

CHILTERN'S CREMATORIUM JOINT COMMITTEE - 24 FEBRUARY 2010

REPORT OF THE TREASURER

5 REVENUE BUDGET REVISED 2009/10 AND ORIGINAL 2010/11

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1. This report sets out the details of the Chilterns Crematorium Revenue Budget for 2009/10 Revised and 2010/11 Original. The detailed Revenue Budget is attached at *Appendix 5.1*.
2. The table below shows the summary comparison between the revised and original budget for 2009/10 and the original budget for 2010/11.

	2009/10 Original £	2009/10 Revised £	Movement £	2010/11 Original £	Movement £
Revenue Expenditure	762,740	767,810	5,070	793,730	30,990
Income	(1,415,510)	(1,371,800)	43,710	(1,421,580)	(6,070)
Net Cost of Service	(652,770)	(603,990)	48,780	(627,850)	24,920
Less Capital Expenditure	1,596,483	260,591	(1,335,892)	1,169,735	(426,748)
(Surplus)/Deficit for year	943,713	(343,399)	(1,287,112)	541,885	401,828

3. The revised budget for 2009/10 shows an estimated revenue surplus, before capital expenditure, of £603,990 compared to an original projected surplus of £652,990 i.e. an increase in cost of £48,780 for the year.
4. The original budget for 2010/11 shows an estimated revenue surplus, before capital expenditure, of £627,850 compared to an original base position in 2009/10 of a projected surplus of £652,990 i.e. an increase in cost of £24,920 over the previous year's base.

5. The following table shows the budget variations that make up these increases.

	2009/10 Revised	2010/11 Original
	£	£
Original Budget 2009/10 – Surplus	(652,770)	(652,770)
Add Additional Expenditure:-		
2010/11 Pay Award (note 6a)		4,000
Maintenance of Cremulators (note 6b)		7,000
Furniture & Fittings additional spend (note 6c)	7,000	
Consultancy Fees (note 6d)		10,000
External Audit Fees (note 6e)	5,500	6,500
Lead Authority costs (note 6f)	18,830	18,090
Add Reduction in Income:-		
Reduction in fee income from cremations (note 6g)	21,000	
Income from Memorial Roses less than anticipated (note 6h)	9,100	8,000
Reduction in interest received (note 6i)	21,700	13,700
Less Savings / Reduced Expenditure:-		
Reduction in building maintenance costs (note 6j)	(6,000)	
Savings on Energy costs (gas & electric) (note 6k)		(13,520)
Reduction in NNDR (note 6l)	(8,800)	
Book of Remembrance (note 6m)		(10,500)
Less Increase in Income:-		
Increase in main cremation fee in 2010/11 partly offset by downturn in number of cremations (note 6g).		(17,350)
Income from Commemorative Plaques and other memorials higher than anticipated in 2009/10 and fee increase in 2010/11 (note 6n)	(10,500)	(11,700)
Balance of other minor variances	(9,050)	(10,700)
Revised Budget 2009/10 – Surplus	(603,990)	
Original Budget 2010/11 – Surplus		(627,850)

6. The following assumptions and points should be noted:-

- a) A Pay Award of 1% has been assumed in 2010/11.
- b) A cremulator overhaul is planned in 2010/11.
- c) New carpet in the Hampden Chapel, purchase of a defibrillator, sound system alterations, website/broadband costs and slightly higher than anticipated costs of webcasting have led to additional expenditure on Furniture & Fittings of £7,000 in 2009/10. These costs have been met through virement from another budget – see (j) below.
- d) The Joint Committee had already approved a £10,000 provision for consultancy fees for securing the Q1 site in Aylesbury and it has been

assumed that this will now fall into the 2010/11 budget. An additional £10,000 has been included in 2009/10 for a consultant to develop an Asset Management Plan, including a survey and programme of works, for the Crematorium (see separate private report on this item). This links back to one of the points raised by the external auditors where the Crematorium was assessed to be lacking.

- e) We have been advised of an increase in the proposed scale of audit fees for bodies such as the Crematorium to £9,000 in 2009/10, an increase of £5,500 over the 2008/09 fee. A further inflationary increase has been assumed in 2010/11.
 - f) This reflects the additional time spent by officers from the lead authority in project managing the mercury abatement and heating project and also the increased complexity of meeting external audit requirements.
 - g) Income from cremations was originally estimated based on 3,000 cremations but the number of cremations is down slightly this year and a revised figure of 2,950 has been used giving rise to a reduction in estimated income in 2009/10 of £21,000. It has been assumed that this trend will continue in 2010/11 but an increase in the main cremation fee to £433 (from 420) will lead to an increase in income, although this may change following Members consideration of Fees & Charges
 - h) Income from memorial roses has seen a downturn this year, partly the result of the impact of deer damage to the rose beds. It is assumed that this trend will continue in 2010/11.
 - i) The original budget assumed an average interest rate of 3% on investments during 2009/10 but rates have been at an all time low since March 2009 and the projected investment income for 2009/10 is now £10,000, a reduction of £21,700. It has been assumed that rates will begin to recover in 2010/11.
 - j) The costs of building maintenance are less than expected this year, the £6,000 has been vired to fund additional expenditure under the heading Furniture and Fittings - see (c) above.
 - k) The gas contract has recently been re-tendered and a new contract for a two year fixed price has been agreed on the recommendation of the Crematorium's energy consultant. This has secured savings in 2010/11 compared to current prices. Electricity consumption is also down against estimate.
 - l) The Business Rates payable in respect of the Crematorium in 2009/10 are lower than anticipated.
 - m) Book of Remembrance costs are expected to reduce in 2010/11.
 - n) Income from commemorative plaques and other memorials has seen a slight increase this year.
5. It should be noted that for the purposes of the estimates no figures have been included for Capital Charges or Pension Fund adjustments. This is because these items are reversed out either through the Asset Management Reserve or the Pension Reserve and have no impact on the bottom line budgeted (surplus)/deficit position.
6. Capital expenditure has been re-phased with the majority of the mercury abatement project costs now being funded from revenue in 2010/11 rather than in 2009/10 as originally planned in the budget.
7. For information the following table shows the forecast (surplus)/deficit allocation by Authority:-

District Council	Actual Balance 31.3.2009	Apportionment 2009/10 Revised Budget	Estimated Balance 31.3.2010	Apportionment 2010/11 Original Budget	Estimated Balance 31.3.2011
	£	£	£	£	£
Aylesbury Vale	(474,230)	(106,052)	(580,282)	167,351	(412,931)
Chiltern	(541,789)	(94,621)	(636,410)	149,312	(487,098)
Wycombe	(735,414)	(142,726)	(878,140)	225,222	(652,918)
Totals	(1,751,433)	(343,399)	(2,094,832)	541,885	(1,552,947)
	Surplus	Surplus	Surplus	Deficit	Surplus

8. With reference back to the Treasurer's first report on the Audit of Accounts and in particular paragraph 6 (a) and (e) it is recommended that a half year update report on financial performance against budget is presented to the Joint Committee with effect from financial year 2010/11, subject to the timing of committee dates. Procedures will also be put to place to evidence the in year budgetary control undertaken by the Superintendent and the Treasurer.

RECOMMENDATIONS

That Joint Committee approve the 2009/2010 Revised and 2010/2011 Original revenue budgets, subject to any revisions it wishes to make.

Background Papers: None