

Report to Mousehold Heath Conservators
20 January 2017

Report of Chief Finance Officer

Subject Budget and Precept 2017-18

Item

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Purpose

The purpose of this report is for the Conservators to set the budget and approve the precept for the Mousehold Heath Conservators budget 2017-18.

Recommendations

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 2017/18 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 1 April 2017, as per paragraph 1.

Financial Consequences

The agreed precept will be for the financial year beginning 1st April 2017. 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 “city of character & culture” and “value for money services”.

Contact Officers

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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. This report also sets out details of the budget and forecast outturn for the current financial year, 2016/17, which informs the precept and budget proposals within this report.

Balances

3. The current forecast is for a net underspend of £2,072 in 2016/17 to be added to the balance brought forward from previous years' precepts. The balances position for 1st April 2017 is therefore estimated at:

Balance brought forward at 1st April 2016	4,235
Impact of forecast outturn 2016/17	2,072
Use of reserves - pension deficit charge 2016/17	(2,808)
Forecast Balance at 31st March 2017	3,499

4. This level of balances represents 1.5% 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:
 - (a) Ensuring that appropriate systems and procedures are in place to safeguard the health & safety of staff, residents, and visitors;
 - (b) Taking steps to reduce the likelihood of adverse events occurring, through planning and risk assessment;
 - (c) Mitigating against the financial impact through insurance against adverse events;
 - (d) 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 £3,499 (see paragraphs 3-4) which represents 1.5% 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 2016/17, and the proposed budget for the 2017/18 financial year.

Base Budget 2016/17	214,505
A: Salary & pension cost increase	5,362
B: Contractual increases	1,261
C: Changes in overhead recharges	3,579
D: Other	(1,695)
Proposed Budget 2017/18	223,012

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 the living wage effect on the contracts.
- C. This is due to increased staff support costs council wide.
- D. The detail behind these changes can be seen in Appendix 1.

The detailed proposed budget for 2017/18 is set out in Appendix 1.

Precept

11. The precept required to fund this expenditure would be **£221,293** (16/17 £211,969). This would be an increase of £9,324 over the 2016/17 precept, equivalent to 4.2%.

Proposed Budget 2017/18	223,012
E: Accounting adjustments: removal of depreciation charge from precept	(1,719)
Proposed Precept 2017/18	221,293

- E. Depreciation is budgeted for but does not impact on balances, since it is reversed out of the revenue accounts.
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.
13. As a “local precepting authority”, the Conservators’ precept is not subject to the 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%.

Appendix A

Draft Budget 2017/18				
421020	Mousehold Heath Conservators			
<i>Revised budget</i>	<i>Forecast outturn</i>		<i>Base Budget</i>	<i>Draft Budget</i>
<i>2016/17</i>	<i>2016/17</i>		<i>2017/18</i>	<i>2017/18</i>
EXPENDITURE				
Employees				
66,660	66,660	1405 Salaries Full Time	66,660	69,050
8,781	8,781	1406 Salaries Employer PF Contrib'ns	8,781	9,083
4,804	4,804	1935 Pension Added Years share	4,804	5,052
8,894	8,860	1939 Pension Deficit Recovery share	8,894	11,299
490	523	1990 Employee/Liability Insurance	490	507
89,629	89,628	Subtotal Employees	89,629	94,991
Premises				
4,000	4,000	2100 General Repairs & Maintenance	4,000	9,000
6,000	6,000	2600 Grounds General Mtce & Upkeep	6,000	250
72,994	72,995	2651 Grounds Maintenance contract	72,994	74,225
4,380	4,380	2655 Treeworks	4,380	4,380
598	1,159	2810 Electricity	598	1,209
750	16	2850 Water Charges Unmetered	750	0
0	0	2851 Water Charges Metered	0	76
750	0	2853 Sewerage Charge Metered	750	0
6,972	7,130	2875 Contract Cleaning	6,972	7,198
14	20	2900 Fire Insurance Buildings/Conts	14	22
96,458	95,700	Subtotal Premises	96,458	96,360
Transport				
1,260	439	3080 Car and Cycle Allowances	1,260	800
1,260	439	Subtotal Transport	1,260	800
Supplies & Services				
0	0	3259 Specialist Supplies	0	445
450	693	3370 Equipment - Purchase	450	450
450	643	3371 Equipment - Repairs/Maintenance	450	650
0	0	3389 Other Equipment and Tools	0	550
290	0	3399 Stationery Recharges	290	0
190	225	3550 Clothing and Uniforms General	190	500
192	0	3570 DPP Printing Costs	192	0
100	0	3710 Telephones General	100	0
190	0	3715 Mobile Phone Rentals & Calls	190	0
0	0	3804 Refreshments	0	745
0	0	3815 Staff Conference & Course Fees	0	500
0	0	3871 Projects	0	6,000
960	401	3910 Advertising General	960	0
0	0	4102 Other Contractual Services	0	7,110
2,822	1,962	Subtotal Supplies & Services	2,822	16,950
Capital Financing				
1,719	1,719	5701 Depreciation	1,719	1,719
1,719	1,719	Subtotal Capital Financing	1,719	1,719
191,888	189,448	Subtotal EXPENDITURE	191,888	210,820
INCOME				
Receipts				
(1,500)	(1,200)	8123 Football	(1,500)	(1,404)
(14,900)	(14,900)	9039 Other Rents	(14,900)	(15,000)
(1,800)	(1,800)	9132 Catering Concessn Pitch & Putt	(1,800)	(1,800)
(18,200)	(17,900)	Subtotal Receipts	(18,200)	(18,204)
Government Grants				
(2,204)	(2,204)	7097 Government Grants: Specific	(2,204)	(2,204)
(2,204)	(2,204)	Subtotal Government Grants	(2,204)	(2,204)
(20,404)	(20,104)	Subtotal INCOME	(20,404)	(20,408)
INDIRECT				
Centrally Managed				
0	0	P100 Programmed Maint (ES/Prop Grp)	0	0
14,000	14,000	R100 Day to Day Reps (ES/Prop Grp)	14,000	0
14,000	14,000	Subtotal Centrally Managed	14,000	0
Recharge Expenditure				
3,758	3,758	4040 CDS IT Services Recharge	3,758	5,824
0	0	5021 CDS Legal Services Recharge	0	100
5,171	5,171	5022 CDS HR Services Recharge	5,171	5,059
1,207	1,275	5024 Property Services Recharge	1,207	1,250
5,937	5,937	5026 CDS Finance Services Recharge	5,937	6,229
6,299	6,299	5044 CDS Management Support Recharge	6,299	6,745
1,562	1,562	5047 CDS Comms + Research Recharge	1,562	2,306
5,087	5,087	5097 Recharge from AHOs/One Stop Shops	5,087	5,087
29,021	29,089	Subtotal Recharge Expenditure	29,021	32,600
43,021	43,089	Subtotal INDIRECT	43,021	32,600
214,505	212,433	Total Mousehold Heath Conservators	214,505	223,012
		Accounting adjustments		
(817)		Budget movements 2016/17		
(1,719)	(1,719)	Depreciation	(1,719)	(1,719)
211,969	210,714	Proposed precept 2017/18	212,786	221,293