

# Central Durham Crematorium Joint Committee

25 January 2017

## 2017/18 Revenue and Capital Budgets



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### Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – 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 2017/18 revenue and capital budgets for the Central Durham Crematorium.

#### Background Information

2. The 2017/18 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 2016/17 forecast outturn position and known expenditure pressures in the coming year.

#### Revenue Budget Proposals 2017/18

3. The proposed 2017/18 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 2016/17 budget are as follows:

##### *Employees*

4. The 2017/18 Budget has been increased by **£16,240** from 2016/17 due to the impact of the pay award, incremental progression and also to reflect the increased pension costs following the triennial review.

##### *Premises*

5. The base budget has increased by **£55,953** from 2016/17. The main reasons for this increase are as follows:

- The repairs and maintenance budgets have been increased to reflect the Service Asset Management Plan scheduled works. The net result of the removal of the 2016/17 works schedule and the inclusion of the 2017/18 requirements is an increase in the base budget of **£73,545**. Provision for the following works are included in the 2017/18:

➤ Relining of Hearths	<b>£3,890</b>
➤ Redecoration Works	<b>£12,000</b>

- Replacement of Lectern to chapel area **£2,500**
- Replacement of windows to office **£6,805**
- Replacement of existing shrub beds **£8,000**
- Replacement of pathways to office area **£23,000**
- Replacement of pathways around remembrance garden **£18,800**
- Purchase of electric mowing machine **£9,000**
- The Business Rates budget has reduced by **(£16,192)** following a reduction in the rateable value as a result of the Business Rates Revaluation.
- There has been a general reduction of **(£1,400)** in utilities, repairs, maintenance and servicing budgets to reflect the 2016/17 projected outturn.

### ***Transport***

6. The Transport budget has remained as the 2016/17 level.

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

7. The supplies and services budget has been increased by **£11,350** from 2016/17. The main changes are as follows:

- The Supplies and Services budgets have increased in consideration of the Service Asset Management Plan scheduled works. The result of the inclusion of the 2017/18 requirements is an increase in the base budget of **£8,400**. Provision for the following works are included in the 2017/18:
  - Purchase of weed ripping machine **£4,000**
  - Purchase of coffee machine **£4,400**
- The Book of Remembrance calligraphy budget has increased in line with the 2016/17 outturn by **£1,000**.
- In line with the 2016/17 outturn, the Customer CD's, DVD's and Web Casting budget has been increased by **£1,500**.
- Other supplies and services budgets including sundry operational purchases, subscriptions and clothing have been increased by **£450**.

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

8. The Agency and Contracted Services budget has reduced by **(£1,300)** from 2016/17 mainly due to the reduction in the external audit fee.

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

9. 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**

10. The 2017/18 budget factors in the proposed increase of **£1,650** in the SLA for the provision of Support Service as detailed in a previous report.

### **Income**

11. The income budget has been increased by **(£7,750)** 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 2016 assumes an increase of 141 cremations against the 2016/17 budgeted number (of 2,200). In preparing the 2017/18 budget the estimated number of cremations has been kept at 2,200. Along with the proposal to freeze the cremation charges the cremation fee income budget remains at the 2016/17 level.
  - The CAMEO scheme has been brought in line with the 2016/17 outturn resulting in an increase of **(£4,000)**.
  - Miscellaneous income budgets have been increased by **(£3,750)** in consideration of the 2016/17 projected outturn.
12. 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 2017/18**

13. The proposed 2017/18 capital budget is shown in the table below:

<b>Phase 3 Redevelopment Works</b>	<b>Cost £</b>
Carry out Re-lining of cremators x 1	31,800
<b>Total</b>	<b>31,800</b>

### **Surplus Redistribution**

14. The 2017/18 budget proposes the same distribution of surplus as in 2016/17, split as follows:
- Durham County Council - £325,000
  - Spennymoor Town Council - £81,250.
15. The distribution of surpluses to the two constituent authorities will be reviewed in 2017/18, with the potential to increase these from 2018/19 onwards, in recognition of the investments made in the facilities over recent years and the financial strength of the Central Durham Crematorium.

## Earmarked Reserves

16. The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2016/17 level at £5,000.
17. The transfer to the Small Plant Reserve next year is budgeted in line with the 2016/17 level at £2,000.
18. The transfer to the Cremator Reline Reserve next year is budgeted at £25,000.
19. The £180,915 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 £2,325 is required in order to maintain a general reserve of 30% of the Joint Committees income budget. This results in budgeted net transfer to the Major Capital Works reserve of (£178,590) during 2017/18. The projected balance for the Major Capital Works reserve at the end of 2017/18 is £956,737, as shown in Appendix 2.
20. The estimated earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2018, taking into account the 2016/17 Quarter 3 budgetary control report and the proposed transfers to/from earmarked reserves in the 2017/18 budget is as follows:
  - General reserve of £467,550 an increase of £2,325 (0.5%) from 2016/17
  - Retained reserves of £1,065,687 an increase of £169,790 (19.0%) from 2016/17
21. The estimated total reserves as shown in Appendix 2 at 31 March 2018 are **£1,533,237**.
22. Members should note that the 2017/18 revenue budget proposal incorporates £92,395 of one off expenditure requirements which will provide further scope in the 2018/19 budget setting round.

## Recommendations and Reasons

23. 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 2018 (also set out at Appendix 2).

## Background Papers

- 2016/17 Budget and Financial Monitoring Reports
- 2017/18 Budget Working Papers
- 2017/18 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 2016/17 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 2017/18. 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.

### **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.