

Report to Mousehold Heath Conservators
17 January 2014
Report of Chief finance officer
Subject Budget and precept 2014-15

Item

7

Purpose

To set the budget and approve the precept for the Mousehold Heath Conservators budget 2014-15.

Recommendation

That the Conservators:

- (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 accordingly approve or amend 2014/15 budgets as set out in Appendix A;
- (4) resolve to place a precept on Norwich City Council in the relevant amount for the financial year beginning 1st April 2014, as per paragraph 12.

Corporate and service priorities

The report helps to meet the corporate priority a safe and clean city and a city of character and culture.

Financial implications

The agreed precept will be for the financial year beginning 1 April 2014. This forms part of the General Fund Budgetary Requirement for Norwich City Council.

Ward/s: All wards

Cabinet member: Councillor Kendrick – Neighbourhoods and community safety

Contact officers

Mark Smith, Finance control manager (LGSS)

01603 212561

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. A separate report on this agenda sets out details of the budget & expenditure and forecast outturn for the current financial year, 2012/13, which informs the precept and budget proposals within this report.

Balances

3. The current forecast is for a net overspend of £803 in 2013/14 to be met from the balance brought forward from previous years' precepts. The balances position for 1 April 2014 is therefore estimated at:

| | |
|---|-----------------|
| Balance brought forward at 1 April 2013 | - £10,206 |
| Impact of forecast outturn 2013/14 | £ 803 |
| Forecast Balance at 1 April 2014 | - £9,403 |

4. This level of balances represents 4.6% of the proposed budgeted expenditure (excluding 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 £9,403 (see paragraphs 3-4) which represents 4.6% of the proposed budgeted expenditure (excluding 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 2013/14, and the proposed budget for the 2014/15 financial year.

| | |
|--|----------------|
| Base Budget 2013/14 | 193,504 |
| A: Salary & pension cost increase | 4,076 |
| B: Contractual increases | 4,023 |
| C: Changes in overhead recharges | 1,028 |
| D: Removal of use of balances in 2013/14 | 14,639 |
| Other increases, savings, and grant income | 572 |
| Proposed Budget 2013/14 | 214,157 |

11. The detailed proposed budget for 2014/15 is set out in Appendix 1, cross-referenced to the budget movements summarised above

Precept

12. The precept required to fund this expenditure would be **£210,907**. This would be an increase of £10,036 over the 2013/14 precept, equivalent to 4.76%. Although this appears high, it is calculated from a base artificially low because of the use of balances in previous years' precepts.
13. 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.
14. As a "local precepting authority", the Conservators' precept is not subject to the coalition government's determination of principles for "excessive" increases. The increase in precept will instead be contained within the council's permitted increase in council tax without seeking approval through a local referendum of up to 2%.

| |
|--|
| 421020 Mousehold Heath Conservators |
|--|

| <i>Original Budget 2013/14</i> | <i>Revised Budget 2013/14</i> | <i>Forecast Outturn 2013/14</i> | | <i>Base Budget 2014/15</i> | <i>Draft Budget 2014/15</i> | <i>Type of Movement</i> |
|--|---------------------------------------|---|---|------------------------------------|-------------------------------------|-----------------------------|
| EXPENDITURE | | | | | | |
| Employees | | | | | | |
| 63,724 | 64,361 | 64,898 | 1405 Salaries Full Time | 64,361 | 65,925 | A |
| 7,147 | 7,218 | 8,724 | 1406 Salaries Employer PF Contrib'ns | 7,218 | 7,536 | A |
| 4,570 | 4,570 | 4,573 | 1939 Pension Deficit Recovery | 4,570 | 6,095 | A |
| 473 | 473 | 473 | 1990 Employee/Public Liability Insurance | 473 | 1,045 | |
| 75,914 | 76,622 | 78,668 | Subtotal Employees | 76,622 | 80,601 | |
| Premises | | | | | | |
| 5,615 | 5,615 | 2,880 | 2100 General Repairs & Maintenance | 5,615 | 4,000 | |
| 14,000 | 14,000 | 14,000 | R100 Day to Day Repairs | 14,000 | 14,000 | |
| 2,000 | 2,000 | 0 | 2600 Grounds General Maint & Upkeep | 2,000 | 2,000 | |
| 72,054 | 72,054 | 72,054 | 2651 Grounds Maintenance contract | 72,054 | 75,855 | B |
| 4,497 | 4,497 | 4,497 | 2655 Treeworks | 4,497 | 4,239 | B |
| 598 | 598 | 1,061 | 2810 Electricity | 598 | 598 | |
| 750 | 750 | 0 | 2850 Water Charges Unmetered | 750 | 750 | |
| 750 | 750 | 0 | 2853 Sewerage Charge Metered | 750 | 750 | |
| 5,758 | 5,758 | 5,758 | 2875 Contract Cleaning | 5,758 | 6,238 | B |
| 106,022 | 106,022 | 100,570 | Subtotal Premises | 106,022 | 108,430 | |
| Transport | | | | | | |
| 1,260 | 1,260 | 1,209 | 3080 Car and Cycle Allowances | 1,260 | 1,260 | |
| 1,260 | 1,260 | 1,209 | Subtotal Transport | 1,260 | 1,260 | |
| Supplies & Services | | | | | | |
| 450 | 450 | 532 | 3370 Equipment Purchase | 450 | 450 | |
| 450 | 450 | 500 | 3371 Equipment Maintenance | 450 | 450 | |
| 290 | 290 | 0 | 3399 Stationery Recharges | 290 | 290 | |
| 190 | 190 | 234 | 3550 Clothing and Uniforms General | 190 | 190 | |
| 300 | 300 | 0 | 3570 DPP Printing Costs | 300 | 300 | |
| 100 | 100 | 0 | 3710 Telephones General | 100 | 100 | |
| 190 | 190 | 0 | 3715 Mobile Phone Rentals & Calls | 190 | 190 | |
| 960 | 960 | 437 | 3910 Advertising General | 960 | 960 | |
| 2,930 | 2,930 | 1,703 | Subtotal Supplies & Services | 2,930 | 2,930 | |
| Capital Charges | | | | | | |
| 3,250 | 3,250 | 3,250 | 5701 Depreciation (Operational Assets) | 3,250 | 3,250 | |
| 3250 | 3250 | 3250 | Subtotal Capital Charges | 3250 | 3250 | |
| 189,376 | 190,084 | 185,400 | Subtotal EXPENDITURE | 190,084 | 196,471 | |
| INCOME | | | | | | |
| Receipts | | | | | | |
| 0 | 0 | -500 | 7097 Government Grants: Specific | 0 | -2,070 | |
| 0 | 0 | -1,035 | 7824 Non-Gov't Grants & Cont's: Specific | 0 | 0 | |
| -3,000 | -3,000 | 0 | 8123 Football Pitch income | -3,000 | -3,000 | |
| -13,000 | -13,000 | -13,000 | 9039 Other Rents | -13,000 | -13,000 | |
| -1,800 | -1,800 | -1,800 | 9132 Catering Concessn Pitch & Putt | -1,800 | -1,800 | |
| -14,639 | -14,639 | -803 | 9722 Contribution to/from Balances | -14,639 | 0 | D |
| -32,439 | -32,439 | -17,138 | Subtotal Receipts | -32,439 | -19,870 | |
| -32,439 | -32,439 | -17,138 | Subtotal INCOME | -32,439 | -19,870 | |
| INDIRECT | | | | | | |
| Recharge Expenditure | | | | | | |
| 3,439 | 3,439 | 3,439 | 1935 CDS Added Years Payments | 3,439 | 4,108 | A |
| 4,413 | 4,413 | 4,413 | 4040 CDS Norwich Connect Recharge | 4,413 | 4,426 | C |
| 4,340 | 4,340 | 4,340 | 5022 CDS HR Services Recharge | 4,340 | 5,147 | C |
| 3,034 | 4,106 | 4,106 | 5024 Property Services Recharge | 4,106 | 4,106 | C |
| 6,894 | 6,894 | 6,894 | 5026 CDS Finance Services Recharge | 6,894 | 7,258 | C |
| 5,908 | 5,908 | 5,908 | 5044 CDS Management Support Recharge | 5,908 | 6,036 | C |
| 1,672 | 1,672 | 1,672 | 5047 CDS Comms + Research Recharge | 1,672 | 1,388 | C |
| 5,087 | 5,087 | 5,087 | 5097 Recharge from Area Housing Offices | 5,087 | 5,087 | C |
| 34,787 | 35,859 | 35,859 | Subtotal Recharge Expenditure | 35,859 | 37,556 | |
| 34,787 | 35,859 | 35,859 | Subtotal INDIRECT | 35,859 | 37,556 | |
| 191,724 | 193,504 | 204,121 | Total Mousehold Heath Conservators | 193,504 | 214,157 | |