

Report to Mousehold Heath Conservators
19 January 2018
Report of chief finance officer
Subject Budget and Precept 2018/19

Item
6

Purpose

The purpose of this report is for the conservators to set the budget and approve the precept for the Mousehold Heath Conservators budget 2018/19.

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 accordingly approve or amend 2018/19 budgets as set out in Appendix A; and
- (4) resolve to place a precept on Norwich City Council in the relevant amount for the financial year beginning 1st April 2018, as per paragraph 11;

Corporate and service priorities

The report helps to meet the corporate priority value for money services.

Financial implications

The agreed precept will be for the financial year beginning 1 April 2018. This forms part of the General Fund budgetary requirement for Norwich City Council.

Contact Officers

Vicki Reynolds, Service Accountant Finance Control 01603 212493

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, 2017/18, which informs the precept and budget proposals within this report.

Balances

3. The current forecast as at December 2017 is for a net underspend of £3,337 in 2017/18 to be added to the balance brought forward from previous years' precepts. The balances position for 1 April 2018 is therefore estimated at:

Balance brought forward at 1st April 2017	4,988
Impact of forecast outturn 2017/18	3,337
Use of reserves - pension deficit charge 2017/18	(2,808)
Forecast Balance at 31st March 2018	5,517

- o 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 conservator's balance will therefore be reduced by the amount of £2,808 each year (2018/19 will be the sixth of ten instalments).
4. This level of balances represents 2.4% 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 conservator's 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:
 - o Ensuring that appropriate systems and procedures are in place to safeguard the health and safety of staff, residents, and visitors;
 - o Taking steps to reduce the likelihood of adverse events occurring, through planning and risk assessment;
 - o Mitigating against the financial impact through insurance against adverse events;
 - o 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 conservator's reserves are expected to amount to £5,517 (see paragraphs 3-4) which represents 2.4% 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 2017/18, and the proposed budget for the 2018/19 financial year.

Base Budget 2017/18	223,012
A: Salary & pension cost increase	3,008
B: Contractual increases	384
C: Changes in overhead recharges	565
D: Other	34
Proposed Budget 2018/19	227,003

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 the detailed proposed budget for 2018/19 set out in appendix 1.

Precept

11. The precept required to fund this expenditure would be **£225,284** (17/18 £221,293). This would be an increase of £3,991 over the 2017/18 precept, equivalent to 1.8%.

Proposed Budget 2018/19	227,003
E: Accounting adjustments: removal of depreciation charge from precept	(1,719)
Proposed Precept 2018/19	225,284

- 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 conservator's 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 3%.

Appendix 1

Draft Budget 2018/19		
421020 Mousehold Heath Conservators		
	<i>Base Budget</i>	<i>Draft Budget</i>
	<i>2017/18</i>	<i>2018/19</i>
EXPENDITURE		
Employees		
1405 Salaries Full Time	69,050	70,257
1406 Salaries Employer PF Contrib'ns	9,083	9,239
1935 Pension Added Years share	5,052	4,614
1939 Pension Deficit Recovery share	11,299	13,321
1990 Employee/Liability Insurance	507	568
Subtotal Employees	94,991	97,999
Premises		
2100 General Repairs & Maintenance	9,000	9,000
2600 Grounds General Mtce & Upkeep	250	250
2651 Grounds Maintenance contract	74,225	74,510
2655 Treeworks	4,380	4,380
2810 Electricity	1,209	1,240
2851 Water Charges Metered	76	76
2875 Contract Cleaning	7,198	7,297
2900 Fire Insurance Buildings/Conts	22	25
Subtotal Premises	96,360	96,778
Transport		
3080 Car and Cycle Allowances	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	6,000
4102 Other Contractual Services	7,110	7,110
Subtotal Supplies & Services	16,950	16,950
Capital Financing		
5701 Depreciation	1,719	1,719
Subtotal Capital Financing	1,719	1,719
Subtotal EXPENDITURE	210,820	214,246
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	5,824	6,272
5021 CDS Legal Services Recharge	100	640
5022 CDS HR Services Recharge	5,059	4,600
5024 Property Services Recharge	1,250	667
5026 CDS Finance Services Recharge	6,229	6,337
5044 CDS Management Support Recharge	6,745	7,133
5047 CDS Comms + Research Recharge	2,306	2,429
5097 Recharge from AHOs/One Stop Shops	5,087	5,087
Subtotal Recharge Expenditure	32,600	33,165
Subtotal INDIRECT	32,600	33,165
Total Mousehold Heath Conservators	223,012	227,003
Less depreciation	(1,719)	(1,719)
Proposed precept 2018/19	221,293	225,284

