

Mountsett Crematorium Joint Committee

28 January 2021

2021/22 Revenue Budget



Joint Report of

Alan Patrickson, Corporate Director of Neighbourhoods and Climate Change

Paul Darby, Interim 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 2021/22 revenue budgets for the Mountsett Crematorium.

Executive Summary

- 2 The 2021/22 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2020/21 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 2022 (also set out at Appendix 2).

Budget Proposals 2021/22

- 4 The 2021/22 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2020/21 forecast outturn position and known expenditure pressures in the coming year.
- 5 The proposed 2021/22 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium at 31 March 2022. Members should note that the main changes from the 2020/21 budget are as follows:

Employees

- 6 The 2021/22 budget has been increased by **£13,732** due to the impact of incremental progression and the relief attendant cover.

Premises

- 7 The base budget has increased by **£281,573** from 2020/21. The main reasons for this are as follows:
 - The repairs and maintenance budgets include provision for the scheduled works in 2021/22 as per the Service Asset Management Plan. The net result of the removal of the 2020/21 works schedule and the inclusion of the 2021/22 requirements is a decrease in the base budget of **(£114,320)** year on year. Provision for the following works are included in 2020/21 budgets:

➤ Redecoration work	£17,000
➤ Replace pathways	£5,000
➤ Carry out topping with decorative shale	£1,000
➤ Replace existing curtain track	£6,000
 - As reported to Members in the Budget Strategy report in October 2020 the Cremator Reserve balance will be used to part fund the cremator replacement programme. A contribution to the project of **£380,466** is therefore required, which will fully utilise the reserve and keep the loan requirement to a minimum.
 - Utility budgets have been amended to reflect the 2020/21 projected outturn, which has resulted in an overall increase of **£2,000**.
 - Equipment purchase and rental budgets have increased by **£11,520** for the annual rental of the temporary cremator unit and software.
 - General repairs budgets have increased by **£2,000** to reflect the 2020/21 forecast.
 - General premises budgets have increased by **£156**.

- Rates budgets have decreased by **(£249)** to reflect 20/21 charge as there will be no increase in 21/22.

Supplies and Services

- 8 These budgets have been increased by **£700** in 2021/22, the main reasons are:
- The purchase of urns budget has decreased by **(£1,300)** to cover the purchase of one for every cremation at a cost of £4 each.
 - Masterplan budgets have increased by **£2,000** to reflect increased costs in 2020/21.

Agency and Contracted

- 9 The Agency and Contracted Services budget has been increased by **£4,397** due mainly to increased EPA testing.

Support Service Costs

- 10 The 2021/22 budget factors in the proposed increase of **£500** in the SLA for the provision of Support Services as detailed in a previous report.

Capital Financing Costs

- 11 The 2021/22 budget factors in a new charge of **£150,641** for the estimated annual loan repayment to Durham County Council relating to the cremator replacement programme. The annual loan repayments are repayable over 10 years, with the last repayment due to be made in 2030/31.

Income

- 12 The income budget has been increased by **(£34,525)**. 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 2020 assumes an increase of 335 cremations against the 2020/21 budgeted number of cremations 1,300. In preparing the 2021/22 budget the estimated number of cremations has been kept at 1,300. Along with the proposal to increase the cremation charges to £740 the cremation fee income budget has increased by **(£26,000)**.
 - A new charge for memorial leaves has been introduced resulting in an increase of income of **(£13,000)**.
 - The interest budget has decreased by **£3,500** reflecting lower interest rates.

- The CAMEO budget has been decreased by **£975** to reflect the decreasing Tradable Mercury Abatement Charge (TMAC) rate.

13 Should cremation numbers be maintained in line with those estimated in 2020/21 or indeed return to levels experienced in previous years then there would be an additional surplus generated again next year.

Surplus Redistribution

14 The 2021/22 allocations remain the same as 2020/21 and are as follows:

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

Earmarked Reserves

15 The transfer to the Repairs Reserve next year is budgeted in line with the 2020/21 level at **£15,000**.

16 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 **£10,358**. The forecast net decrease to the Cremator Reserve is therefore budgeted to be **£350,696** in 2021/22.

17 The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2022, taking into account the 2020/21 Quarter 3 budgetary control report, the 2021/22 budget and the proposed transfers to / from earmarked reserves are as follows:

- General reserve of £308,686, an increase of £10,358 (3.5%) from 2020/21
- Retained Reserves of £99,370 a decrease of £570,217 (85.2%) from 2020/21

The estimated total reserves as shown in Appendix 2 at 31 March 2022 are **£408,055**.

18 Members should note that the 2021/22 budget proposal incorporates £409,466 of one off expenditure requirements which will be removed in the 2022/23 budget setting round.

Background Papers

- 2020/2021 Budget and Financial Monitoring Reports
- 2021/2022 Budget Working Papers
- 2021/2022 Fees and Charges report.

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Appendix 1: Implications

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.

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.

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.

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.

Climate Change

None.

Human Rights

None.

Crime and Disorder

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

Staffing

The employee budget provides for 6 members of staff.

Accommodation

There are no Accommodation implications associated with this report.

Risk

The budgets take into account the 2020/21 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 2021/22. 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.

Procurement

None.