

Central Durham Crematorium Joint Committee



30 January 2019

2019/20 Revenue and Capital Budgets



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. This report sets out for Members' consideration proposals with regards to the 2019/20 revenue and capital budgets for the Central Durham Crematorium.

Background Information

2. The 2019/20 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the updated 2018/19 forecast outturn position and known expenditure pressures in the coming year.

Revenue Budget Proposals 2019/20

3. The proposed 2019/20 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Central Durham Crematorium. Members should note that the main changes from the 2018/19 budget are as follows:

Employees

4. The 2019/20 budget has been increased by **£9,573** from 2018/19 due to the 2019/20 pay award and the NI increase for the medical referees.

Premises

5. The base budget has increased by **£10,337** from 2018/19. The main reasons for this increase are as follows:
 - The repairs and maintenance budgets have adjusted to reflect the Service Asset Management Plan works scheduled for 2019/20. The net result of the removal of the 2018/19 works schedule and the inclusion of the 2019/20 requirements is a year on year increase in the base budget of **£4,000**. Provision for the following works are included in the 2019/20 budgets:

➤ Redecoration Works	£14,000
➤ Carry out re-lining of hearths x1	£3,450

- The Business Rates budget has increased by **£1,672**
- The utility budgets have increased by **£5,500** in line with 2018/19 outturn projections and projected energy price increases in 2019/20.
- There has been a reduction of **(£835)** in general repairs, maintenance and servicing budgets to reflect the 2018/19 projected outturn.

Transport

6. The Transport budget has reduced by **(£300)** to reflect the 2018/19 projected outturn.

Supplies and Services

7. The supplies and services budget has been increased by **£20,134** from 2018/19. The main changes are as follows:
 - The Supplies and Services budgets have reduced in consideration of the Service Asset Management Plan scheduled works. The result of the removal of the 2018/19 works is a reduction in the base budget of **(£1,000)**.
 - The medical referee fees have been increased from £16.50 to £26.50 per form and based upon an estimated number of cremations of 2,200 this has resulted in an increase of **£22,000** from 2018/19.
 - Other supplies and services budgets including conferences and webcasting have been reduced by **(£1,066)**.
 - The masterplan budget has been reduced by **(£2,000)** to reflect the 2018/19 outturn.
 - A new budget of **£2,200** has been created for the retention and scanning of documents as detailed in a previous report.

Agency and Contracted

8. The Agency and Contracted Services budget has increased by **£180** due to the increase in refuse collection costs.

Capital Financing Costs

9. This budget includes provision for the loan repayments relating to the Replacement Cremator and associated re-development works, which remain at **£213,738** in line with the 10 year fixed schedule to repay the £1.8m loan taken out by DCC on behalf of the Joint Committee during 2011/12.

Support Service Costs

10. The 2019/20 budget factors in the proposed increase of **£650** in the SLA for the provision of Support Service as detailed in a previous report.

Income

11. The income budget has been increased by **(£41,650)** 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 31 December 2018 assumes an increase of 262 cremations against the 2018/19 budgeted number (of 2,200).

In preparing the 2019/20 budget the estimated number of cremations has been kept at 2,200. Along with the proposal to increase the cremation charges to £700 the cremation fee income budget has increased by **(£44,000)**.

- Plaque, vase block and organ income budgets have been reduced by **£9,800** in consideration of the 2018/19 projected outturn.
- Interest budget has increased by **(£6,000)** due to the increasing level of balances and higher interest rates earned.
- Miscellaneous income budget has increased by **(£1,500)** to reflect the 18/19 outturn and also due to the new charges for cancellations and overrunning services.

12. Should cremation numbers be maintained in line with those projected for the current year or indeed return to levels experienced in previous years then there would be an additional surplus generated again next year.

Capital Budget Proposals 2019/20

13. The proposed 2019/20 capital budget is shown in the table below:

Redevelopment Works	Cost £
Energy improvement work	125,000
Total	125,000

The Service Asset Management Plan approved by Members in September 2018 identified the requirement for Energy Improvement Works which were forecast at an indicative cost of £70,000. A recent estimate from technical consultants has indicated that these works will be in the region of £125,000.

Surplus Redistribution

14. The 2019/20 allocations remain the same as 2018/19 and are as follows:

- Durham County Council - £445,000
- Spennymoor Town Council - £111,250

15. The £1.8m loan taken out 2011/12 to (part) finance the redevelopment works, including the cremator replacements, will be fully repaid in 2021/22, and will provide members with options in terms of whether to increase contributions to reserves or increase distributable surpluses at that time. If the decision is subsequently taken to

increase distribution of surpluses at that time, the additional payments would be £170,990 to Durham County Council and £42,748 to Spennymoor Town Council.

Earmarked Reserves

16. The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2018/19 level at £5,000.
17. The transfer to the Small Plant Reserve next year is budgeted in line with the 2018/19 level at £2,000.
18. The transfer to the Cremator Reline Reserve next year is budgeted at £25,000.
19. The £165,519 surplus created after consideration of all the above factors is budgeted to transfer to the Major Capital Works reserve. In line with the CDCJC Reserve Policy however, a transfer to the General Reserve of £12,495 is required in order to maintain a general reserve of 30% of the Joint Committees income budget after funding the capital programme in 19/20. This results in a budgeted net transfer to the Major Capital Works reserve of (£28,024). The projected balance for the Major Capital Works reserve at the end of 2019/20 is £1,250,850, as shown in Appendix 2.
20. The estimated earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2020, taking into account the 2018/19 Quarter 3 budgetary control report and the proposed transfers to/from earmarked reserves in the 2019/20 budget is as follows:
 - General reserve of £497,670 an increase of £12,495 (2.6%) from 2018/19
 - Retained reserves of £1,470,960 an increase of £246,554 (20.1%) from 2018/19
21. The estimated total reserves as shown in Appendix 2 at 31 March 2020 are **£1,968,630**.
22. Members should note that the 2019/20 revenue budget proposal incorporates £17,450 of one off expenditure requirements which will provide further scope in the 2020/21 budget setting round.

Recommendations and Reasons

23. It is recommended that:
 - Members of the Joint Committee note and approve the revenue and capital budget proposals contained within the report (as set out at Appendix 2)
 - Members note the forecast level of reserves and balances at 31 March 2020 (also set out at Appendix 2).

Background Papers

- 2018/19 Budget and Financial Monitoring Reports
- 2019/20 Budget Working Papers
- 2019/20 Fees and Charges report.

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Appendix 1 - Implications

Finance

The proposed budget for the Central Durham 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 9 members of staff.

Risk

The budgets take into account the 2018/19 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year. The budget also takes into consideration one off expenditure requirements for 2019/20. Knowledge of these pressures and requirements such ensure that risk is minimised.

Pricing sensitivity is essential to maintain the competitiveness and reputation of the Central Durham Crematorium in the current economic climate. The proposed standstill 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 CDCJC, should ensure risk is minimised with regards to the achievement of the income budgets.

Equality and Diversity/Public Sector Impact Duty

The income proposals set out in this report are based on a harmonised fees and charges policy with the Mountsett 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 Spennymoor Town Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC

Procurement

None.

Disability Discrimination Act

None.

Legal Implications

The Central Durham 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.