

30 January 2018

2018/19 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 2018/19 revenue budgets for the Mountsett Crematorium.

Background Information

2. The 2018/19 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2017/18 forecast outturn position and known expenditure pressures in the coming year.

Budget Proposals 2018/19

3. The proposed 2018/19 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 2017/18 budget are as follows:

Employees

4. The 2018/19 budget has been increased by **£4,292** due to the impact of the pay award and incremental progression.

Premises

5. The base budget has reduced by **(£850)** from 2017/18. The main reasons for this reduction are as follows:
 - The repairs and maintenance budgets include provision for the scheduled works in 2018/19 as per the Service Asset Management Plan. The net result of the removal of the 2017/18 works schedule and the inclusion of the 2018/19 requirements is a reduction in the base budget of **(£18,000)** year on year. Provision for the following works are included in 2018/19 budgets:

| | |
|----------------------------------|----------------|
| ➤ Installation of Memorial Tower | £6,000 |
| ➤ Replacement of Exterior Gates | £5,000 |
| ➤ Repairs to Book Of Remembrance | £25,000 |

- The Business Rates budget has increased by **£14,770** due to the new extension at the Crematorium, in addition to the annual rate increase.
- General Repairs, maintenance and utility budgets have been amended to reflect the 2017/18 projected outturn, which has resulted in an overall decrease of **(£820)**.
- Cremator servicing and repair budgets have increased by **£3,200** to reflect the new service contract.

Supplies and Services

6. The budget has been reduced by **(£24,801)** from 2017/18, details below:-

- The supplies and services budgets include the Service Asset Management Plan scheduled works in 2018/19. The net result of the removal of the 2017/18 works schedule and the inclusion of the 2018/19 requirements is an increase in the base budget of **£4,000**. Provision for the following works are included in 2018/19 budgets:

| | |
|---------------------------------|---------------|
| ➤ Purchase of a pressure washer | £1,000 |
| ➤ Purchase of a Vac sweeper | £3,000 |
- The environmental surcharges payable for the tradable mercury abated cremations from the CAMEO scheme will no longer be payable following the installation of the new cremators. This will reduce the budget by **(£34,450)**.
- Other general supplies and services budgets have been increased by **£127**.
- The Subscription budget has been increased by **£5,522** to fund the website development, as mentioned in a previous report.

Agency and Contracted

7. The Agency and Contracted Services budget has been increased by **£300** to reflect the external audit contract price.

Capital Financing Costs

8. The 2018/19 budget includes full repayment of the loan from Durham County Council to finance the Cremator Replacement and Extension project of **£222,712** .

Support Service Costs

9. The 2018/19 budget factors in the proposed increase of **£520** in the SLA for the provision of Support Service as detailed in a previous report.

Income

10. The income budget has been increased by **(£45,850)**. 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 2017 assumes

an increase of 56 cremations against the 2017/18 budgeted number of cremations (1,300). In preparing the 2018/19 budget the estimated number of cremations has been kept at 1,300. Along with the proposal to increase the cremation charges to £680 the cremation fee income budget has increased by **(£39,000)**

- In consideration of the 2017/18 projected outturn, the Plaque and Book Of Remembrance income budget has increased for 2018/19 by **(£4,000)**.
- The investment interest budget has reduced by **£3,000** due to the significant reduction in reserves following the cremator replacement.
- A new income budget of **(£5,850)** has been included for 2018/19 to reflect the environmental surcharge rebate from the CAMEO scheme following the installation of the new cremators with mercury abatement equipment.

11. Should cremation numbers be maintained in line with those estimated in 2017/18 and realised in previous years, and memorial sales become more popular than the forecasts for 2017/18, then a reasonable surplus would again be generated in 2018/19.

Earmarked Reserves

12. The transfer to the Repairs Reserve next year is budgeted in line with the 2017/18 level at **£15,000**.
13. 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 **£13,755**. The forecast net increase to the Cremator Reserve is therefore budgeted to be **£110,669** in 2018/19.
14. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2019, taking into account the 2017/18 Quarter 3 budgetary control report, the 2018/19 budget and the proposed transfers to / from earmarked as follows:
 - General reserve of £278,055, an increase of £13,755 (5.2%) from 2017/18
 - Retained Reserves of £165,039 a decrease of £1,412,680 (89.5%) from 2017/18

The estimated total reserves as shown in Appendix 2 at 31 March 2019 are **£443,094**.

15. Members should note that the 2018/19 budget proposal incorporates £40,000 of one off expenditure requirements which will provide further scope in the 2019/20 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 2019 (also set out at Appendix 2).

Background Papers

- 2017/2018 Budget and Financial Monitoring Reports
- 2018/2019 Budget Working Papers
- 2018/2019 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 2017/18 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 2018/19. 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.