

# Central Durham Crematorium Joint Committee

31 January 2018

## 2018/19 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. This report sets out for Members' consideration proposals with regards to the 2018/19 revenue and capital budgets for the Central Durham 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 updated 2017/18 forecast outturn position and known expenditure pressures in the coming year.

#### Revenue 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 Central Durham Crematorium. Members should note that the main changes from the 2017/18 budget are as follows:

##### *Employees*

4. The 2018/19 budget has been reduced by **(£5,509)** from 2017/18 due to some staff not joining the pension scheme.

##### *Premises*

5. The base budget has reduced by **(£76,817)** from 2017/18. The main reasons for this decrease are as follows:
  - The repairs and maintenance budgets have adjusted to reflect the Service Asset Management Plan works scheduled for 2018/19. The net result of the removal of the 2017/18 works schedule and the inclusion of the 2018/19 requirements is a year on year reduction in the base budget of **(£70,545)**. Provision for the following works are included in the 2018/19 budgets:

➤ Relining of Hearth	<b>£3,450</b>
➤ Carry out hedge layering	<b>£5,000</b>
➤ Replace exterior gates	<b>£5,000</b>

- The Business Rates budget has increased by **£2,128**
- The utility budgets have reduced by **(£5,000)** in line with 2017/18 outturn projections and projected energy price increases in 2018/19.
- There has been a reduction of **(£3,400)** in general repairs, maintenance and servicing budgets to reflect the 2017/18 projected outturn.

### ***Transport***

6. The Transport budget has reduced by **(£500)** to reflect the 2017/18 projected outturn.

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

7. The supplies and services budget has been reduced by **(£1,752)** from 2017/18. The main changes are as follows:
  - The supplies and services budgets have been reduced to reflect the Service Asset Management Plan scheduled works. The net result of the removal of the 2017/18 works schedule and the inclusion of the 2018/19 requirements is an reduction in the base budget of **(£7,400)**. Provision for the following works are included in the 2018/19:
    - Purchase of Pressure Washer **£1,000**
  - In line with the 2017/18 outturn, the office printing and stationery and the telephone budgets have been increased by **£4,800**
  - Other supplies and services budgets including sundry operational purchases and subscriptions have been increased by **£848**.

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

8. The Agency and Contracted Services budget has remained the same as 2017/18

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

9. Includes provision for the loan repayments relating to the Replacement Cremator and associated re-development works, which remain at **£213,738** in line with the 10 year fixed schedule to repay the £1.8m loan taken out by DCC on behalf of the Joint Committee during 2011/12.

### ***Support Service Costs***

10. The 2018/19 budget factors in the proposed increase of **£800** in the SLA for the provision of Support Service as detailed in a previous report.

## **Income**

11. The income budget has been increased by **(£58,750)** 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 2017 assumes an increase of 89 cremations against the 2017/18 budgeted number (of 2,200). In preparing the 2018/19 budget the estimated number of cremations has been kept at 2,200. Along with the proposal to increase the cremation charges to £680 the cremation fee income budget has increased by **(£66,000)**.
  - The CAMEO income budget has been reduced by **£8,250** to reflect the reducing TMAC rates.
  - Miscellaneous income budgets have been increased by **(£1,000)** in consideration of the 2017/18 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 2018/19**

13. The proposed 2018/19 capital budget is shown in the table below:

<b>Phase 3 Redevelopment Works</b>	<b>Cost £</b>
Improvements to Roadway	110,000
Improvements to Boundary Wall	25,000
<b>Total</b>	<b>135,000</b>

## **Surplus Redistribution**

14. The 2018/19 budget proposes an increase in the surplus distribution of **£150,000** from 2017/18, in line with the Budget Strategy report which Members approved in September 2017. The revised allocations and increase in 2018/19 are as follows:
- Durham County Council - £445,000 (+£120,000)
  - Spennymoor Town Council - £111,250 (+£30,000)

## **Earmarked Reserves**

15. The transfer to the Masterplan Memorial Garden Reserve next year is budgeted in line with the 2017/18 level at £5,000.
16. The transfer to the Small Plant Reserve next year is budgeted in line with the 2017/18 level at £2,000.
17. The transfer to the Cremator Reline Reserve next year is budgeted at £25,000.

18. The £164,443 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 £17,625 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 (£11,818) during 2018/19, after funding the capital expenditure budgeted in 208/19. The projected balance for the Major Capital Works reserve at the end of 2018/19 is £1,069,251, as shown in Appendix 2.
19. The estimated earmarked reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2019, taking into account the 2017/18 Quarter 3 budgetary control report and the proposed transfers to/from earmarked reserves in the 2018/19 budget is as follows:
- General reserve of £485,175 an increase of £17,625 (3.8%) from 2017/18
  - Retained reserves of £1,224,406 an increase of £158,719 (14.9%) from 2017/18
20. The estimated total reserves as shown in Appendix 2 at 31 March 2019 are **£1,709,581**.
21. Members should note that the 2018/19 revenue budget proposal incorporates £14,450 of one off expenditure requirements which will provide further scope in the 2019/20 budget setting round.

### **Recommendations and Reasons**

22. 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 2019 (also set out at Appendix 2).

### **Background Papers**

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