

Mountsett Crematorium Joint Committee

29 January 2010



2010/11 Revenue Budget



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Stuart Crowe – Corporate Director: Resources (Treasurer to the Joint Committee)

Purpose of the Report

1. The purpose of this report is to set out for members' consideration proposals with regards to the 2010/11 revenue budget for the Mountsett Crematorium.

Background Information

2. The 2010/11 budget has been developed with the Superintendent Registrar, taking into account the proposed Fees and Charges set out in the previous report, the 2009/10 estimated outturn position and known expenditure pressures in the coming year.
3. As noted in previous reports, the existing cremators have a useful asset life of approximately 15 years, assuming they are properly maintained and relined every 5-6 years. This means that there will be a need for substantial capital investment in 2024/25.
4. The budget proposals set out in this report have been developed in the context of a financial strategy aimed at providing sufficient funding within the Mountsett Crematorium accounts to accommodate the future capital investment requirements regarding cremator replacement.

Budget Proposals 2010/11

5. The proposed 2010/11 revenue budget is shown in Appendix 2. The main changes to the 2009/10 budget are as follows:

5.1 Employees

As noted in the Grounds Maintenance Report, the 2010/11 budget builds in provision to cover the additional costs of employing a current part-time member of staff on a full time basis in 2010/11. This would provide capacity to address members' concerns regarding the standard of grass cutting / environmental appearance at the Crematorium. After adjustment the base for the over-provision of inflation in 2009/10, this results in a (net) additional £2,885 budget requirement for employees next year.

5.2 Premises

An additional £11,800 maintenance costs have been built into the budgets. This will cover the anticipated costs in repairing the footpaths leading up to the Book of Remembrance area, following the effects of the severe winter weather this year. This is a non-recurring budget requirement.

One of the cremators requires relining in 2010/11. The anticipated cost of the reline is £18,000 and this has been built into the budget for 2010/11. As noted in the Superintendent Registrars report, the reline should extend the operating life of the cremator by 5-6 years.

5.3 Supplies and Services

The supplies and services budgets include additional investment of £9,400, for the following two items:

- Book of Remembrance - The cost of a replacement/ updated Book of Remembrance is estimated at £4,000. This has been included a non-recurring budget requirement;
- Wesley Music System – £5,400 has been included for the procurement of a computerised music system, preloaded with a library of music. This system is already in place at the Durham Crematorium and includes the facility to record services and provide live webcasts for friends and family. The Wesley Music system will allow the crematorium to provide a wider and more personalised service to the public. Of this budget requirement £1,000 is a non recurring requirement.

5.4 Income

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 to £400 next year and to increase the Environmental Surcharge Fees to £50.

These proposals harmonise both policy and fee levels with the Central Durham Crematorium. However, significantly, they also provide capacity / resources within the budget to adopt a sustainable financial strategy in terms of funding the cremator replacements in 2024/25.

The net effect of these proposals is that additional income of £96,070 will be received next year.

5.5 Earmarked Reserves

The distributable surplus is budgeted as at 2009/10 levels next year. The partner authorities will therefore suffer no detriment with regards to income receipts from the Mountsett Crematorium included within their existing base budgets.

Transfers to the Repairs Reserve are budgeted in line with the 2009/10 levels. This reserve will be re-classified as a General Reserve within the 2009/10 Final Accounts, with a financial strategy of maintaining a balance of between £75 – 100,000 over the medium term. This will provide a prudent level of reserves to deal with any risks / asset management issues as they might arise. A strategy of contributing any excess surpluses achieved in the year to the General Reserve will be adopted in future, until the balance held on this reserve is in line with the prudent level outlined above.

As noted in the report of the Superintendent Registrar, the existing cremators have an expected asset life of 15 years. This is based on a reline of one cremator in 2010/11 and further relines for both cremators every 6 years thereafter until replacement. Each reline costs in the region of £18,000. The estimated cost of replacing the cremators, with full mercury abatement equipment is circa £968,000.

Transfers to the Cremator Reserve have been increased to offset the net effect of the above budget adjustments and start the process of building up this reserve to the level required to finance the full cremator replacement in 2024/25. This results in an additional £45,000 budgeted contribution to the Cremator Replacement Reserve.

The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2011, taking into account the quarter 3 budgetary control report 2009/10 and the proposed transfers to earmarked reserves built into the 2010/11 budget is £297,022.

Recommendations and reasons

4 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 of the Joint Committee note and approve the financial strategy proposed with regards to reserves and balances contained within the report.

Background Papers

2009/10 Budget and Financial Monitoring Reports
2010/11 Budget Working Papers
2010/11 Fees and Charges report
DCC fees and charges policy

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Appendix 1: Implications

Finance

A detailed schedule of the proposed budget for the Mountsett Crematorium is included at Appendix 2, with an explanation of proposed changes set out in the body of the report.

Staffing

There are no staffing implications associated with this report.

Equality and Diversity

The proposals set out in this report in terms of fees and charges policy are based on harmonisation with the Mountsett Crematorium and provide equity of treatment / access across County Durham.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Sustainability

The proposals set out in the report are in line with the financial business case developed for the planned cremator replacement, providing sufficient funding to sustain both the operating costs and asset management investment needs of the Mountsett Crematorium over the short, medium and long-term.

Human Rights

There are no Human Rights implications associated with this report.

Localities and Rurality

There are no Localities and Rurality implications associated with this report.

Young People

There are no Young People implications associated with this report.

Consultation

Officers of Gateshead Council were consulted on the contents of this report.

Health

There are no Health implications associated with this report