

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT OF THE TREASURER

### COYCHURCH CREMATORIUM JOINT COMMITTEE

4 MARCH 2016

#### PROPOSED REVENUE BUDGET 2016-17

##### 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 2015-16, and to obtain approval from the Joint Committee for the proposed budget and fees and charges for 2016-17.

##### 2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 There are no direct connections to the Council's Corporate priorities, although the ongoing monitoring of budget and performance form part of ensuring a better use of resources.

##### 3. Background

- 3.1 The 2015-16 Revenue Budget was approved by the Committee at its meeting on 6 March 2015. The current budget position and projected outturn for 2015-16 is outlined below, together with the proposed budget for 2016-17.

##### 4. Current Situation

###### Estimated Revenue Outturn 2015-16

- 4.1 Table 1 below shows the financial position at 31 January 2016 and the projected outturn for 2015-16.



**Table 1- Comparison of budget against projected spend at 31<sup>st</sup> January 2016.**

Budget	Category	Adjusted Actual 01/04/2015 to 31/01/2016	Projected Outturn	Projected Over (Under) Spend
2015-16			2015-16	2015-16
£'000		£'000	£'000	£'000
300	Employees	182	256	(44)
290	Premises	132	220	(70)
1008	Supplies, services & transport	655	998	(10)
89	Agency / contractors	59	85	(4)
41	Administration	31	41	0
50	Capital financing costs	38	50	0
<b>1778</b>	<b>Gross Expenditure</b>	<b>1097</b>	<b>1650</b>	<b>(128)</b>
(1,006)	Fees & charges	(764)	(1075)	(69)
(26)	BCBC Contribution	0	0	26
746	(Surplus)/Deficit	333	575	(171)
(746)	Transfer to/(from) Reserve	(333)	(575)	171

4.2 When the budget was set, there was an anticipated budget deficit of £746,000. This was to finance the costs of purchasing new cremators. The actual projected outturn as at the end of January is a deficit of £575,000 which will require a transfer from earmarked reserves.

An explanation of the main variances between the Budget and Projected Outturn is detailed below:

- A salary underspend of £44,000 due to the budgeted regrading of positions not being implemented
- The underspend of £70,000 on Premises is made up of Planned Maintenance (£60,000), Gas (£7,000) and Business Rates (£2,000). The underspend in Planned Maintenance is due to a delay in the replacement of the Crematory roof and organ repairs. This work is now planned to take place in 2016-17.
- The underspend of £10,000 on Supplies, Services & Transport is made up of savings on, Office Equipment (£4,000), Equipment Maintenance (£5,000), and Audit Stamp Duty (£4,800). These are offset by an overspend on the provision for Consultant Fees (£4,600), relating to the cremator replacement.
- Income has been higher than budgeted by £69,000 resulting from increased cremation fees (£67,000) and income in relation to the sale of items (£2,000). The BCBC contribution will not be received,

as it is linked to the restructure/regrading exercise not being implemented in 2015-16

### **2016-17 Proposed Budget**

- 4.3 Although Committee Members accepted the proposals by Bridgend County Borough Council (BCBC) to strengthen the Crematorium's staffing structure and BCBC Burials Service for 2015-16, the implementation has been delayed, and is now due to be implemented on 1<sup>st</sup> April 2016.

The following table shows the proposed revenue budget for 2016-17

**Table 2 – Proposed Budget 2016-17**

<b>Category</b>	<b>Budget 2016-17 £'000</b>
<b><u>Expenditure</u></b>	
Employees	297
Premises	331
Supplies, services & transport	170
Agency / contractors	89
Administration	41
Capital financing costs	50
<b>Gross Expenditure</b>	<b>978</b>
<b><u>Income</u></b>	
Fees & charges	(1,074)
Contribution from BCBC	(26)
<b>Total Income</b>	<b>(1,100)</b>
Net (Surplus)/Deficit	(122)
<b>Transfer to/(from reserves)</b>	<b>122</b>

- 4.4 All 2015-16 non-employee budgets have been reviewed, and any necessary adjustments have been made to meet expected expenditure for 2016-17.
- 4.5 Employee budgets have been adjusted to reflect salary increments where applicable. The budget includes a 1% uplift for the 2016-17 pay award.
- 4.6 The Business Plan for 2016-17 indicates that there is a budget requirement of £150,000 to meet expenditure itemised in the table below:

**Table 3 – Business Plan Spending Requirements**

<b>2016-17</b>	<b>£000</b>
Organ upgrade	20
CAMEO payments	10
Periphery Fencing Improvements	20
Enhance Landscape below Burial Plot Car Park 1	10
Flat Roof Replacement, Old Crematory	50
Phase 2, Land extension design	30
New path for granite burial plots	10
<b>Total</b>	<b>150</b>

These costs will be met from the premises budget identified in Table 2 above. The premises budget also includes a provision of £50,000 for planned maintenance.

- 4.7 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.
- 4.8 The income budgets have been prepared assuming a general increase in fees of 1.3% (1% plus CPI at 0.3%), and has also been realigned to reflect current levels of activity (based on 1484 cremations).

**Accumulated Balance**

- 4.9 The effect on the accumulated balance of the proposed budget for 2016-17 is shown in the Table below:

**Table 4 – Impact on accumulated balance of proposed budget 2016-17**

<b>Accumulated Balance</b>	<b>£000</b>
Balance as at 31 March 2015	(1,195)
Transfer from Reserves	575
<b>Projected Balance as at 31 March 2016</b>	<b>(620)</b>
Transfer to reserves 2016-17	(122)
<b>Projected Balance as at 31 March 2017</b>	<b>(742)</b>

- 4.10 It is projected that at 31 March 2016, there will be an accumulated balance of £620,000. The balance has reduced from 31 March 2015 due to the replacement of the cremators. 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 2016-17**

- 4.11 Capital expenditure will not require any additional loan charge or contribution from constituent authorities in 2016-17. Items of a capital
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nature for 2016-17 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 2016-17.

(b) Approve the increase in fees and charges with effect from 1 April 2016 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

4 March 2016

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Background Papers: Report of the Treasurer  
Revenue Estimates 2015-16  
Coychurch Crematorium Joint Committee  
6 March 2015

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