

30 January 2014

2014/15 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 2014/15 revenue budget for the Mountsett Crematorium.

Background Information

2. The 2014/15 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2013/14 forecast outturn position and known expenditure pressures in the coming year.

Budget Proposals 2014/15

3. The proposed 2014/15 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium. Members should note that the main changes from the 2013/14 budget are as follows:

Employees

4. The 2014/15 budget has increased by **£15,164** from 2013/14. The main reasons are as follows:
 - Reduction in Management costs as a result of the alternative arrangements regarding the Superintendent and Registrar post (**£21,447**)
 - Additional Cremator Operator post not included in the previous year's budget **£22,613**
 - Modern apprentice Post not included in the previous year's budget **£10,989**
 - Staff Increments **£3,009**

Premises

5. The base budget has reduced by (**£33,130**) from 2013/14. This is due to a number of factors, detailed below:-
 - The Repairs and maintenance budgets have reduced in consideration of the Service Asset Management Plan scheduled works. The net result of the removal of the 2013/14 works schedule and the inclusion of the 2014/15 requirements is a reduction in the base budget of (**£34,950**)

- Utility Budgets and the NNDR Budget have been increased to reflect the impact of inflation and the 2013/14 provisional outturn – This has resulted in an overall increase of **£1,820**.

Supplies and Services

6. The budget has increased by **£31,937** from 2013/14 due to the details below:-

- In line with the recent correspondence received from CAMEO, provision has been made within the Supplies and Services budget for increased Mercury Abatement charges. The notified charge of £50.52 has been set against the budgeted number of cremations for 2014/15. This has resulted in an overall increase of **£26,887** from the 2013/14 budget base.
- Other supplies and services budgets including conferences subscriptions and clothing have increased by **£5,050** in line with the 2013/14 outturn.

Agency and Contracted

7. The Agency and Contracted Services budget has reduced by a net (**£2,915**). The 2014/15 budget factors in the reduction in the Grounds Maintenance budget as a result of works now being undertaken by crematorium staff.

Central Support Costs

8. The 2013/14 budget factors in the proposed SLA for the provision of Support Service. As members will be aware from the previous report, the proposals are to increase this charge by **£775**.

Income

9. The 2014/15 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 to £560 next year – the gross fee (inclusive of medical referees and environmental surcharge) would therefore be £630 in 2014/15, an increase of 15% from 2013/14. This increases the charges to the average level across the region and is in line with the charges set by the Central Durham Crematorium.

10. In setting the budget, an element of prudence has been factored into the income budget proposal for next year:

- Whilst the projected outturn as at 31st December 2013 assumes a decreased number of cremations to budget (93), in consideration of the proposed increased cremation fee, the 2014/15 budgeted number of cremations have also been decreased by 100. The net effect of these considerations results in an increased cremation fee income of (**£37,000**).
- In consideration of the 2013/14 provisional outturn, the Plaque income budget has been reduced for 2014/15 by **£3,000**.

11. The net effect of these changes/ considerations to budget is an increased income budget of **£34,000**. It should be noted however, should cremation numbers be maintained in line with those realised in previous years, and memorial sales become more popular than 2013/14 levels, then a reasonable surplus would again be generated in 2014/15.

Earmarked Reserves

12. Transfers to the Repairs Reserves next year are budgeted in line with the 2013/14 level at **£15,000**.
13. In line with the Reserves Policy, the surplus created after all of the above factors is budgeted to transfer to the Cremator Reserve. The Reserves Policy however, also requires a General Reserve of at least 30% of the Joint Committees income budget. This results in a required transfer from the Cremator Reserve to the General Reserve of £ 10,200. The net increase to the Cremator Reserve is therefore £86,605.
14. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2015, taking into account the 2013/14 Quarter 3 budgetary control report and the proposed transfers to / from earmarked as follows:
- General reserve of £225,150, an increase of £10,200 (4.75%) from 2013/14
 - Retained Reserves of £479,566 an increase of £86,605 (22%) from 2013/14

The estimated total reserves as shown in Appendix 2 at 31 March 2015 are **£704,716**.

15. Members should note that the 2014/15 budget proposal incorporates £88,200 of one off expenditure requirements which will provide further scope in the 2015/16 budget setting round.

Recommendations and Reasons

15. 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 2015 (also set out at Appendix 2).

Background Papers

- 2013/2014 Budget and Financial Monitoring Reports
- 2014/2015 Budget Working Papers
- 2014/2015 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 7 members of staff.

Risk

The budgets take into account the 2013/14 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year. The budget also considers one off expenditure requirements for 2014/15. Knowledge of these requirements ensure that risk is minimised.

Pricing sensitivity is essential to maintain the competitiveness and reputation of the Mountsett Crematorium 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/Public Sector Equality/ Duty

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

None, however officers of Gateshead Council were provided with a copy of the report and given opportunity to comment/ raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium Joint Committee.

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.