

30 January 2015

2015/16 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 2015/16 revenue budget for the Mountsett Crematorium.

Background Information

2. The 2015/16 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2014/15 forecast outturn position and known expenditure pressures in the coming year.

Budget Proposals 2015/16

3. The proposed 2015/16 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 2014/15 budget are as follows:

Employees

4. The 2015/16 budget has increased by **£9,983** from 2014/15 due to the impact of the pay award and incremental progression.

Premises

5. The base budget has increased by **£12,426** from 2014/15. The main reasons for this increase are as follows:
 - The Repairs and maintenance budgets have increased in consideration of the Service Asset Management Plan scheduled works. The net result of the removal of the 2014/15 works schedule and the inclusion of the 2015/16 requirements is an increase in the base budget of **£10,875**
 - Utility Budgets and the NNDR Budget have been increased to reflect the inflationary pressures, which has resulted in an overall increase of **£1,551**.

Supplies and Services

6. The budget has increased by **£5,565** from 2014/15 due to the details below:-

- Provision has been made for increased Mercury Abatement charges in line with the budgeted number of cremations for 2015/16. This has resulted in an overall increase of **£4,040** from the 2014/15 budget base.
- Medical Referees Fees budget has increased in line with the anticipated increase in cremation numbers **£1,320**.
- Other supplies and services budgets including conferences subscriptions and clothing have been increased by **£205**.

Agency and Contracted

7. The Agency and Contracted Services budget has reduced by **(£1,000)** due to the reduction in the External Audit fee.

Support Service Costs

8. The 2015/16 budget factors in the proposed SLA for the provision of Support Service. As was agreed at the January 2014 meeting, Members will be aware the Audit Services SLA has reduced by **(£275)**. The Support Services SLA remains in line with the 2014/15 budget provision.

Income

9. The income budget has been increased by **£56,400**. The major changes are as follows:
 - An element of prudence has again been factored into the income budget proposal for next year. The projected outturn as at 31st December 2014 assumes an increase of 132 cremations against the 2014/15 budgeted number (of 1,150) and therefore the 2015/16 budgeted number of cremations has been increased by 80 to 1,230. The net effect of these considerations results in an increased cremation fee income of **(£50,400)**.
 - In consideration of the 2014/15 projected outturn, the Plaque income budget has been increased for 2015/16 by **£5,000**.
 - In consideration of the 2014/15 projected outturn, the miscellaneous income budget, including urns and ashes, has increased by **£1,000**
10. Should cremations numbers be maintained in line with those realised in previous years, and memorial sales become more popular than 2014/15 levels, then a reasonable surplus would again be generated in 2015/16.

Earmarked Reserves

11. The transfers to the Repairs Reserves next year is budgeted in line with the 2014/15 level at **£15,000**.
12. 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 30% of the Joint Committees income budget. This results in a required transfer from the Cremator Reserve to the General Reserve of **£16,920**. The net increase to the Cremator Reserve is therefore **£109,386**.

13. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2016, taking into account the 2014/15 Quarter 3 budgetary control report and the proposed transfers to / from earmarked as follows:

- General reserve of £242,070, an increase of £16,920 (7.5%) from 2014/15
- Retained Reserves of £755,578 an increase of £124,386 (19.7%) from 2014/15

The estimated total reserves as shown in Appendix 2 at 31 March 2016 are **£997,648**.

14. Members should note that the 2015/16 budget proposal incorporates £90,775 of one off expenditure requirements which will provide further scope in the 2016/17 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 2016 (also set out at Appendix 2).

Background Papers

- 2014/2015 Budget and Financial Monitoring Reports
- 2015/2016 Budget Working Papers
- 2015/2016 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 2014/15 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 2015/16. Knowledge of these requirements ensures 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.