

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT OF THE TREASURER

COYCHURCH CREMATORIUM JOINT COMMITTEE

6 MARCH 2015

PROPOSED REVENUE BUDGET 2015-16

1. Purpose of the Report

- 1.1 The purpose of this report is to inform the Joint Committee of the projected financial performance for the Crematorium for 2014-15, and to obtain approval from the Joint Committee for the proposed budget and fees and charges for 2015-16.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 There are no connections to the Council's Corporate Plan.

3. Background

- 3.1 The 2014-15 Revenue Budget was approved by the Committee at its meeting on 7 March 2014. The current budget position and projected outturn for 2014-15 is outlined below, together with the proposed budget for 2015-16.

4. Current Situation

Estimated Revenue Outturn 2014-15

- 4.1 Table 1 below shows the financial position at 31 January 2015 and the projected outturn for 2014-15.

Table 1- Comparison of budget against projected spend at 31st January 2015.

Budget	Category	Adjusted Actual 01/04/2014 to 31/01/2015	Projected Outturn	Projected Over (Under) Spend
2014-15			2014-15	2014-15
£'000		£'000	£'000	£'000
247	Employees	182	241	(6)
389	Premises	243	364	(25)
140	Supplies, services & transport	116	135	(5)
90	Agency / contractors	52	88	(2)
43	Administration	36	40	(3)
50	Capital financing costs	42	50	0
959	Gross Expenditure	671	918	(41)
(1,071)	Fees & charges	(716)	(1030)	41
(112)	Surplus(-)/Deficit	(45)	(112)	0
112	Transfer to/from (-) Reserve	45	112	0

4.2 Explanations for the more significant variances between budget and projections are detailed below;

- A salary underspend of £6,000 as a result of a lower payment in respect of the employers superannuation capitalised payment than originally forecast (£3,000) and a reduction in the provision for Deputy Organist (£3,000).
- A premises underspend of £25,000 as a result of a rating revaluation in 2013-14 (£1,000), an underspend on mercury abatement (£1,000), planned maintenance reduction (£18,000) and a reduction in premises running costs (£5,000).
- An underspend of £5,000 on Supplies, Services & Transport. A number of savings have been made, Conference Fees (£1,000), Office Equip (£3,000), Medical Expenses (£5,000), Printing (£2,000), Advert & Promotion (£2,000). These are offset by an overspend on the provision for Audit Fees of (£8,000) due to increased audit costs in 2013-14
- A underspend of (£3,000) in respect of a reduction in the administration charge by the Communities Directorate.
- Income in relation to cremation fees will be lower than budgeted by £48,000. Income in relation to the sale of items is higher than budget by £7,000.
- The projected surplus of £112,000 will be added to the accumulated balance being held to fund the requirement for new cremators.

2015-16 Proposed Budget

- 4.3 Committee Members have been asked to consider the proposals by Bridgend County Borough Council (BCBC) to strengthen the Crematorium's staffing structure and BCBC Burials Service, to mitigate so far as is possible the impact of significant cuts to public sector spending, by forging closer working relationships between the two areas in the earlier report of the Clerk and Technical Officer. The decision taken by Members either to accept or reject the staffing structure will directly impact on the proposed budget and Business Plan for 2015-16.

The following table shows the proposed revenue budget for 2015-16 depending on whether the existing structure remains in force (Option A) or a staff restructure is agreed (Option B).

Table 2 – Proposed Budget 2015-16

	OPTION A (Existing Staff Structure)	OPTION B (Staff Restructure)
Category	Budget 2015-16 £'000	Budget 2015-16 £'000
<u>Expenditure</u>		
Employees	261	300
Premises	1,130	1,130
Supplies, services & transport	168	168
Agency / contractors	89	89
Administration	41	41
Capital financing costs	50	50
Gross Expenditure	1,739	1,778
<u>Income</u>		
Fees & charges	(1,006)	(1,006)
Contribution from BCBC		(26)
Total Income	(1,006)	(1,032)
Net Surplus(-)/Deficit	733	746
Transfer to/(from reserves)	(733)	(746)

- 4.4 The proposed budget for 2015-16 includes a general uplift of 2% on non- employee expenditure and specific inflationary increases on expenditure in relation to contractual commitments.
- 4.5 Employee budgets have been adjusted to reflect salary increments where applicable. The budget includes an inflationary uplift for the 2014-2016 pay award.

- 4.6 The Business Plan for 2015-16 indicates that there is a budget requirement of £953,000 to meet expenditure itemised in the table below:

Table 3 – Business Plan Spending Requirements

2015-16	£000
Organ repairs	20
CAMEO payments	43
New Cremators:	
Cremator Installation	850
Fees/planning/design/investigation/supervision	40
Total	953

These costs will be met from the premises budget identified in Table 2 above. The premises budget also includes a provision of £47,000 for planned maintenance.

- 4.7 The supplies, services and transport budget has been increased by £28,000 to reflect the additional planned one-off costs of laying plinths in 2015-16 (£35,000) which has been offset by a general reduction in running costs (-£7,000).
- 4.8 The capital financing charge has been maintained at £50,000 in order to accelerate the amount of loan repaid at a time of low interest rates
- 4.9 The income budgets have been prepared assuming a general increase in fees of 2% (1% average CPI plus 1%), and has also been realigned to reflect current levels of activity (based on 1484 cremations) and therefore excludes the one off income built into the budget in respect of increased activity during the period Margam Crematorium was not fully operational. This decrease in income budget has been partially mitigated as the fee for weekday cremations has been increased to £615 (£580 in 2014-15). This reflects the inflationary increase along with the agreed £25/year increase required to fund the programme of improvement works detailed in the business plan. The net effect of these adjustments is a £65,000 decrease in the fees and charges budget. A schedule of revised fees based on this increase is shown in Appendix 1.

Accumulated Balance

- 4.9 The effect on the accumulated balance of the proposed budget for 2015-16 is shown in the Table below:

Table 4 – Impact on accumulated balance of proposed budget 2015-16

	OPTION A (Existing Staff Structure)	OPTION B (Staff Restructure)
Accumulated Balance	£000	£000
Balance as at 31 March 2014	(1,019)	(1,019)
Projected (Surplus)/Deficit 2014-15	(112)	(112)
Projected Balance as at 31 March 2015	(1,131)	(1,131)
Transfer from reserves 2015-16	733	746
Projected Balance as at 31 March 2016	(398)	(385)

- 4.10 It is projected that at 31 March 2015, there will be an accumulated balance of £1,131,000. This reserve has been built up over a number of years to meet the planned costs of replacing the cremators. This reserve will now be used to fund the installation of the new cremators during 2015-16 (cost as shown in Table 3 above) which will reduce the estimated reserve at 31 March 2016 to the level shown in Table 4 above. The balance of reserves at 31 March 2016 is considered a sufficient level to maintain to protect the service in light of unknown demands or emergencies.

Capital Expenditure 2015-16

- 4.11 Capital expenditure will not require any additional loan charge or contribution from constituent authorities in 2015-16. Items of a capital nature for 2015-16 in Table 3, paragraph 4.6, will be directly funded from revenue contributions and the accumulated surplus from previous years.

5. Effect upon Policy Framework and Procedure Rules

- 5.1 None.

6. Equality Impact Assessments

- 6.1 There are no equality implications attached to this report.

7. Financial Implications

- 7.1 These are reflected within the report.

8. Recommendation:

- 8.1 The Joint Committee is recommended to

- (a) confirm and approve the revenue budget to be adopted for 2015-16 (Option A or B depending on the previous decision by Members on whether or not to restructure the service).

(b) approve the increase in fees and charges with effect from 1 April 2015 outlined in Appendix 1.

NESS YOUNG CPFA

Section 151 Officer and Corporate Director - Resources

BRIDGEND COUNTY BOROUGH COUNCIL

TREASURER TO THE COYCHURCH CREMATORIUM JOINT COMMITTEE

6 March 2015

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Background Papers: Report of the Treasurer
Revenue Estimates 2014-15
Coychurch Crematorium Joint Committee
7 March 2014