

# Central Durham Crematorium Joint Committee



27 January 2016

## 2016/17 Revenue and Capital Budgets



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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 2016/17 revenue and capital budgets for the Central Durham Crematorium.

#### Background Information

2. The 2016/17 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the updated 2015/16 forecast outturn position and known expenditure pressures in the coming year.

#### Revenue Budget Proposals 2016/17

3. The proposed 2016/17 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Central Durham Crematorium. Members should note that the main changes from the 2015/16 budget are as follows:

##### *Employees*

4. The 2016/17 Budget has been increased by **£15,951** from 2015/16, largely due to the impact of the pay award and incremental progression and also to reflect the increased employer national insurance and pension costs and the promotion of the Modern Apprentice to the Technical Assistant post.

##### *Premises*

5. The base budget has decreased by **(£14,860)** from 2015/16. The main reasons for this decrease are as follows:
  - Improvement works to the Crematorium building identified within the Service Asset Management Plan (SAMP) and funded from earmarked reserves in 2015/16 totalling **(£20,140)** has now been removed
  - The **(£10,000)** provision for path and road repairs factored into the 2015/16 budget has been removed as these works will be undertaken within the capital redevelopment works

- A budget of **£7,600** has been included to cover the cleaning SLA
- A **£4,000** provision has been made for the replacement of the curtain track system
- A **£3,000** provision for the replacement of litter bins has been added to the budget this year
- Provision for relining of a cremator hearth at **£3,450** has been included
- There has been a general reduction (**£2,770**) in utility, repairs, maintenance and servicing budgets to reflect the 2015/16 projected outturn.

### ***Transport***

6. The base budget has increased by **£700** from 2015/16.

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

7. The supplies and services budget has been reduced by (**£24,030**) from 2015/16. The main changes are as follows:
8.
  - The Medical referee budget has increased by **£1,320**. This takes into consideration the projected cremation numbers anticipated for 2016/17
  - The Computer Replacement and maintenance budgets of (**£1,700**) will not be required in 2016/17 and have therefore been removed
  - In line with the 2015/16 outturn, the Masterplan budget has been increased by **£3,000**
  - The 2016/17 conferences, hospitality and service booklets budget requirement has been reduced by (**£2,150**)
  - The provision of (**£8,000**) for the upgrade of the Wesley Music System has now been removed
  - The provision of (**£12,000**) for the upgrade of the Wesley Tribute System has also been removed
  - The Cremator Software upgrade will not be required in 2016/17 resulting in a reduction of (**£4,500**).

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

9. The Agency and Contracted Services budget has increased by **£489** from 2015/16 mainly due to the increase in the external audit fee.

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

10. Loan repayments relating to the Replacement Cremator and associated re-development works remain at **£213,738** in line with the 10 year fixed schedule to repay the £2.4m loan taken out by DCC on behalf of the Joint Committee during 2011/12.

### **Support Service Costs**

11. The 2015/16 budget factors in the proposed increase of **£450** in the SLA for the provision of Support Service as detailed in a previous report.

### **Income**

12. The income budget has been increased by **(£108,400)** 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 2015 assumes an increase of 136 cremations against the 2015/16 budgeted number (of 2,120) and therefore the 2016/17 budgeted number of cremations has been increased by 80 to 2,200. Along with the proposed £20 increase per cremation, the net effect of these considerations results in an increased cremation fee income of **(£94,400)**
  - Income from the Book of Remembrance has been increased in line with the 2015/16 outturn by **(£5,000)**
  - The memorials sales budget has been increased by **(£7,800)** in line with the 2015/16 outturn
  - Miscellaneous income budgets have been increased by **(£1,200)** in consideration of the 2015/16 projected outturn.
13. 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 2016/17**

14. The proposed 2016/17 capital budget is shown in the table below and was considered by Members in September 2015:

<b>Phase 3 Redevelopment Works</b>	<b>Cost £</b>
Replacement of copper roofing and canopies	279,890
Tarmac roads and car park bays	38,850
Carry out Re-lining of cremators x 3	110,300
Replacement of coffin charger	40,000
Replacement of ride on grass cutter	15,000
Carry out creation of staff car parking area	82,000
<b>Total</b>	<b>566,040</b>

15. The cost of the Phase 3 Redevelopment Works will be financed from the Major Capital Works Earmarked Reserve as shown in Appendix 2.

## Surplus Redistribution

16. The 2016/17 budget proposes the same distribution of surplus as in 2015/16, split as follows:
- Durham County Council - £325,000
  - Spennymoor Town Council - £81,250.

## Earmarked Reserves

17. The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2015/16 level at £5,000.
18. The transfer to the Small Plant Reserve next year is budgeted in line with the 2015/16 level at £2,000.
19. The transfer to the Cremator Reline Reserve next year is budgeted at £25,000.
20. The £248,058 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 from the General Reserve of £32,520 is required in order to maintain a general reserve of 30% of the Joint Committees income budget. This results in a net transfer from the Major Capital Works reserve of (£240,502) during 2016/17. After using £566,040 to finance the 2016/17 Capital Budget, the projected balance for the Major Capital Works reserve at the end of 2016/17 is £448,181, as shown in Appendix 2.
21. The estimated earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2017, taking into account the 2015/16 Quarter 3 budgetary control report and the proposed transfers to/from earmarked reserves in the 2016/17 budget is as follows:
- General reserve of £465,225
  - Retained reserves of £534,431.
22. The estimated total reserves as shown in Appendix 2 at 31 March 2017 are **£999,656**.
23. Members should note that the 2016/17 revenue budget proposal incorporates £10,450 of one off expenditure requirements which will provide further scope in the 2016/17 budget setting round.

## Recommendations and Reasons

24. It is recommended that:
- (i) Members of the Joint Committee note and approve the revenue and capital budget proposals contained within the report (as set out at Appendix 2)
  - (ii) Members note the forecast level of reserves and balances at 31 March 2017 (also set out at Appendix 2).

## **Background Papers**

- 2015/16 Budget and Financial Monitoring Reports
- 2016/17 Budget Working Papers
- 2016/17 Fees and Charges report.

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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 2015/16 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 2016/17. 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 increases in fees and charges contained within this budget 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 and the strong reputation of the CDCJC, should ensure risk is minimised with regards to the achievement of the income budgets.

### **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.

### **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 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

### **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.