

# Central Durham Crematorium Joint Committee



26 January 2011

## 2011/12 Revenue Budget

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### Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee

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#### Purpose of the Report

1. The purpose of this report is to set out for members' consideration proposals with regards to the 2011/12 revenue budget for the Central Durham Crematorium.

#### Background Information

2. The 2011/12 budget has been developed with the Superintendent and Registrar, taking into account the proposed Fees and Charges set out in the previous report, the 2010/11 forecast outturn position and known expenditure pressures in the coming year, together with the implications arising from the Cremator Replacement and Associated Building Works Report, considered by members in December 2010.
3. The Superintendent and Registrar has indicated that Neighbouring Crematoria have recorded significant reductions (from both budget and the previous financial year) in the number of cremations carried out during the first 9 months of the 2010/2011 financial year. In comparison, the number of cremations carried out at the Central Durham crematorium has increased. The position at 31 December shows that there have been 10 more cremations in the first 9 months than were budgeted for and 101 more than the same period in 2009/10. The reasons for this increase are two fold:
  - Whilst the nearby Wear Valley Crematorium have recorded 347 cremations this year, the effects have not been as detrimental as those anticipated and factored into the current year budget
  - There has been an increase in usage from the East of the County (Hartlepool and Sunderland)
4. In setting the 2011/212 budget, consideration has been given to the forthcoming Cremator Replacement and Redevelopment Works. Whilst every effort will be made to sensitively handle the works, it is anticipated that there may be an adverse impact on the number of cremations handled during this period. An element of prudence has therefore been factored into the budget next year to allow for any potential loss of business as a result of the redevelopment works.

#### Budget Proposals 2011/12

5. The proposed 2011/12 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Central Durham Crematorium. The main changes from the 2010/11 budget are as follows:

### ***Employees***

6. The 2010/11 Budget has been reduced by £10,550. This takes into consideration the Coalition Government's decision to freeze the pay award for Local Government staff during 2010/2011 and 2011/2012 (inflation totalling £2,000 was built into the 2010/11 base budget); and reductions in general and pandemic operator training and development of £3,600, employee advertising of £1,500 and agency costs of £3,450, which have all been taken out of the base budget for 2011/12.

### ***Premises***

7. The base budget has increased by £10,400 from 2010/11. This is due to a number of factors, detailed below:
- Estimated increase in NNDR charge of £7,200, taking into account the 2010/11 forecast outturn position. NNDR is now budgeted at £57,000 per annum;
  - Increased provision for footpath and road repairs and maintenance of £2,800; and
  - Increased Burglar/ fire alarm costs of £1,200.

### ***Supplies and Services***

8. The supplies and services budget has been reduced by £36,690 from 2010/11. The main changes are as follows:
- Replacement Organ – The 2010/11 budget built in the one –off purchase cost of a replacement organ, £8,000 has been removed from the 2011/12 budget;
  - Public BOR Visual Reference System and Replacement Computer budget of £7,500 will not be required for 2011/12. This system has been delayed during the current year and its need will be reviewed during 2011/ 12 with a view to re - introducing into the budget the following year if required;
  - In response to the 2009/10 External Audit Recommendation surrounding the inefficiencies in the maintenance of the CDCJC books and accounting records, a one – off budget of £3,000 has been included in 2011/12 to procure, set up and provide user training on a dedicated Financial Management System - SAGE;
  - 50 Years Service Celebrations – the £5,000 one – off provision included in the 2010/11 budget has been removed in 2011/12; and
  - Medical referees, Masterplan and vase blocks expenditure is budgeted to be £19,190 lower than the current year due to a reduced number of cremations anticipated for 2011/12.

### ***Agency and Contracted***

9. The Agency and Contracted Services budget has been reduced by £20,330 from 2010/11. The main year on year changes are as follows

- The additional £16,500 included in the 2010/11 budget to cover the costs of a number of feasibility studies associated with the Cremator replacement proposals has been removed in the 2011/12 budget;
- Audit fees have increased in line with the 2010/11 projected outturn, increasing the budget provision by £11,500. External Audit fees are now budgeted at £15,000 in total.
- The procurement of a deceased on line referencing system has been delayed, resulting in a reduction for the 2011/12 budget of £11,910. The requirement for this system will be reviewed during 2011/12 with a view to its reintroduction into the budget the following year if required; and
- Other budgets totalling £3,420 in relation to crematorium brochure production and print are also not required for the 2011/12 budget.

### ***Capital Financing Costs***

10. Loan repayments of £214,000 relating to the replacement cremator & associated redevelopment works capital scheme have been factored into the 2011/12 budget. This represents the annual borrowing costs of the £1.8m, 10 year annuity loan @ 3.39 % undertaken by Durham Council on behalf of the Joint Committee (as discussed and approved at the Special Central Durham Crematorium Joint Committee 21.12.10). These costs replace the contributions to the Major works, Small Plant and Central Heating Replacement Reserves, included in the 2010/11 base budget.

### ***Income***

11. The budget factors in the budgetary impact of applying the increases in fees and charges proposed in the fees and charges report considered earlier. As members will be aware, the proposals are to

- Increase the Adult Cremation fee by 2.5% to £410 next year – the gross fee (inclusive of medical referees and environmental surcharge) would therefore be £480 in 2011/12;
- Increase in charges for the book of remembrance from £36 to £38 (inclusive of Vat );
- Introduce a lease renewal fee for existing Memorial Plaques (over 10 years) based on a 50% reduction on the new Vase Blocks and Plaques fees and charges.

12. As noted above, an element of prudence has been factored into the income budget projections next year. The 2010/11 budget was based on an assumed 2180 cremations in the current year. The outturn projected, based on the position to 31 December 2010, shows that 2,190 cremations will be undertaken in the current year, 10 more than budgeted. In consideration of the forthcoming cremator replacement and redevelopment works, the 2011/12 base budget has assumed a total 2,040 cremations next year, a reduction of 150 on the 2010/11 outturn and 140 less than the budget position in 2010/11.

13. The net effect of the increase in the cremation fee, assumed reductions in the number of cremations and other fees and charges proposals is that forecast income is broadly in line with the budgeted position for 2010/11 – with the year on year change being a modest £700 increase. Similar reductions have been factored into the Medical referees, Vase Block and Masterplan expenditure budgets for next year. Clearly, if cremation numbers are maintained in line with the current year then there would be a significant surplus generated next year.

### ***Earmarked Reserves***

14. The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2010/11 level (at £5,000).
15. As noted above and in the report to the Special Meeting in December, transfers to the Major Capital Works, Small Plant and Central Heating Renewals Reserves have been suspended to fund the Loan Repayment /Capital financing charges associated with the Cremator Replacement and associated redevelopment works.
16. The balances on the Small Plant and Central Heating Renewals Reserves, along with an element (£544,000) of the Major Capital Works will be transferred to a newly created Cremator Replacement Reserve at 31 March 2011. This reserve will total £600,000 at the year end and will be applied to part finance the Cremator Replacement and Building Works Capital Scheme next year.
17. The estimated total earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2012, taking into account the 2010/11 Quarter 3 budgetary control report; the proposed transfers to / from earmarked reserves in 2010/11 and 2011/12 (including the use of the Cremator Replacement Reserve next year) is £784,969 (shown in Appendix 2).

### **Recommendations and reasons**

18. 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 2012 (also set out at Appendix 2)

### **Background Papers**

- 2010/2011 Budget and Financial Monitoring Reports
- Cremator Replacement and Associated Redevelopment Works Report 21.12.10
- 2011/12 Budget Working Papers
- 2011/2012 Fees and Charges report

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**Contact(s): Paul Darby 0191 383 6594**

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## **Appendix 1: Implications**

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### **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 8 members of staff.

### **Risk**

The budgets take into account the 2010/11 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year, together with the implications arising from the Cremator Replacement and Associated Building Works Report, considered by members in December 2010.

Pricing sensitivity is essential to maintain the competitiveness and reputation of the Central Durham Crematoria in the current economic climate. The proposed increases 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**

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**

Officers of Spennymoor Town Council were consulted on the contents of this report.

### **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.