

Mountsett Crematorium Joint Committee

26 January 2011

2011/12 Revenue Budget



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to set out for members' consideration proposals with regards to the 2011/12 revenue budget for the Mountsett Crematorium.

Background Information

2. The 2011/12 budget has been developed with the Superintendent and Registrar, taking into account the proposed Fees and Charges set out in the previous report, the 2010/11 forecast outturn position and known expenditure pressures in the coming year.
3. The Superintendent and Registrar has indicated that Neighbouring Crematoria (excluding Central Durham Crematorium, which has broadly maintained the same level of business) have recorded significant reductions (from both budget and the previous financial year) in the number of cremations carried out during the first 9 months of the 2010/11. The number of cremations carried out at the Mountsett crematorium has also reduced and is projected to have reduced by a total of 58 during the 2010/11 year.

Budget Proposals 2011/12

4. The proposed 2011/12 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium. The main changes from the 2010/11 budget are as follows:

Employees

5. The 2010/11 Budget has been reduced by £1,000. This takes into consideration the Coalition Government's decision to freeze the pay award for Local Government staff during 2010/11 and 2011/12 (inflation totalling this amount was built into the 2010/11 base budget);

Premises

6. The base budget has reduced by £13,940 from 2010/11. This is due to a number of factors, detailed below:

- Estimated increase in NNDR charge of £4,060, taking into account the 2010/11 forecast outturn position (overspend) plus inflation at 4.6%, NNDR is now budgeted at £36,300 per annum;
- Cremator relines have been undertaken during the current financial year and as a result, the current £18,000 budget provision is not required during 2011/12. However the 2012/13 budget will need to factor in sums to reline the cremators.

Supplies and Services

7. The supplies and services budget has been reduced by £9,685 from 2010/11. The main changes are as follows:
 - The provision for Mercury Abatement payments (under the Cameo scheme) is not required until 2013/2014. The £10,680 budget provision has been removed from the 2011/12 budget as a result;
 - Book of remembrance purchase – the £4,000 one – off provision included in the 2010/11 budget has been removed in 2011/12;
 - As a result of an anticipated lower number in cremations during 2011/12, Medical Referee payments are anticipated to £1,530 less. The budget has been reduced accordingly.
 - An additional £3,245 has been included in the Equipment Budget.

Central Support Costs

8. Following members consideration of the previous Support Services SLA. A proposed increase of £13,870 has been factored into the 2011/12 Budget. Support Service charges are now budgeted at £22,200

Income

9. The budget factors in the budgetary impact of applying the increases in fees and charges proposed in the fees and charges report considered earlier. As members will be aware, the proposals are to
 - Increase the Adult Cremation fee by 2.5% to £410 next year – the gross fee (inclusive of medical referees and environmental surcharge) would therefore be £480 in 2011/12;
 - Increase in charges for the book of remembrance from £36 to £38 (inclusive of Vat);
10. In setting the budget, an element of prudence has been factored into the income budget projections next year. The 2010/11 budget was based on an assumed 1172 cremations in the current year. The outturn projected, based on the position to 31 December 2010, shows that 1,114 cremations will be undertaken in the current year, 58 less than budgeted. Taking this into consideration, the 2011/12 base budget has assumed a total 1,133 cremations next year, an increase of 19 on the 2010/11 estimated outturn and 39 less than the budget position in 2010/11.

11. The net effect of the increase in the cremation fee, assumed reductions in the number of cremations and other fees and charges proposals is that forecast income has reduced by £12,360.

Earmarked Reserves

12. Transfers to the Cremator Replacement and Major Repairs Reserves next year are budgeted in line with the 2010/11 level (at £65,000 and £15,000 respectively).

13. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2012, taking into account the 2010/11 Quarter 3 budgetary control report and the proposed transfers to / from earmarked reserves in 2010/11 and 2011/12 is **£317,494** (shown in Appendix 2).

Recommendations and reasons

14. It is recommended that:

- Members of the Joint Committee note and approve the budget proposals contained within the report (as set out at Appendix 2).
- Members note the forecast level of reserves and balances at 31 March 2012 (also set out at Appendix 2)

Background Papers

- 2010/2011 Budget and Financial Monitoring Reports
- 2011/12 Budget Working Papers
- 2011/2012 Fees and Charges report

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Appendix 1: Implications

Finance

The proposed budget for the Mountsett Crematorium is included at Appendix 2, with an explanation of year on year changes set out in the body of the report.

Staffing

The employee budget provides for 5 members of staff.

Risk

The budgets take into account the 2010/11 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year.

Pricing sensitivity is essential to maintain the competitiveness and reputation of the Mountsett Crematoria in the current economic climate. The proposed increases in fees and charges next year will ensure that the charges remain competitive in comparison with neighbouring facilities, and this, together with a prudent assumption in terms of the number of cremations undertaken next year, plus the strong reputation of the Mountsett Crematorium Joint Committee, should ensure risk is minimised with regards to the achievement of the income budgets.

Equality and Diversity

The income proposals set out in this report are based on a harmonised fees and charges policy with the Central Durham Crematorium and provide equity of treatment / access across County Durham. An equality Impact assessment screening has been undertaken which has revealed no issues.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

None

Consultation

Officers of Gateshead Council were consulted on the contents of this report.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The Mountsett Crematorium Joint Committee is required to set a balanced budget and the budget proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.