

Report to Mousehold Heath Conservators
17 January 2020
Report of Chief finance officer (Section 151 Officer)
Subject Budget and Precept 2020/21

Item

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Purpose

To set the budget and approve the precept for the Mousehold Heath Conservators budget 2020/21.

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;
- 4) Resolve to place a precept on Norwich City Council for the relevant amount for the financial year 2020/21 as per paragraph 11.

Corporate and service priorities

The report helps to meet the corporate priority people living well.

Financial implications

The agreed precept will be for the financial year beginning 1 April 2020. 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 the 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, 2019/20, which informs the precept and budget proposals within this report.

Balances

3. The current forecast is for a net underspend of £5,613 in 2019/20 to be added to the balance brought forward from previous years' precepts. The balances position for 1st April 2020 is therefore estimated at:

Balance brought forward at 1st April 2019	8,560
Impact of forecast outturn 2019/20	5,613
Use of reserves - pension deficit charge 2019/20	(2,808)
Forecast Balance at 31st March 2020	11,365

- 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 (2019/20 will be the seventh of ten instalments).
4. This level of balances represents 4.7% 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 £11,365 (see paragraphs 3-4) which represents 4.7% 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 2019/20, and the proposed budget for the 2020/21 financial year.

Base Budget 2019/20	235,010
A: Salary & pension cost increase	1,692
B: General repairs and maintenance increase	92
C: Contractual increases	3,210
D: Utility price increase	113
E: Changes in overhead recharges	(10)
Proposed Budget 2020/21	240,107

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 small changes in the treeworks and insurance budgets.
- C. This is mainly due to the living wage and inflation effect on the contracts.
- D. This due to an increase in utility prices
- E. This is due to slightly decreased staff support costs council wide.

These changes can be seen in the detailed proposed budget for 2020/21 set out in Appendix 1.

Precept

11. The precept required to fund this expenditure would be **£240,107** (19/20 £235,010). This would be an increase of £5,097 over the 2019/20 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.

Appendix 1

Mousehold Heath Conservators - draft budget 2020/21		
	Base budget 20/21	Draft budget 20/21
EXPENDITURE		
Employees		
1405 Salaries Full Time	71,429	73,210
1406 Salaries Employer PF Contrib'ns	9,397	9,632
1935 Pension Added Years share	4,527	4,229
1939 Pension Deficit Recovery share	14,093	14,526
1990 Employee/Liability Insurance	514	55
Subtotal Employees	99,960	101,652 A
Premises		
2100 General Repairs & Maintenance	15,000	15,000
2600 Grounds General Mice & Upkeep	250	2,204
2651 Grounds Maintenance contract	75,795	78,724 C
2655 Treew orks	4,380	4,467 B
2810 Electricity	1,382	1,493 D
2851 Water Charges Metered	76	78 D
2875 Contract Cleaning	7,429	7,710 C
2900 Fire Insurance Buildings/Conts	25	30 B
Subtotal Premises	104,337	109,706
Transport		
3080 Car and Cycle Allow ances	800	800
Subtotal Transport	800	800
Supplies & Services		
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	4,046
4102 Other Contractual Services	7,110	7,110
Subtotal Supplies & Services	16,950	14,996
Subtotal EXPENDITURE	222,047	227,154
INCOME		
Receipts		
8123 Football	-1,404	-1,404
9039 Other Rents	-15,000	-15,000
9132 Catering Concessn Pitch & Putt	-1,800	-1,800
Subtotal Receipts	-18,204	-18,204
Government Grants		
7097 Government Grants: Specific	-2,204	-2,204
Subtotal Government Grants	-2,204	-2,204
Subtotal INCOME	-20,408	-20,408
INDIRECT		
Recharge Expenditure		
4040 CDS IT Services Recharge	5,852	5,874
5021 CDS Legal Services Recharge	250	0
5022 CDS HR Services Recharge	4,504	4,370
5024 Property Services Recharge	667	0
5026 CDS Finance Services Recharge	6,827	8,103
5044 CDS Management Support Recharge	7,684	7,484
5047 CDS Comms + Research Recharge	2,500	2,530
5097 Recharge from AHOs/One Stop Shops	5,087	5,000
Subtotal Recharge Expenditure	33,371	33,361 E
Subtotal INDIRECT	33,371	33,361
Total Mousehold Heath Conservators	235,010	240,107

