



**Committee Name: Mousehold Heath Conservators**

**Committee Date: 21/01/2022**

**Report Title: Mousehold Heath Conservators Budget and Precept 2022/23**

**Portfolio:** Councillor Kendrick, cabinet member for resources

**Report from:** Executive director of corporate and commercial services

**Wards:** Crome / Catton Grove

**OPEN PUBLIC ITEM**

**Purpose**

To set the budget and approve the precept for the Mousehold Heath Conservators budget 2022/23.

**Recommendation:**

That the Conservators:

- (1) Review the forecast balances position set out in paragraphs 3-4;
- (2) Consider the risk management arrangements and prudent minimum reserve levels set out in paragraphs 4-9;
- (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 2022/23 as per paragraph 12.

**Policy Framework**

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the People living well & Great neighbourhoods, housing and environment corporate priorities.

## 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, 2021/22, which informs the precept and budget proposals within this report.

## Balances

3. The current forecast is for a net underspend of £1,622 in 2021/22 to be added to the balance brought forward from previous years' precepts. The balances position for 1 April 2022 is therefore estimated at:

**Table 1**

Balance brought forward at 1 April 2021	(29,107)
Impact of forecast outturn 2021/22	(1,622)
Use of reserves - pension deficit charge 2021/22*	2,808
<b>Forecast Balance at 31 March 2022</b>	<b>(27,921)</b>

\*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 (2022/23 will be the last of ten instalments).

4. This level of balances represents 11.3% of the proposed budgeted expenditure (including accounting adjustments). As agreed at the Conservator's meeting on 17 September 2021, the prudent level of reserves was set at £9,800, based on 2021/22 budgets. Using the same methodology against proposed 2022/23 budgets, shows a required minimum prudent reserves balance of £9,850. Based on the figures within this report, the reserve level is expected to continue to exceed the prudent minimum balance.

## 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 £27,921 (see paragraphs 3-4) which represents 11.3% 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 2021/22, and the proposed budget for the 2022/23 financial year.

**Table 2:**

<b>Base Budget 2021/22 (£)</b>	235,471
A: Salary & pension cost increase	262
B: Cleaning cost increase	616
C: Contractual increases	4,556
D: Utility price increase	65
E: Changes in overhead recharges	5,112
<b>Proposed Budget 2022/23</b>	<b>246,082</b>

Reasons for these changes can be summarised as follows:

- A. Includes staff pay increase, which is largely offset by a reduction in pension costs.
- B. This is due to small changes in the cleaning budget
- 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 increased staff support costs council wide.

These changes can be seen in the detailed proposed budget for 2022/23 set out in Appendix 1.

11. Corporate recharge budgets are no longer shown against individual cost centres within the General Fund, for accounting presentation purposes. All corporate recharges are still calculated in line with agreed principles. The Conservator's

element of the recharges has been included within the figures in this report, for consistency between accounting periods.

### **Precept**

12. The precept required to fund this expenditure would be **£246,082** (2021/22 £235,471). This would be an increase of £10,611 over the 2022/23 precept.
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.

## Appendix 1

		Base budget (£)	Draft 2022/23 Budget (£)	Change (£)	Category as per Table 2
2000	Salaries	74,296	76,270	1,974	A
2011	Employers Pension Contributions	9,776	10,028	252	A
2015	Annual Added Years Payments	4,168	3,581	(587)	A
2018	Pension Deficit Recovery	17,200	15,809	(1,391)	A
2090	Employee/Public Liability Insurance	460	474	14	A
2103	General Repairs & Maintenance	15,000	15,000		
2207	Contract Cleaning	9,515	10,131	616	B
2216	Electricity	1,493	1,554	61	D
2231	Grounds General Mtce & Upkeep	2,204	2,204		
2239	Recharge from GMO main contract	62,126	66,151	4,025	C
2240	Treeworks	8,200	8,731	531	C
2255	Fire Insurance Buildings	34	35	1	D
2285	Water Charges Metered	78	81	3	D
2400	Car and Cycle Allowances	800	800		
2600	Clothing and Uniforms General	500	500		
2658	Equipment - Purchase	450	450		
2659	Equip-Repairs/Maintenance	650	650		
2663	Other Equipment and Tools	550	550		
2682	Refreshments	745	745		
2684	Staff Conference & Course Fees	500	500		
2710	Specialist Supplies	445	445		
2832	Projects	4,046	4,046		
2849	Other Contractual Services	7,110	7,110		
4015	Recharge from AHOs	5,000	5,000		
1061	Football	(1,404)	(1,404)		
1146	Other Rents	(15,000)	(15,000)		
1148	Catering Concession Pitch & Putt	(1,800)	(1,800)		
1412	Government Grants - Specific	(2,204)	(2,204)		
1911	Depot recharge to NCSL	0	0		
	Central recharges	30,533	35,645	5,112	E
	<b>Total</b>	<b>235,471</b>	<b>246,082</b>	<b>10,611</b>	

**Cabinet member:** Councillor Kendrick - Resources

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**Background documents**

None