

**Central Durham Crematorium
Joint Committee**

29 January 2020

2020/21 Revenue and Capital Budgets



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 This report sets out for Members' consideration proposals with regards to the 2020/21 revenue and capital budgets for the Central Durham 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 an earlier report, the updated 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 revenue and capital budget proposals contained within the report (as set out at Appendix 2).
- 4 It is also recommended that Members note the forecast level of reserves at 31 March 2021 (also set out at Appendix 2).

Revenue Budget Proposals 2020/21

- 5 The proposed 2020/21 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Central Durham 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 **£27,362** to take into account the forecast impact of the 2020/21 pay award, incremental progression and the creation of a new Technical Assistant post.

Premises

- 7 The base budget has increased by **£21,092** next year. 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 2020/21 in line with the Service Asset Management Plan approved at the September meeting. The net result of the removal of the 2019/20 works schedule and the inclusion of the 2020/21 requirements is a net year on year increase in the base budget of **£15,420**. Provision for the following works are included in the 2020/21 budgets:

➤ Carry out the replacement of grass with block paving	£2,000
➤ Carry out re-lining of 1 hearth	£3,450
➤ Provide new surfacing to memorial garden	£5,000
➤ Remove existing turning circle	£2,100
➤ Provide and install new liner for water fountain	£1,000
➤ Provide and install new viewing screens	£6,000
➤ Provide and install new catafalque	£7,000
➤ Provide and install security viewing camera	£2,000
➤ Purchase and install 2 memorial trees	£4,320
 - The Business Rates budget has increased by **£1,824** to reflect inflationary increases in this budget line.
 - The Cremator Abatement and Equipment servicing budget has increased by **£5,000** in line with the 2019/20 projected outturn. It is anticipated that this contract will be re-procured next year.
 - The utility budgets have decreased by **(£500)** in line with 2019/20 projected outturn.
 - There has been a reduction of **(£652)** in burglar alarm, window cleaning and drain repair budgets to reflect the 2019/20 projected outturn.

Transport

- 8 The Transport budget has increased by **£900** to reflect the 2019/20 projected outturn.

Supplies and Services

- 9 The supplies and services budget has been increased by **£9,019** next year. The main changes are as follows:
- The masterplan and Book of Remembrance budgets have been reduced by **(£4,000)** to reflect the 2019/20 projected outturn.
 - Wesley Music System and webcasting budgets have increased by **£2,349** to reflect the 2019/20 projected outturn.
 - The purchase of urns budget has increased by **£9,500** to cover the purchase of one for every cremation.
 - Other supplies and services budgets including computer licences have been increased by **£1,170** to reflect inflationary increases in this budget line.

Agency and Contracted

- 10 The Agency and Contracted Services budget has increased by **£204** due to the increase in refuse collection and audit fees.

Capital Financing Costs

- 11 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

- 12 The 2020/21 budget factors in the proposed increase of **£1,060** in the SLA for the provision of Support Services as detailed in previous reports.

Income

- 13 The income budget has been increased by **(£67,000)** 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 2019 assumes an increase of 125 cremations against the 2019/20 budgeted number of 2,200.

In preparing the 2020/21 budget the estimated number of cremations has been kept at 2,200. Along with the proposal to increase the cremation charges to £720 the cremation fee income budget has increased by **(£44,000)**.

- Plaque, vase block and organ income budgets have been reduced by **£500** to reflect the 2019/20 projected outturn.
- The interest budget has increased by **(£2,000)** due to the increasing level of balances and higher interest rates earned.
- The sale of Urns budget has increased by **(£19,000)** as it is expected that they will be purchased with each cremation from April 2020.
- Miscellaneous income, webcasting and organ fee budgets have increased by **(£2,500)** to reflect the 2019/20 projected outturn and also due to the increase in fees for Wesley services which are passed on to customers.

14 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 2020/21

15 The proposed 2020/21 capital budget, which will be financed through utilising reserves and is in line with investment requirements outlined in the Service Asset Management Plan agreed at the September meeting, is shown in the table below:

Redevelopment Works	SAMP Cost £
Replacement of chapel dome	20,000
Re-lining of 2 cremators	71,300
Enlarging of 1 cremator	70,000
Total	161,300

Surplus Redistribution

16 The surplus redistribution to Durham County Council and Spennymoor Town Council has been increased in line with the Budget Strategy Report approved by Members at the September 2019 meeting:

- Durham County Council - £510,000 (£65,000 increase)
- Spennymoor Town Council - £127,500 (£16,250 increase)

- 17 The £1.8m loan taken out 2011/12 to (part) finance the redevelopment works, including the cremator replacements, will be fully repaid in 2020/21. As previously reported, this will allow additional surplus redistribution payments to be made in 2021/22 of £175,000 to Durham County Council and £43,750 to Spennymoor Town Council. This will be reflected in the 2021/22 budgets.

Earmarked Reserves

- 18 The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2019/20 level at £5,000.
- 19 The transfer to the Small Plant Reserve next year is budgeted in line with the 2019/20 level at £2,000.
- 20 The revenue transfer to the Cremator Reline Reserve next year is budgeted at £25,000, although £71,300 will be drawn down from this reserve in year to fund the works included in the capital programme next year. The projected balance for the Cremator Reline reserve at the end of 2020/21 is £61,455, as shown in Appendix 2.
- 21 The £91,632 revenue 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 £20,100 is required in order to maintain a general reserve of 30% of the Joint Committees income budget. £90,000 is required to fund the capital programme in 2020/21. This results in a budgeted net transfer from the Major Capital Works reserve of £18,468. The projected balance for the Major Capital Works reserve at the end of 2020/21 is £1,037,925, as shown in Appendix 2.
- 22 The estimated earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2021, taking into account the 2019/20 Quarter 3 budgetary control report and the proposed transfers to/from earmarked reserves in the 2020/21 budget is as follows:
- General reserve of £517,770 an increase of £20,100 (4.04%) from 2019/20
 - Retained reserves of £1,180,035 a net decrease of (£57,768) (4.7%) from 2019/20 after funding capital investments planned for 2020/21
- 23 The estimated total reserves as shown in Appendix 2 at 31 March 2021 are **£1,697,805**.
- 24 Members should note that the 2020/21 budget proposal incorporates £32,870 of one off revenue expenditure and £161,300 one off capital expenditure requirements. This, together with the expiry of the loan repayments of c£214,000 in 2020/21, will provide scope in the 2021/22 budget setting round.

Background Papers

- 2019/20 Budget and Financial Monitoring reports
- 2020/21 Budget Working Papers
- 2020/21 Fees and Charges report

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Appendix 1 - Implications

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.

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.

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

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.

Climate Change

There are no specific climate change impacts associated with this report.

Human Rights

None specific to this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Staffing

The employee budget provides for 9 members of staff.

Accommodation

None.

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 takes into consideration one off expenditure requirements for 2020/21. 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.

Procurement

None.

Disability Discrimination Act

None.