

29 January 2016

2016/17 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 2016/17 revenue budget for the Mountsett Crematorium.

Background Information

2. The 2016/17 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2015/16 forecast outturn position and known expenditure pressures in the coming year.

Budget Proposals 2016/17

3. The proposed 2016/17 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 2015/16 budget are as follows:

Employees

4. The 2016/17 budget has been increased by **£8,519** due to the impact of the pay award and incremental progression and also to reflect the increased employer national insurance, pension costs and increased overtime.

Premises

5. The base budget has reduced by **(£45,986)** from 2015/16. The main reasons for this increase are as follows:
 - 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 2015/16 works schedule and the inclusion of the 2016/17 requirements is a decrease in the base budget of **(£49,285)**. Provision for the following works are included in the 2016/17:

○ Installation of Memorial Tower	£5,000
○ Tarmac car park	£24,990
○ Replacement of Bier	£1,800
○ Re vamp of existing shrub beds	£8,000
○ Carry out improvement works to uneven no slip pathway	£10,000

- A budget of **£6,600** has been included to cover the cleaning SLA proposed with Durham County Council.
- General Repairs, maintenance and utility budgets have been amended to reflect the 2015/16 projected outturn, which has resulted in an overall reduction of **(£3,301)**.

Supplies and Services

6. The budget has been reduced by **(£31,510)** from 2015/16, details below:-
 - The 2015/16 budget provision for the environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme was overstated therefore the 2016/17 budget has been brought in line with the 2015/16 outturn resulting in a decrease of **(£29,115)**.
 - Medical Referees Fees budget has increased in line with the anticipated cremation numbers **£1,155**.
 - Other supplies and services budgets including conferences, subscriptions and clothing have been reduced by **(£3,550)**.

Agency and Contracted

7. The Agency and Contracted Services budget has increased by **£100** due to the increase in the external audit fee offset by a reduction in the grounds maintenance budget.

Support Service Costs

8. The 2015/16 budget factors in the proposed increase of **£300** in the SLA for the provision of Support Service as detailed in a previous report.

Income

9. The income budget has been increased by **(£71,100)**. This is due to a combination of the following factors:
 - An element of prudence has again been factored into the income budget proposal for next year. The updated projected outturn as at 31 December 2015 assumes an increase of 114 cremations against the 2015/16 budgeted number of cremations (1,230). In preparing the 2016/17 budget the number of cremations estimated has been increased by 70 to 1,300. Along with the proposed £20 increase per cremation, the net effect of these considerations results in an increased cremation fee income of **(£70,100)**.
 - In consideration of the 2015/16 projected outturn, the Plaque income budget has been reduced for 2016/17 by **£2,000** and the miscellaneous income budget, including urns and ashes, has increased by **(£3,000)**
10. Should cremation numbers be maintained in line with those estimated in 2015/16 and realised in previous years, and memorial sales become more popular than the forecasts for 2015/16, then a reasonable surplus would again be generated in 2016/17.

Earmarked Reserves

11. The transfer to the Repairs Reserve next year is budgeted in line with the 2015/16 level at **£15,000**.
12. In line with the Reserves Policy, the surplus created after all of the above factors is taken into account necessitates a transfer to the Cremator Reserve. The Reserves Policy requires a General Reserve equal to 30% of the Joint Committees income budget. This results in a required transfer from the Cremator Reserve to the General Reserve of £21,330. The forecast net increase to the Cremator Reserve is therefore budgeted to be £244,653 in 2016/17.
13. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2017, taking into account the 2015/16 Quarter 3 budgetary control report, the 2016/17 budget and the proposed transfers to / from earmarked as follows:
 - General reserve of £263,400, an increase of £21,330 (8.8%) from 2015/16
 - Retained Reserves of £1,136,350 an increase of £259,653 (29.6%) from 2015/16The estimated total reserves as shown in Appendix 2 at 31 March 2017 are **£1,399,750**.
14. Members should note that the 2016/17 budget proposal incorporates £49,790 of one off expenditure requirements which will provide further scope in the 2017/18 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 2017 (also set out at Appendix 2).

Background Papers

- 2015/2016 Budget and Financial Monitoring Reports
- 2016/2017 Budget Working Papers
- 2016/2017 Fees and Charges report.

Contact(s):	Paul Darby	03000 261930
	Ed Thompson	03000 263481

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 6 members of staff.

Risk

The budgets take into account the 2015/16 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 2016/17. 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.