

Mountsett Crematorium Joint Committee

30 January 2017

2017/18 Revenue Budget



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. To set out for Members' consideration proposals with regards to the 2017/18 revenue budgets for the Mountsett 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 2016/17 forecast outturn position and known expenditure pressures in the coming year.

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 Mountsett 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 **£5,427** 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 reduced by **(£21,590)** from 2016/17. The main reasons for this increase are as follows:

- The repairs and maintenance budgets include the Service Asset Management Plan scheduled works in 2017/18. 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 **£4,210**. Provision for the following works are included in 2017/18 budgets:

➤ Installation of Memorial Tower	£6,000
➤ Redecoration Works	£12,500
➤ Replacement of Lectern	£2,500
➤ Replacement of Carpets to office	£10,000
➤ Re vamp of remaining existing shrub beds	£8,000

➤ Installation of Air Conditioning **£15,000**

- The Business Rates budget has reduced by **(£21,400)** following the reduction in rateable value in 2016/17.
- General Repairs, maintenance and utility budgets have been amended to reflect the 2016/17 projected outturn, which has resulted in an overall reduction of **(£4,400)**.

Supplies and Services

6. The budget has been increased by **£3,050** from 2016/17, details below:-

- The environmental surcharges payable for the tradable mercury abated cremations from the CAMEO scheme increases annually by RPI resulting in a budget increase of **£1,450**.
- Book of Remembrance Calligraphy costs budget has increased in line with the 2016/17 outturn by **£1,000**.
- Other supplies and services budgets including conferences, subscriptions and clothing have been increased by **£600**.

Agency and Contracted

7. The Agency and Contracted Services budget has remained as per the 2016/17 budget with an increase in the grounds maintenance costs being offset by a reduction in the external audit budget.

Support Service Costs

8. The 2017/18 budget factors in the proposed increase of **£1,350** in the SLA for the provision of Support Service as detailed in a previous report.

Income

9. The income budget has been increased by **(£3,000)**. 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 2016 assumes an increase of 85 cremations against the 2016/17 budgeted number of cremations (1,300). In preparing the 2017/18 budget the estimated number of cremations has been kept at 1,300. Although the Crematorium will be closed for six Mondays in order that the construction work can be carried out over extended weekend periods, it is our experience with Central Durham Crematorium that by working alongside the funeral directors there will be no adverse effect on the number of cremations which will be accommodated between Tuesday and Friday on the affected weeks. Along with the proposal to freeze the cremation charges the cremation fee income budget remains at the 2016/17 level.
- In consideration of the 2016/17 projected outturn, the Book of Remembrance income budget has increased for 2017/18 by **(£1,000)** and the miscellaneous income budget, including urns and ashes, has increased by **(£2,000)**

10. Should cremation numbers be maintained in line with those estimated in 2016/17 and realised in previous years, and memorial sales become more popular than the forecasts for 2016/17, then a reasonable surplus would again be generated in 2017/18.

Earmarked Reserves

11. The transfer to the Repairs Reserve next year is budgeted in line with the 2016/17 level at **£15,000**.
12. 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 £900. The forecast net increase to the Cremator Reserve is therefore budgeted to be £279,846 in 2017/18.
13. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2018, taking into account the 2016/17 Quarter 3 budgetary control report, the 2017/18 budget and the proposed transfers to / from earmarked as follows:
- General reserve of £264,300, an increase of £900 (0.3%) from 2016/17
 - Retained Reserves of £1,577,719 an increase of £294,846 (23.0%) from 2016/17

The estimated total reserves as shown in Appendix 2 at 31 March 2018 are **£1,842,019**.

14. Members should note that the 2017/18 budget proposal incorporates £54,000 of one off expenditure requirements which will provide further scope in the 2018/19 budget setting round.

Recommendations and Reasons

15. 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 2018 (also set out at Appendix 2).

Background Papers

- 2016/2017 Budget and Financial Monitoring Reports
- 2017/2018 Budget Working Papers
- 2017/2018 Fees and Charges report.

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Appendix 1: Implications

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.

Staffing

The employee budget provides for 6 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 considers one off expenditure requirements for 2017/18. 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.

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.

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 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.

Procurement

None

Disability Discrimination Act

None

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.