

Mountsett Crematorium Joint Committee

28 January 2020

2020/21 Revenue Budget



Joint Report of

Geoff Paul, Interim Corporate Director of Regeneration and Local Services

John Hewitt, Corporate Director of Resources and Treasurer to the Joint Committee

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To set out for Members' consideration proposals with regards to the 2020/21 revenue budgets for the Mountsett Crematorium.

Executive Summary

- 2 The 2020/21 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2019/20 forecast outturn position and known expenditure pressures in the coming year.

Recommendation(s)

- 3 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) and that members note the forecast level of reserves and balances at 31 March 2021 (also set out at Appendix 2).

Budget Proposals 2020/21

- 4 The 2020/21 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2019/20 forecast outturn position and known expenditure pressures in the coming year.
- 5 The proposed 2020/21 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium at 31 March 2021. Members should note that the main changes from the 2019/20 budget are as follows:

Employees

- 6 The 2020/21 budget has been increased by **£18,877** due to the impact of the pay award, incremental progression and the creation of the new Technical Assistant post.

Premises

- 7 The base budget has increased by **£82,459** from 2019/20. The main reasons for this are as follows:
 - The repairs and maintenance budgets include provision for the scheduled works in 2020/21 as per the Service Asset Management Plan. The net result of the removal of the 2019/20 works schedule and the inclusion of the 2020/21 requirements is an increase in the base budget of **£89,320** year on year. Provision for the following works are included in 2019/20 budgets:

➤ Purchase and install 2 memorial tree	£4,320
➤ Carry out re-lining of 2 hearths	£8,500
➤ Provide and install new viewing screens	£4,000
➤ Replace crematorium bins	£1,500
➤ Carry out energy improvement works	£125,000
 - The Business Rates budget has decreased by **(£9,251)** following an assessment by Valuation Office Agency after completion of the redevelopment works, which did not increase as had been expected.
 - Utility budgets have been amended to reflect the 2019/20 projected outturn, which has resulted in an overall increase of **£2,000**.
 - Cleaning budgets have increased by **£390** to reflect the new service contract.

Supplies and Services

- 8 These budgets have been increased by **£1,201** in 2020/21, the main reasons are:

- The removal of one off SAMP budgets result in a net decrease of **(£3,000)**.
- The purchase of urns budget has increased by **£6,500** to cover the purchase of one for every cremation.
- Subscriptions budget has decreased by **(£5,000)** to reflect the removal of the one off web development fee which was built into the 2019/20 budget.
- Book of Remembrance and Wesley Music System budgets have increased by **£2,701** to reflect increased costs in 2019/20.

Agency and Contracted

- 9 The Agency and Contracted Services budget has been increased by **£777** to reflect the environmental licence fee, trade refuse charge and external audit fees being incurred.

Support Service Costs

- 10 The 2020/21 budget factors in the proposed increase of **£790** in the SLA for the provision of Support Service as detailed in previous reports.

Income

- 11 The income budget has been increased by **(£39,375)**. 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 2019 assumes an increase of 103 cremations against the 2019/20 budgeted number of cremations 1,300. In preparing the 2020/21 budget the estimated number of cremations has been kept at 1,300. Along with the proposal to increase the cremation charges to £720 the cremation fee income budget has increased by **(£26,000)**
 - The sale of urns budget has increased by **(£13,000)** as they are expected to be purchased with every Cremation.
 - Taking into account the 2019/20 updated forecasts the Book of Remembrance budget has been decreased by **£3,000**.
 - Fees and charges for the Wesley Music System have been increased in 2020/21 to reflect the increased popularity of this element of the service and as a result the budget has increased by **(£1,200)**.
 - The interest budget has increased by **(£2,500)** due to the increasing level of balances and higher interest rates earned.
 - The CAMEO budget has been reduced by **£325** to reflect the expected reduction in TMAC rates.

- 12 Should cremation numbers be maintained in line with those estimated in 2019/20 and realised in previous years then a reasonable surplus would again be generated in 2020/21.

Surplus Redistribution

- 13 The 2020/21 allocations remain the same as 2019/20 and are as follows:

- Durham County Council - £227,500
- Gateshead Council - £122,500

Earmarked Reserves

- 14 The transfer to the Repairs Reserve next year is budgeted in line with the 2019/20 level at **£15,000**.
- 15 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 **£11,813**. The forecast net increase to the Cremator Reserve is therefore budgeted to be **£64,868** in 2020/21.
- 16 The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2021, taking into account the 2019/20 Quarter 3 budgetary control report, the 2020/21 budget and the proposed transfers to / from earmarked reserves are as follows:
- General reserve of £298,328, an increase of £11,813 (4.1%) from 2019/20
 - Retained Reserves of £669,587 an increase of £152,138 (29.4%) from 2019/20

The estimated total reserves as shown in Appendix 2 at 31 March 2021 are **£967,915**.

- 17 Members should note that the 2020/21 budget proposal incorporates £143,320 of one off expenditure requirements which will provide further scope in the 2021/22 budget setting round.

Background Papers

- 2019/2020 Budget and Financial Monitoring Reports
- 2020/2021 Budget Working Papers
- 2020/2021 Fees and Charges report.

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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 2019/20 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 2020/21. 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.

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.

Climate Change

None.