

**Report of Treasurer of Joint Crematorium Committee
To
Mansfield and District Joint Crematorium Committee
On
10 December 2018**

REVENUE AND CAPITAL BUDGET 2019/2020 – 2021/2022

1. SUMMARY

- 1.1 This report details the revised revenue and capital budgets for 2019/2020 and 2020/2021 and the proposals for 2021/2022.

2. RECOMMENDATIONS

To be resolved:

- i). That the proposed revenue and capital budgets for 2019/2020 are approved.
- ii). That the proposed revenue budgets for 2020/2021 and 2021/2022 are approved in principle.

3. BACKGROUND

- 3.1 The proposed budgets for 2019/2020 and 2020/2021 and those originally approved are detailed in Appendix 1 along with the estimates for 2021/2022 for consideration by the Joint Committee.
- 3.2 A review of the budgets for 2020/2021 onwards will take place prior to the setting of the revenue budgets in 2019, in order to identify future savings and efficiencies.
- 3.3 Table 1 below summarises the revenue budget information provided in Appendix 1.

Table 1

Crematorium	2018/2019	2019/2020		2020/2021		2021/2022
		Approved Budget	Budget Approved in Principle	Projected Budget	Budget Approved in Principle	Projected Budget
Employee Expenses	£379,896	£393,316	£408,492	£405,591	£427,547	£435,524
Premises Expenses	£423,995	£418,945	£405,776	£422,830	£413,454	£417,736
Transport Expenses	£300	£306	£306	£312	£312	£318
Supplies and Services	£176,423	£159,340	£169,501	£159,809	£159,813	£148,446
Support Services	£61,435	£60,550	£60,100	£61,646	£61,303	£62,525
Depreciation	£106,610	£106,610	£126,271	£106,610	£126,271	£126,271
GROSS EXPENDITURE	£1,148,659	£1,139,067	£1,170,446	£1,156,798	£1,188,700	£1,190,820
Income	-£1,830,686	-£1,868,898	-£1,880,719	-£1,958,602	-£1,967,319	-£2,059,936
Income Recharges	-£30,221	-£31,314	-£33,108	-£32,117	-£33,726	-£34,357
GROSS INCOME	-£1,860,907	-£1,900,212	-£1,913,827	-£1,990,719	-£2,001,045	-£2,094,293
NET COST OF SERVICE	-£712,248	-£761,145	-£743,381	-£833,921	-£812,345	-£903,473
BELOW NET COST OF SERVICE ADJUSTMENTS	-£88,060	-£106,610	-£126,271	-£106,610	-£126,271	-£126,271
NET SURPLUS	-£800,308	-£867,755	-£869,652	-£940,531	-£938,616	-£1,029,744

3.4 Following a detailed review of income and expenditure there have been some adjustments made to the budgets which were approved in principle for 2019/2020 and 2020/2021 by the Joint Committee on 15 December 2017. The main changes are as follows:

3.4.1 Employee expenses have increased by £15,176 in 2019/2020 and increased by £21,956 in 2020/2021. The increases mainly relate to the crematorium establishment changes approved in September 2018, annual salary increases, grading increment payments and revised superannuation forecasts relating to the next Nottinghamshire County Council pension triennial valuation due in 2020/2021.

3.4.2 Premises expenses have been reduced by £13,169 in 2019/2020 and by £9,376 in 2020/2021. A review of premises costs has been undertaken and savings identified for gas, insurance, cleansing materials and business rates. This review was based on actual costs incurred over the last 3 years, business rate rating changes and invoices received during 2018/2019. The budget remains unchanged for repair and maintenance for fixed

plant/cremators and will be reviewed after the abatement equipment works have been completed in 2019/2020.

- 3.4.3 Supplies and services budget have increased by £10,161 in 2019/2020 and by £4 in 2020/2021. A budget of £20,000 has been included in 2019/2020 for CAMEO non abatement fees as the CAMEO scheme covers the period January – December 2019. Charges are expected from January 2019 until the abatement works are completed during 2019/2020 financial year. The books/publications budget has been reviewed and will change from an annual budget of £6,000 to a £10,000 budget required in 2020/2021 then only every four years.
- 3.4.4 Mansfield District Council is streamlining the process for recharging support services. Two demand led recharges for Design Services fees and Waste/Litter Collection will remain whilst the remaining services are combined into a central corporate overhead recharge. Overall the projected budget is £450 lower in 2019/2020 and £343 lower in 2020/2021.
- 3.4.5 Due to the fixed asset revaluation of the Crematorium this year the depreciation budget has increased by £19,661. This is due to the increase in the value of the crematorium buildings and fixed plant. This increase will not impact on the revenue surplus as this is an accounting transaction that is reversed through the below net cost of service charges in the accounts. A further revaluation will be required after the abatement equipment works are completed in 2019/2020 and any further changes to the depreciation calculation will be reflected in next year's budget setting review.
- 3.4.6 There is an increase in income of £11,821 in 2019/2020 and £8,717 in 2020/2021. The main increase is for cremation fee income. The annual throughput has been reduced by 50 from 2,450 to 2,400; however the proposed fee increase is 5% on the current 2018/2019 fee increasing the fee from £686.00 to £720.00 for weekly peak time cremations. Other increases include higher bank interest rate income and administration fee generation from ADC and MDC for burial of the destitute works. This is partially offset by reduced forecasts for income from inscriptions, memorials, organist and medical fees based on current income levels and the proposed reduction in annual throughput.
- 3.4.7 The recharge to Cemeteries for Crematorium staff's time has been reviewed in line with the changes to staff salaries. This has resulted in an increase of £1,794 in 2019/2020 and £1,609 in 2020/2021.
- 3.4.8 The capital budget for 2019/2020 has been set at £750,000; this is for the works to the abatement equipment that was deferred from 2018/2019.
- 3.5 The usable reserves of the JCC have been reviewed, as follows:
 - 3.5.1 The general reserve forecasted balance at the end of the 2018/2019 financial year is £216,901.

3.5.2 The capital fund forecasted balance at the end of 2018/2019 financial year is £805,172.

3.5.3 Table 2 below shows the forecast balance of usable reserves after the budgeted capital works for 2019/2020 have been completed:-

Table 2

General Reserves	£216,901
Capital Fund	£805,172
Forecast Balance Usable Reserves 31 March 2019	£1,022,073
Less Capital Budget 2019/2020	£750,000
Forecast Balance Usable Reserves 31 March 2020	£272,073

3.6.4 By using the capital fund and unallocated general reserves to finance the £750,000 capital programme for abatement equipment works, this will reduce the usable reserves to £272,073.

Currently there are no planned major capital works for 2020/2021 and 2021/2022. Consideration needs to be given to how the JCC accumulate sufficient usable reserves for major capital works in future years.

At the December 2017 meeting the JCC approved that any revenue surplus in excess of the budgeted surplus is transferred to usable reserves, however this will vary from year to year and this transfer will only occur if throughput estimates and budgets forecasts targets are achieved. Approval was also given for the 2018/2019 cremation fee to be increased by 8% rather than the proposed 5%, the additional income from the further 3% increase being transferred to usable reserves; this was only approved for the 2018/2019 financial year. It was also agreed that ADC's commercialism team in conjunction with the Director and Registrar undertake a review of revenue expenditure as an alternative to increasing cremation fees to generate usable reserve funds. The outcome of these recommendations and a further planned preventative works review needs to be undertaken to determine the future major capital expenditure budget requirements for 2022/2023 onwards, so that financing options can be included in next year's budget setting report.

3.7 VAT Implications

As reported to the JCC previously, any significant expenditure incurred by the Crematorium on PPW or capital works could potentially have an impact on Mansfield District Council's VAT liability. The £750,000 capital abatement works would cause a breach in MDC's 5% partial exemption limit, which would result in approximately £350,000 in irrecoverable VAT being re-paid to HM Revenue and Customs (HMRC), for which there is no budget. The section 151 officers from the constituent authorities have agreed that the expenditure incurred on the capital abatement works in 2019/2020 should be allocated across each authority on the annual

throughput basis. This approach will require each authority to include this in their partial exemption assessment for the purposes of VAT. Mansfield District Council's tax consultants advised that written consent should be obtained from HMRC as this is a change to the current practice. A request has been submitted to HMRC on 8 November 2018.

4. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS

Risk	Risk Assessment	Risk Level	Risk Management
Financial - That the figures contained within the proposed budgets for income and expenditure are inaccurate.	That the calculations have been made incorrectly. There is a great deal of work involved in bringing the information together and errors may occur.	Medium	A quality check is undertaken throughout the process and error identified.
Reputational	That the proposed budgets damage the reputation of the Joint Crematorium Committee.	Low	The proposed budgets are reviewed by the Director/Registrar and Treasurer to the Mansfield and District Crematorium prior to recommendation to the Joint Crematorium Committee. The proposals are in line with the Joint Crematorium Committee corporate priorities.
That capital expenditure is not spent in accordance with the proposed capital budgets and will impact on the partial exemption calculation of the constituent authorities.	That the Crematorium has not budgeted for the resources to pay for additional expenditure if the 5% partial exemption calculation for any of the constituent authorities is exceeded.	Medium	Regular updates from the Director and Registrar of the Mansfield and District Crematorium are received on the capital budgets and any likely changes to these are highlighted on a timely basis for consideration of the impact on the partial exemption calculations.

5. ALIGNMENT TO COMMITTEES PRIORITIES

This report is directly aligned to ensuring effective management of the Crematorium.

6. IMPLICATIONS RELATING TO RELEVANT LEGISLATION

(a) Relevant Legislation:

The JCC's budget adheres to the following legislation:

- Local Government Act 1972
- Local Government Finance Act 1972
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Authorities (Functions and Responsibilities) (England) Regulations 2000
- The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003
- Regulation 3 of the Local Audit (Smaller Authorities) Regulations 2015.

(b) Human Rights: No impact

(c) Equality and Diversity: No impact.

(d) Climate change and environmental sustainability: The Environmental Permitting (England and Wales) Regulations 2017 – the Environmental Protection (England) (Crematoria Mercury Emissions Burden Sharing Certifications) Direction 2010.

(e) Crime and Disorder: No impact.

(f) Budget/Resources : Contained within the body of this report

7. **CONSULTATION**

The proposals have been provided by the Director and Registrar of the Mansfield & District Crematorium.

8. **BACKGROUND PAPERS**

None.

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BASE BUDGET WORKING PAPERS - 2019/2020 - 2021/2022 - Mansfield Crematorium

REVENUE

Account Description	2018/2019	2019/2020				2020/2021				2021/2022			
	Latest Approved Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget
Salaries Basic Pay	£275,549	£285,989	£11,273	£0	£297,262	£293,906	£10,467	£0	£304,373	£293,906	£16,498	£0	£310,404
Salaries Overtime	£18,000	£18,000	£0	£0	£18,000	£18,000	£0	£0	£18,000	£18,000	£0	£0	£18,000
Salaries National Insurance	£20,859	£22,279	£1,008	£0	£23,287	£23,351	£896	£0	£24,247	£23,351	£1,706	£0	£25,057
Salaries Superannuation	£46,017	£47,760	£21,843	£0	£69,603	£49,082	£31,623	£0	£80,705	£49,082	£32,853	£0	£81,935
Vacancy Savings	-£5,136	-£5,340	£0	-£213	-£5,553	-£5,495	£0	-£197	-£5,692	-£5,495	-£314	£0	-£5,809
Superannuation Additional Allowances	£1,147	£1,168	£0	£0	£1,168	£1,189	£0	£0	£1,189	£1,189	£23	£0	£1,212
Pension Deficit Lump Sum	£19,960	£19,960	£0	-£19,960	£0	£22,058	£0	-£22,058	£0	£22,058	£0	-£22,058	£0
Occupational Health Services	£500	£500	£0	£0	£500	£500	£0	£0	£500	£500	£0	£0	£500
Training Expenses Staff	£3,000	£3,000	£0	£0	£3,000	£3,000	£0	£0	£3,000	£3,000	£0	£0	£3,000
Apprenticeship Levy	£0	£0	£1,225	£0	£1,225	£0	£1,225	£0	£1,225	£0	£1,225	£0	£1,225
EMPLOYEE EXPENSES	£379,896	£393,316	£35,349	-£20,173	£408,492	£405,591	£44,211	-£22,255	£427,547	£405,591	£51,991	-£22,058	£435,524
Repair/Maintenance Buildings	£32,667	£23,120	£0	£0	£23,120	£23,582	£0	£0	£23,582	£23,582	£0	£0	£23,582
Grounds Maintenance General	£30,440	£20,440	£0	£0	£20,440	£20,440	£0	£0	£20,440	£20,440	£0	£0	£20,440
EPA Testing	£1,500	£1,500	£0	£0	£1,500	£1,500	£0	£0	£1,500	£1,500	£0	£0	£1,500
Repair/Mce Fixed Plant Cremators	£127,600	£144,272	£0	£0	£144,272	£147,257	£0	£0	£147,257	£147,257	£0	£0	£147,257
Electricity	£45,000	£45,900	£0	£0	£45,900	£46,818	£0	£0	£46,818	£46,818	£936	£0	£47,754
Gas	£55,000	£56,100	£0	-£8,100	£48,000	£57,222	£0	-£8,262	£48,960	£57,222	£0	-£7,283	£49,939
Rent of Premises	£159	£159	£0	£0	£159	£159	£0	£0	£159	£159	£3	£0	£162
Business Rates	£90,629	£100,626	£0	-£10,941	£89,685	£98,258	£0	-£6,790	£91,468	£98,258	£0	-£5,007	£93,251
Sewage/Water Rates	£20,000	£5,508	£7,492	£0	£13,000	£5,948	£7,312	£0	£13,260	£5,948	£7,577	£0	£13,525
Insurance	£16,000	£16,320	£0	-£820	£15,500	£16,646	£0	-£836	£15,810	£16,646	£0	-£520	£16,126
Cleaning Materials	£5,000	£5,000	£0	-£800	£4,200	£5,000	£0	-£800	£4,200	£5,000	£0	-£800	£4,200
PREMISES EXPENSES	£423,995	£418,945	£7,492	-£20,661	£405,776	£422,830	£7,312	-£16,688	£413,454	£422,830	£8,516	-£13,610	£417,736
Car Allowances	£300	£306	£0	£0	£306	£312	£0	£0	£312	£312	£6	£0	£318
TRANSPORT EXPENSES	£300	£306	£0	£0	£306	£312	£0	£0	£312	£312	£6	£0	£318
Equipment Acquisitions	£22,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Furniture Acquisitions	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000
Hire Vending Machines	£600	£600	£0	£0	£600	£600	£0	£0	£600	£600	£0	£0	£600
Light Plant and Tools	£5,000	£5,000	£0	-£1,000	£4,000	£5,000	£0	-£1,000	£4,000	£5,000	£0	-£1,000	£4,000
Bio Boxes	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000
Rodent Control	£0	£0	£450	£0	£450	£0	£450	£0	£450	£0	£450	£0	£450
Office Machinery Repair & Maintenance	£0	£0	£100	£0	£100	£0	£100	£0	£100	£0	£100	£0	£100
Office Machinery Replacement	£1,000	£1,000	£0	-£100	£900	£1,000	£0	-£100	£900	£1,000	£0	-£100	£900
Uniforms	£3,500	£3,500	£0	£0	£3,500	£3,500	£0	£0	£3,500	£3,500	£0	£0	£3,500
Books & Publications	£2,000	£6,000	£0	-£6,000	£0	£6,000	£4,000	£0	£10,000	£6,000	£0	-£6,000	£0
Printing	£6,000	£9,000	£0	£0	£9,000	£9,000	£0	£0	£9,000	£9,000	£0	£0	£9,000

Account Description	2018/2019	2019/2020				2020/2021				2021/2022			
	Latest Approved Budget	Base Budget	Budget	Budget	Projected	Base Budget	Budget	Budget	Projected	Base Budget	Budget	Budget	Projected
		Appr.in Principle	Additions	Reductions	Budget	Appr.in Principle	Additions	Reductions	Budget	Appr.in Principle	Additions	Reductions	Budget
Stationery	£6,000	£6,000	£0	£0	£6,000	£6,000	£0	£0	£6,000	£6,000	£0	£0	£6,000
Advertising Other	£4,650	£1,800	£0	£0	£1,800	£1,800	£0	£0	£1,800	£1,800	£0	£0	£1,800
Waste Collection Skips	£1,500	£1,500	£0	£0	£1,500	£1,500	£0	£0	£1,500	£1,500	£0	£0	£1,500
Medical Examination Fees	£45,325	£45,325	£0	£-925	£44,400	£45,325	£0	£-925	£44,400	£45,325	£0	£-925	£44,400
Payments to Local Authorities	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000	£4,000	£0	£0	£4,000
External Audit fee	£2,000	£2,000	£0	£-2,000	£0	£2,000	£0	£-2,000	£0	£2,000	£0	£-2,000	£0
Software Licences	£9,180	£9,364	£0	£-364	£9,000	£9,551	£0	£-551	£9,000	£9,551	£0	£-551	£9,000
Mobile Phones	£100	£100	£0	£-100	£0	£100	£0	£-100	£0	£100	£0	£-100	£0
Postages	£4,500	£4,500	£0	£-1,000	£3,500	£4,500	£0	£-1,000	£3,500	£4,500	£0	£-1,000	£3,500
Telephones	£6,800	£6,900	£0	£-400	£6,500	£7,000	£0	£-370	£6,630	£7,000	£0	£-237	£6,763
Conference Expenses	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000
Subscriptions	£2,346	£2,393	£0	£0	£2,393	£2,440	£0	£0	£2,440	£2,440	£0	£0	£2,440
Book of Remembrance Inscriptions	£8,922	£9,128	£0	£0	£9,128	£9,028	£0	£0	£9,028	£9,028	£0	£0	£9,028
External Legal Expenses	£0	£0	£1,500	£0	£1,500	£0	£1,500	£0	£1,500	£0	£0	£0	£0
Other Expenses General	£500	£500	£0	£0	£500	£500	£0	£0	£500	£500	£0	£0	£500
Memorial Plaques	£11,500	£11,730	£0	£0	£11,730	£11,965	£0	£0	£11,965	£11,965	£0	£0	£11,965
Organist Fees	£20,000	£20,000	£0	£0	£20,000	£20,000	£0	£0	£20,000	£20,000	£0	£0	£20,000
CAMEO Non Abatement Fees	£0	£0	£20,000	£0	£20,000	£0	£0	£0	£0	£0	£0	£0	£0
SUPPLIES & SERVICES	£176,423	£159,340	£22,050	£-11,889	£169,501	£159,809	£6,050	£-6,046	£159,813	£159,809	£550	£-11,913	£148,446
Corp Leadership Team	£6,636	£6,774	£0	£-6,774	£0	£6,878	£0	£-6,878	£0	£6,878	£0	£-6,878	£0
Human Resources	£7,737	£7,930	£0	£-7,930	£0	£8,099	£0	£-8,099	£0	£8,099	£0	£-8,099	£0
Payroll	£2,413	£2,449	£0	£-2,449	£0	£2,475	£0	£-2,475	£0	£2,475	£0	£-2,475	£0
Accountancy/Financial Systems	£7,219	£7,322	£0	£-7,322	£0	£7,440	£0	£-7,440	£0	£7,440	£0	£-7,440	£0
BSU Creditors	£3,683	£3,747	£0	£-3,747	£0	£3,804	£0	£-3,804	£0	£3,804	£0	£-3,804	£0
Customer Support Telephony	£688	£700	£0	£-700	£0	£713	£0	£-713	£0	£713	£0	£-713	£0
Customer Support Face to Face	£30	£30	£0	£-30	£0	£31	£0	£-31	£0	£31	£0	£-31	£0
Debtors	£2,312	£2,343	£0	£-2,343	£0	£2,375	£0	£-2,375	£0	£2,375	£0	£-2,375	£0
Internal Audit	£3,016	£1,081	£0	£-1,081	£0	£1,102	£0	£-1,102	£0	£1,102	£0	£-1,102	£0
Postal Services	£4	£4	£0	£-4	£0	£4	£0	£-4	£0	£4	£0	£-4	£0
IT GIS	£1,610	£1,689	£0	£-1,689	£0	£1,740	£0	£-1,740	£0	£1,740	£0	£-1,740	£0
IT Network/Development	£11,398	£11,522	£0	£-11,522	£0	£11,751	£0	£-11,751	£0	£11,751	£0	£-11,751	£0
Design Services	£5,422	£5,530	£0	£0	£5,530	£5,641	£0	£0	£5,641	£5,641	£109	£0	£5,750
Waste/Litter Collection	£6,987	£7,127	£0	£0	£7,127	£7,270	£0	£0	£7,270	£7,270	£145	£0	£7,415
Environmental Health	£450	£450	£0	£-450	£0	£450	£0	£-450	£0	£450	£0	£-450	£0
Risk Management	£780	£802	£0	£-802	£0	£823	£0	£-823	£0	£823	£0	£-823	£0
Telephone Recharges	£1,050	£1,050	£0	£-1,050	£0	£1,050	£0	£-1,050	£0	£1,050	£0	£-1,050	£0
Central Corporate Overheads	£0	£0	£47,443	£0	£47,443	£0	£48,392	£0	£48,392	£0	£49,360	£0	£49,360
SUPPORT SERVICES	£61,435	£60,550	£47,443	£-47,893	£60,100	£61,646	£48,392	£-48,735	£61,303	£61,646	£49,614	£-48,735	£62,525
Depreciation	£106,610	£106,610	£19,661	£0	£126,271	£106,610	£19,661	£0	£126,271	£106,610	£19,661	£0	£126,271
DEPRECIATION & IMPAIRMENT	£106,610	£106,610	£19,661	£0	£126,271	£106,610	£19,661	£0	£126,271	£106,610	£19,661	£0	£126,271
TOTAL EXPENDITURE	£1,148,659	£1,139,067	£131,995	£-100,616	£1,170,446	£1,156,798	£125,626	£-93,724	£1,188,700	£1,156,798	£130,338	£-96,316	£1,190,820

