at a corporate level. These are noted in the periodic budget monitoring reports.

421020 Mousehold Heath Conservators							Option 1	Option 2
Original Budget 2011/12	Revised Budget 2011/12	Forecast Outturn 2011/12		Base Budget 2012/13	Draft Budget 2012/13	Type of Movement	Draft Budget 2012/13	Draft Budget 2012/13
EXPENDITURE								
Employees								
53,507	53,507	59,928	1405 Salaries Full Time	53,507	61,943	A	61,943	61,943
4,670	4,670	6,199	1406 Salaries Employer PF Contrib'ns	4,670	3,438	A	3,438	3,438
0	0	0	1939 Pension Deficit Recovery	0	1,990	A	1,990	1,990
374	374	374	1990 Employee/Public Liab. Insurance	374	374		374	374
58,551	58,551	66,501	Subtotal Employees	58,551	67,745		67,745	67,745
Premises								
0	0	2,609	2100 General Repairs & Maintenance	0	0		4,523	4,523
0	0	0	2600 Grounds General Maint & Upkeep	0	0		2,000	2,000
68,168	68,168	68,168	2651 Grounds Maintenance contract	68,168	72,054	B	72,054	72,054
5,414	5,414	5,414	2653 Schedule of Rates/Dayworks	5,414	5,723	B	0	0
4,254	4,254	4,254	2655 Treeworks	4,254	4,497	B	4,497	4,497
598	598	106	2810 Electricity	598	598		598	598
750	750	54	2850 Water Charges Unmetered	750	750		750	750
750	750	0	2853 Sewerage Charge Metered	750	750		750	750
6,653	6,653	5,038	2875 Contract Cleaning	6,653	6,850	C	6,850	6,850
0	0	0	R100 Day to Day Repairs	0	0		28,436	9,361
30,436	30,436	30,436	T100 Day to Day Repairs (Tenants)	30,436	30,436		0	0
117,023	117,023	116,079	Subtotal Premises	117,023	121,658		120,458	101,383
Transport								
0	0	0	3020 Fuel	0	0		300	300
960	960	1,219	3080 Car and Cycle Allowances	960	960		960	960
960	960	1,219	Subtotal Transport	960	960		1260	1260
Supplies & Services								
0	0	0	3370 Equipment Purchase	0	0		450	450
0	0	0	3371 Equipment Maintenance	0	0		450	450
290	290	0	3399 Stationery Recharges	290	290		290	290
190	190	66	3550 Clothing and Uniforms General	190	190		190	190
300	300	0	3570 DPP Printing Costs	300	300		300	300
100	100	0	3710 Telephones General	100	100		100	100
190	190	92	3715 Mobile Phone Rentals & Calls	190	190		190	190
960	960	1,138	3910 Advertising General	960	960		960	960
2,030	2,030	1,296	Subtotal Supplies & Services	2,030	2,030		2,930	2,930
Capital Charges								
637	637	637	5701 Depreciation (Operational Assets)	637	637		637	637
637	637	637	Subtotal Capital Charges	637	637		637	637
179,201	179,201	185,732	Subtotal EXPENDITURE	179,201	193,030		193,030	173,955
INCOME								
Receipts								
0	0	-735	7825 Non-Gov't Grants & Contributions	0	0		0	0
-1,837	0	0	8552 Catering Concessions	0	0		0	0
-13,269	-13,269	-14,625	9039 Other Rents	-13,269	-13,000	D	-13,000	-13,000
0	-1,837	-2,025	9132 Catering Concessn Pitch & Putt	-1,837	-1,800	D	-1,800	-1,800
-15,106	-15,106	-17,385	Subtotal Receipts	-15,106	-14,800		-14,800	-14,800
-15,106	-15,106	-17,385	Subtotal INCOME	-15,106	-14,800		-14,800	-14,800
INDIRECT								
Recharge Expenditure								
1,900	3,050	3,050	1935 CDS Added Years Payments	3,050	3,130		3,130	3,130
9,200	7,270	7,270	4040 CDS Norwich Connect Recharge	7,270	8,700		8,700	8,700
100	0	0	4041 Payroll Services Recharge	0	0		0	0
2,900	0	0	5000 CDS Accommodation Recharge	0	0		0	0
700	230	230	5021 CDS Legal Services Recharge	230	210		210	210
1,900	4,420	4,420	5022 CDS HR Services Recharge	4,420	4,630		4,630	4,630
2,400	2,400	2,400	5024 Property Services Recharge	2,400	2,400		2,400	2,400
3,300	5,030	5,030	5026 CDS Finance Services Recharge	5,030	4,690		4,690	4,690
0	6,370	6,370	5044 CDS Management Support Recharge	6,370	6,430		6,430	6,430
700	1,280	1,280	5047 CDS Comms + Research Recharge	1,280	1,750		1,750	1,750
5,600	0	0	5050 CDS Committee Secretariat Recharge	0	0		0	0
28,700	30,050	30,050	Subtotal Recharge Expenditure	30,050	31,940		31,940	31,940
28,700	30,050	30,050	Subtotal INDIRECT	30,050	31,940		31,940	31,940
192,795	194,145	198,397	Total Mousehold Heath Conservators	194,145	210,170		210,170	191,095
Proposed Precept 2012/13:							210,170	191,095