

Mountsett Crematorium Joint Committee

31 January 2019

2019/20 Revenue Budget



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. To set out for Members' consideration proposals with regards to the 2019/20 revenue budgets for the Mountsett 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 2018/19 forecast outturn position and known expenditure pressures in the coming year.

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 Mountsett 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 **£2,139** due to the impact of the pay award and incremental progression.

Premises

5. The base budget has increased by **£33,182** from 2018/19. The main reasons for this are as follows:

- The repairs and maintenance budgets include provision for the scheduled works in 2019/20 as per the Service Asset Management Plan. The net result of the removal of the 2018/19 works schedule and the inclusion of the 2019/20 requirements is an increase in the base budget of **£18,000** year on year. Provision for the following works are included in 2019/20 budgets:

➤ Redecoration Works	£15,000
➤ Carry out re-lining of 2 hearths	£8,500
➤ Carry out plot extension	£10,500
➤ Carry out re-roofing works	£20,000

- The Business Rates budget has increased by **£3,079** due to the annual rate increase.
- Utility budgets have been amended to reflect the 2018/19 projected outturn, which has resulted in an overall increase of **£16,051**.
- Cremator servicing and repair budgets have decreased by **(£3,948)** to reflect the new service contract.

Supplies and Services

6. These budgets have been increased by **£12,695** in 2019/20, details below:-
- The supplies and services budgets include the Service Asset Management Plan scheduled works in 2019/20. The net result of the removal of the 2018/19 works schedule and the inclusion of the 2019/20 requirements is a reduction in the base budget of **(£1,000)**. Provision for the following works are included in 2019/20 budgets:
 - Carry out replacement of service books **£3,000**
 - Other general supplies and services budgets have been increased by **£695**.
 - The Medical Referee fees have increased from £16.50 to £26.50 per form. This has resulted in an increase of **£13,000** from 2018/19

Agency and Contracted

7. The Agency and Contracted Services budget has been increased by **£40** to reflect the environmental licence fee.

Capital Financing Costs

8. The 2018/19 budget included repayment of a loan from Durham County Council to finance the Cremator Replacement and Extension project of **£222,712**. However the loan was not needed and therefore this has been removed from the 2019/20 budget

Support Service Costs

9. The 2019/20 budget factors in the proposed increase of **£460** in the SLA for the provision of Support Service as detailed in a previous report.

Income

10. The income budget has been increased by **(£28,200)**. 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 projected outturn as at 31 December 2018 assumes an increase of 105 cremations against the 2018/19 budgeted number of cremations 1,300. In preparing the 2019/20 budget the estimated number of cremations has been kept at 1,300. Along with the proposal to increase the cremation charges to £700 the cremation fee income budget has increased by **(£26,000)**

- In consideration of the 2018/19 projected outturn, the Plaque income budget has been increased for 2019/20 by **(£2,000)**.
- The interest budget has increased by **(£1,500)** due to the forecast increasing level of balances and higher interest rates earned.
- The CAMEO budget has been reduced by **£1,300** to reflect the environmental surcharge rebate and the expected reduction in TMAC rates.

11. Should cremation numbers be maintained in line with those estimated in 2018/19 and realised in previous years then a reasonable surplus would again be generated in 2019/20.

Surplus Redistribution

12. The 2019/20 budget includes an increase in the surplus distribution of **£185,110** from 2018/19, in line with the Budget Strategy report which Members approved in September 2018. The revised allocations and increase in 2019/20 are as follows
- Durham County Council - £227,500 (+£120,322)
 - Gateshead Council - £122,500 (+£64,788)

Earmarked Reserves

13. The transfer to the Repairs Reserve next year is budgeted in line with the 2018/19 level at **£15,000**.
14. In line with the Reserves Policy, the surplus created after all of the above factors have been taken into account necessitates a transfer from 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 **£8,460**. The forecast net increase to the Cremator Reserve is therefore budgeted to be **£133,249** in 2019/20.
15. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2020, taking into account the 2018/19 Quarter 3 budgetary control report, the 2019/20 budget and the proposed transfers to / from earmarked reserves are as follows:
- General reserve of £286,515, an increase of £8,460 (3.04%) from 2018/19
 - Retained Reserves of £517,449 an increase of £352,410 (213.5%) from 2018/19

The estimated total reserves as shown in Appendix 2 at 31 March 2020 are **£803,964**.

16. Members should note that the 2019/20 budget proposal incorporates £57,000 of one off expenditure requirements which will provide further scope in the 2020/21 budget setting round.

17. The estimated economic life of the cremators is 15 years and the long term budget strategy for the Joint Committee forecasts a minimum annual contribution of £100,000 to the Cremator Reserve. Members can therefore have assurance that the reserve will have sufficient funds to meet the replacement cost of the cremators in 15 years time.
18. Notwithstanding this, should there be an urgent need to replace the cremators, this could be financed immediately by a combination of the Cremator Reserve and a 10 year annuity loan, which would be repaid from the estimated £100,000 annual contribution to the Cremator Reserve.

Recommendations and Reasons

19. 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 2020 (also set out at Appendix 2).

Background Papers

- 2018/2019 Budget and Financial Monitoring Reports
- 2019/2020 Budget Working Papers
- 2019/2020 Fees and Charges report.

Contact(s):	Paul Darby	03000 261 930
	Ed Thompson	03000 263 481

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 2018/19 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 2019/20. 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 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 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.